
**Draft Report for the Income Assistance Payments
Control Framework Review**

**Ministry of Housing & Social Development
(previously the Ministry of Employment and Income
Assistance)**

**Internal Audit & Advisory Services
Office of the Comptroller General
Ministry of Finance
Province of British Columbia**

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Abbreviations

4Mail	Electronic Mail (E-Mail) regarding client
AR	Account Receivable
BCEA	BC Employment and Assistance
BF	Bring Forward
CTS	Client Transaction System
EAC	Employment and Assistance Centre/Office
EAW	Employment and Assistance Worker
EFT	Electronic Funds Transfer
ENA	Emergency Needs Assessment
HST	Electronic Client History Comments
IA	Income Assistance
ICBC	Insurance Corporation of British Columbia
ID	Identification
MIS	Management Information System
MOU	Memorandum of Understanding
PLMS	Prevention and Loss Management Services
PPIWG	Payment Process Improvement Working Group
PPMB	Persons with Persistent Multiple Barriers
PWD	Persons with Disabilities
QA	Quality Assurance
the ministry	Ministry of Housing & Social Development (at the time of our review, known as the Ministry of Employment and Income Assistance)

Executive Summary

The Ministry of Employment and Income Assistance (the ministry) provides Temporary Assistance, Disability Assistance and Supplementary Assistance for British Columbians in need. Approximately 2,000 ministry staff delivers these services to around 100,000 individuals and families across British Columbia, through 88 offices and 21 service centres. Delivery of these services results in more than 120,000 monthly assistance payments in the range of \$100 million per month.

In order to support the ongoing improvement of its payment control processes, the ministry asked that Internal Audit & Advisory Services review key controls that govern the administration, validity and accuracy of ministry assistance payments. This engagement was included on the transitional internal audit plan for 2007/2008, which was approved by Cabinet, through Treasury Board.

Following input from ministry staff in headquarters and in the field, our internal audit team focused on three key areas relating to ministry assistance payments:

- the control environment and its impact on assistance payment processing inputs;
- the financial and management controls in place for data processing; and
- the Financial Operations function's quality control procedures over data outputs.

Our fieldwork was conducted between July and December 2007. Observations and results of our engagement are summarized in the following sections.

Overall Conclusion

Ministry key controls which govern the administration, validity and accuracy of ministry assistance payments are adequate. However, we established that some processes which support assistance payments could be enhanced to operate more effectively, and we have recommended strengthening of controls in areas highlighted below.

Overall payment process effectiveness could be substantially improved by implementation of a ministry wide integrated quality framework. Implementation of this framework would provide increased confidence to ministry executive that processes supporting assistance payments and client service quality are operating throughout the ministry as intended.

Control
Environment

Ministry assistance payment inputs result from several interactions between ministry staff and clients. Ministry staff rely on key processes and administrative supports to assist them in their subjective decision-making. Within the context of assistance payments, we identified the key control environment areas as comprising:

- established risk assessment and mitigation processes;
- defined roles, responsibilities and management control expectations;
- timely and effective communications;
- sound change management processes;
- clear and relevant policies; and
- relevant training and resource allocation.

Adequacy and effectiveness of these processes is essential to ensure the accuracy and validity of assistance payments, as these controls influence transaction-level control activities.

We identified opportunities to enhance existing ministry improvement initiatives and these have been provided to ministry management under separate cover. In addition we recommend strengthening controls in the following areas:

- assessing risks within the assistance payment process;
- communicating measurable expectations of staff;
- enhancing, integrating and prioritizing monitoring processes; and
- communicating and coordinating ministry change initiatives.

Once the recommendations are implemented alongside a ministry wide integrated quality framework, ministry executive should benefit from increased confidence that assistance payments are accurately and appropriately made to those most in need.

Financial and
Management
Controls

Financial and management control activities at the transaction level for assistance payments are designed to provide reasonable assurance that the correct amount of assistance is paid to the correct client at the right time. With this perspective, we identified relevant control objectives as comprising:

- information system reports are effectively used;
- relevant standards are established by management and followed by staff;
- key eligibility requirements are verified and evidenced in case files;
- monitoring and review processes are adequate; and
- payment workflows are efficient and effective.

Overall, we established that these key financial and management control activities are generally adequate and effective for providing reasonable assurance to ministry management that assistance payments are accurate, valid and timely. We recommend strengthening controls by clarifying and communicating client eligibility verification processes and incorporating these clarifications into the new case management system.

Data Processing
Controls

Ministry assistance payments data processing is performed by the Management Information System, which is nearing replacement. We established that this system has sufficient financial and management controls and processes to ensure accounting transactions are valid and accurate.

To enhance utilization of the existing system, while improving quality assurance and to inform development of the required new case management system, we recommend the following enhancements:

- identifying significant action items which have not been resolved;
- reviewing employee position identifiers and prompts to ensure they support business needs;

- including capabilities for electronic funds transfer and pro-rating of monthly payments in the requirements for the replacement system; and
- developing an accounts receivable sub-ledger in the corporate data warehouse to facilitate easier reconciliation of accounts receivable.

Financial
Operations
Quality Control
Procedures

We found that effective high-level processes are in place to confirm that total dollar amounts are accurate, prior to payments being made. The ministry could further enhance the due diligence it applies to assistance payments by:

- including additional post payment reviews within the proposed integrated quality framework;
- obtaining advance verification from other ministry contributors of their payment related data and data assumptions;
- documenting key processes and standards; and
- completing regular and ongoing operational and portfolio quality assurance tests.

We would like to thank the management and staff at headquarters, Information Management Branch, and in the regions and field offices of the Ministry of Employment and Income Assistance for their assistance and co-operation during the course of this review.

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Internal Audit & Advisory Services

Ministry response

The ministry has established a Payment Process Improvement Working Group (PPIWG) to consolidate and manage recommendations to improve ministry payments arising from a number of recent internal and external reviews/audits, including this review. The PPIWG is chaired by the ministry's Senior Financial Officer. The PPIWG Work plan incorporates all recommendations from this review.

Introduction

The Ministry of Employment and Income Assistance (the ministry) provides Temporary Assistance, Disability Assistance and Supplementary Assistance for British Columbians in need, with over 120,000 monthly payments totalling in the range of \$100 million per month. These programs are administered under the BC Employment and Assistance (BCEA) program, and are guided by the *Employment and Assistance Act* and the *Employment and Assistance for Persons with Disabilities Act*.

Approximately 2,000 ministry staff deliver these services across the province through 88 offices, 19 Service BC Centres and 2 service centres. In addition to these community-based centres offering front-desk service, the ministry provides assistance by telephone and some services over the Internet.

To support the ministry's ongoing development of their management control framework, ministry executive indicated that they would benefit from a thorough review of the controls impacting the management and precision of assistance payments. As part of the ministry three-year Internal Audit Plan for 2006/2007, the Assistance Payments Control Framework was identified for review. This engagement was subsequently incorporated into an interim cross-government plan for 2007/2008, which was approved by Cabinet, through Treasury Board.

Purpose

The purpose of this engagement was to assess the adequacy and effectiveness of key controls that govern the administration, validity and accuracy of ministry assistance payments.

Objectives, Scope and Approach

Our engagement scope included discussions with ministry staff in local and regional offices covering all ministry regions to document control measures and practices. We also examined 120 randomly sampled client case files and reviewed documents from 10 offices across the five regions, to assess control practices and compliance with ministry regulations, policy and procedures.

Specifically, we examined:

- the adequacy and effectiveness of control environment elements that are designed to ensure the accuracy and validity of assistance payments;
- Management Information System (MIS) key control steps, to document and assess whether appropriate financial and management control processes are in place to ensure accounting transactions are valid and accurate;
- the adequacy and effectiveness of Financial Operations' quality assurance procedures over payments, to assess payment related data output and related payment controls.

Fieldwork for our engagement took place between July and December 2007.

Observations and Recommendations

We conclude that ministry key controls which govern the administration, validity and accuracy of ministry assistance payments are adequate. We acknowledge that the ministry applies the significant expertise of its people, support systems and processes to make a large volume of client payments, typically without incident.

We established that some processes which support assistance payments could be enhanced to operate more effectively, and we have recommended strengthening of controls in these areas. Control issues in these areas are addressed in the body of this report.

Overall payment process effectiveness could be substantially improved by implementation of a ministry wide integrated quality framework. Implementation of this framework would provide increased confidence to ministry executive that control processes supporting assistance payments and client service quality are operating throughout the ministry as intended.

A summary of recommendations based on the options within this report are attached as Appendix 1. A pictorial representation of existing key controls and a summary of recommendations to improve ministry assistance payments accuracy and validity are presented on Appendix 2 of this report.

1.0 Integrated Quality Framework

For the purposes of this engagement, we conceptually define an integrated quality framework as a dedicated focus on key components including payment integrity and service quality. These components combine to support achievement of ministry quality objectives.

This quality framework would be supported by coordinated cross divisional monitoring, measurement and reporting activities to ensure that ministry quality objectives are achieved. These activities are referred to as the quality assurance (QA) component of an integrated quality framework.

From an assistance payments perspective, these QA activities could include a balanced mix of:

- random pre and post-payment sampling;

- periodic control self-assessment sessions;
- regular management and supervisory monitoring and review; and
- ongoing peer coaching and feedback.

Improvements could be identified and implemented across the ministry. The implementation of ministry learning and observations could influence changes in payment processes and could create a momentum for ongoing quality improvements, risk reduction and improved assurance to ministry executive on the integrity of assistance payments.

The discussion, observations and recommendations which follow in this report from section 2.0 onwards, seek to build on an integrated quality framework and associated quality assurance activities.

Recommendation:

(1) We recommend the ministry implement an integrated quality framework to provide assurance to ministry executive that control processes supporting ministry assistance payments are operating as intended.

2.0 Control Environment

Ministry staff rely on key processes and other administrative supports to assist them in their subjective day to day decision making through their many interactions with ministry clients. We refer to these key support or control processes, as utilized by workers, in totality, as the control environment.

The adequacy and effectiveness of these key support and control processes is essential to ensure the accuracy and validity of assistance payments. Thus, a sound control environment has a significant positive impact on the accuracy of ministry assistance payments.

Control Environment Elements

Key control environment elements we reviewed included the effectiveness and efficiency of risk assessment and operational planning, and accountability controls. As well, we reviewed the clarity of roles and responsibilities for staff engaged in payment activities, the quality of communications across and within regions, together with resource allocation factors which impact the payment function.

We also identified and assessed a series of key controls that make up the case management of income assistance (IA) payments. These controls comprise those policies, procedures, documentation and case management mechanisms that help to mitigate risks and ensure IA payments are accurate and valid. They include a wide range of procedures including client intake measures, establishing client eligibility, verification of payment requests, monthly reporting, file reviews, reports management and specific controls over the production of imprest cheques and accounts receivables.

Conclusion

We conclude that control environment elements and associated key control processes adequately ensure the accuracy and validity of assistance payments. However, we established that some processes which support assistance payments could be enhanced to operate more effectively, and we have recommended strengthening of controls in these areas.

The following discussion outlines further background and provides options for improving key control environment elements.

Recommended improvements are:

- introducing a formal ministry-wide payment risk assessment within the envisioned integrated quality framework;
- defining individual roles, responsibilities and expectations around assistance payment decisions;
- coordinating communication across all divisions/regions, with a view to increasing the effectiveness of communication to ministry staff who are responsible for assistance payments processing;
- reviewing change management practices and support infrastructure, with a view to strengthening the change management process;
- ensuring certain identified policies meet operational needs, and that they are readily understood by staff; and
- reviewing the appropriateness of training, resource allocation and competencies needed versus in place.

The recommendations will support the envisioned integrated quality assurance framework (and quality assurance activities) discussed per section 1.0 above in providing assurance to executive that

processes and controls supporting ministry payments are operating as intended.

2.1 Payment Process Risk Management

Ministry objectives typically include efficient and effective operations, compliance with regulations, policy and procedures, and reliable reporting. Risk assessment is a key control process used to identify and analyze internal and external risks that could impede achievement of ministry goals and objectives. The identification of risks helps to determine the control activities or support processes required to mitigate those risks.

Control activities we examined included formal risk assessment processes, such as file reviews undertaken by the ministry's Prevention and Loss Management Services staff (PLMS), risk and control reviews, any control self assessment activities, previous audits or reviews, and other ad hoc or informal review processes.

Overall Risk Assessment Program

While the ministry actively completes some project and client risk assessments, there is no overall ministry-wide payment related risk assessment program, risk register, or self-assessment of controls relating to ministry assistance payments. As a result, opportunities are likely not being identified to improve effectiveness of key controls or to reduce payment risk.

The following options could be considered to reduce payment risk:

- regular payment related risk assessments;
- a payment quality assurance program, including risk assessment and self assessment, within the ministry's integrated quality framework; and/or
- regions and offices could develop a payments QA plan, and maintain a risk register, as an element of their annual operational plan.

Recommendation:

(2) We recommend that the ministry introduce a formal ministry wide assistance payments risk assessment within the envisioned integrated quality framework.

2.2 Roles, Responsibilities and Expectations

Clearly defined roles, responsibilities and expectations that are understood by staff involved in payment decision-making are key controls in ensuring payment accuracy and validity.

Control activities we reviewed included regional, office and unit operational plans, operational memos, job descriptions, performance appraisals, and practices around delegation.

Definition Following Operation Change

From our interviews with ministry staff, we established that they are highly dedicated and professional. All staff have job descriptions and the ministry is in the process of ensuring all staff have a current Employee Performance Development Plan. However, we noted that, following recent operational changes, specific individual roles, responsibilities, measurable expectations, accountabilities, and desired results are not clearly defined or documented at an individual level. This increases the risk of inconsistency or inaccuracy in payment related decision making. Also, service quality objectives may not be met.

Options for improvement that could be considered for improving accuracy and consistency of payment related decisions include:

- setting individual measurable expectations and accountabilities in writing;
- introducing and/or reviewing payment related standards or performance indicators;
- measuring and reporting on payment quality (i.e. accuracy and validity) results;
- reviewing the effectiveness and use of supervisors' daily briefing; and
- documenting payment expectations, such as the expense authority matrix, in one place.

Recommendation:

(3) We recommend that the ministry clarify, document and communicate individual roles, responsibilities and expectations around assistance payment decisions.

2.3 Communications

Sound communication processes are essential to ensure emerging policy and procedures are systematically communicated throughout all levels of the organization, and the messages are clearly received, understood and desired actions implemented as intended.

We confirmed that the ministry engages in varied types and a substantial degree of good communication with its people. This reflects the pace of change within the ministry. However, we established that multiple parties could announce a single change. Field staff frequently advised us that they did not read these multiple communications or the communication supports, such as the Online Resource. Instead, they relied on a synopsis from their supervisor, a short time before implementation. Accordingly, there is a risk that ministry communications are not being understood by the recipient as expected and/or may not be as effective as intended.

The following options for improvement could be considered to improve the effectiveness of ministry communication:

- coordinating proposed change and communication responsibilities across the divisions of the ministry;
- incorporating quality assurance steps within the ministry's integrated quality framework to test that the intended message has been received;
- improving communication supports, such as the Online Resource, by enhancing its search capability and including hyperlinks and an index;
- considering a single on line location for all key ministry communications, such as a web page or portal; and
- considering a "gatekeeper" role to "approve" issue of new communications.

Recommendation:

(4) We recommend that the ministry review coordination of communication across all their divisions, with a view to increasing overall effectiveness of the messaging.

2.4 Change Management Process

A sound change management process is a key management control for ensuring the successful implementation of change and achievement of ministry change objectives. Specifically, a well-managed change management process would reduce the risk of any changes having a significant adverse impact on the ministry's internal controls over assistance payments.

We observed a significant pace of change within the ministry. For example, a scan of the Online Resource showed that 21 policy updates had been added during the holiday period July 1, 2007 to September 21, 2007.

We reviewed a range of recent ministry change initiatives and assessed four components¹, leadership, engaging people, planning the change, and supporting the change. Given these four components, we concluded as follows:

- Leadership – the intent of changes are generally being communicated well.
- Engaging people – the ministry has made a significant improvement in this area. However, staff we interviewed advised that consultation and involvement of the implementers could still be improved prior to change being announced.
- Planning the change – we were advised through our interviews that change appeared fragmented and seemed to lack coordination or consultation across the ministry. This included many connected changes often requiring implementation at the same time, with short lead times. We were also advised that risk assessments were not typically completed for large scale “organic” ministry changes.
- Supporting the change – we were advised that change initiatives frequently lacked support, follow up and review following the launch date.

¹ “Managing the Human Aspects of Organizational change”, **The Society of Management Accountants of Canada**, 1999

If these change management components are not implemented effectively this increases the risk of poor service quality or inaccurate payments.

Options for strengthening the change management process that could be considered by the ministry include:

- incorporating change management components and monitoring within the ministry's integrated quality framework;
- completing a risk assessment early in the planning for key changes;
- communicating high-level details of intended future changes and proposed timelines, to influence individual perceptions of ministry action and enhance people's capacity to deal with change;
- introducing a mechanism to coordinate change across the ministry; and
- completion of "Post Implementation Reviews" to capture early learning's from pilot offices and increase ongoing effectiveness of implementation plans for other offices.

Recommendation:

(5) We recommend that the ministry strengthen its change management practices and support infrastructure.

2.5 Payment Policies

Clear and relevant policies, which can be readily and easily applied, are essential for provision of appropriate supports to clients and for achievement of ministry objectives.

In general, we found the ministry's payment-related policies to be clear and relevant. However, appropriate and consistent application of policy could be improved by enhancing ways for staff to understand, locate, review and apply key policy and operational guidance. An incorrect understanding and application of policy could adversely impact service quality and payment accuracy.

For example, during our review we noted significant inconsistencies across offices/regions when dealing with Emergency Needs Assessment (ENAs) and the three-week work search.

In particular, we found some policies that should be reviewed to establish whether there are opportunities to reduce risks related to assistance payments, and to maintain service quality.

For example, these policies include:

- Advance payments of large “Family Bonus Top Ups” in our sample generally exceeded the amount repaid by the client. That is, the system “claws back” a maximum of one month’s assistance. In addition, further payments in the form of crisis payments were occasionally made in the month when the client repaid the advance. This effectively reduces or eliminates any repayment.
- It is unclear how/when Persons with Disabilities (PWD) clients’ designation eligibility and associated additional assistance payment entitlement is to be reviewed.
- Procedures for applying and recording sanctions may not be consistently followed, and there is some confusion regarding the application of sanctions for clients for the first time.
- Room and Board payments, for which we noted that different total amounts and types of support are provided for clients in very similar circumstances. Accordingly, this policy appears unclear and difficult to implement.

Recommendation:

⁽⁶⁾ We recommend that the ministry review the policies noted above, to ensure they meet operational needs, including relevant assistance payment controls, and that they are readily understood by staff.

2.6 Training and Resource Allocation

The ministry relies heavily on the judgement and subjective discretion of Employment and Assistance Workers (EAWs). In particular, the ministry requires EAWs base their decisions on the test of reasonableness and the principles of administrative fairness. As such, effective training and appropriate resource allocation processes are key controls for efficiency and effectiveness in assistance payments decision making.

We found that training and resource allocation processes are in place, and some regions have recently completed training needs

analyses. We were also advised that a lot of time and effort has been invested in revised training material for new staff. However, following recent operational changes in the ministry, existing staff training and resource allocation processes and their basis of calculation may require revisiting to confirm current needs continue to be met.

The activities we reviewed included:

- training plans at the regional and office level;
- training and refresher courses;
- cross training and job rotation;
- effectiveness of staff usage and deployments including Trainers and Subject Matter Experts;
- Full Time Equivalent position forecasts;
- work flow analyses; and
- other capacity planning and performance indicators.

We also reviewed the use of system memos, operational directives, cheat sheets and other training resources, as well as the roles of managers and specialists located in the regional offices.

We noted that changing factors such as, the number of files per “caseload”, Emergency needs or Immediate Needs Assessment, PWD clients, changing the caseload mix, increasing emphasis on community resources, and the proposed changing role of the supervisor may each impact resource calculation assumptions.

Options for improvement that could be considered for enhancing the ministry’s training and resource allocation processes include:

- performing a workload analysis to measure the time required to complete, effectively, key case management tasks, the estimated volume of those tasks, and an inventory of existing and required skills; and
- including training components and an assessment of actual and required skills and competency levels within the ministry’s integrated quality framework.

Recommendation:

- (7) We recommend that the ministry review the appropriateness of training, resource allocation and competencies needed.**
-

3.0 Financial and Management Controls

Financial and management control activities at the transaction level for assistance payments are designed to provide reasonable assurance that the correct amount of assistance is paid to the correct client at the right time. With this perspective, we identified relevant control objectives as comprising the following:

- information system reports are effectively used;
- relevant standards are established by management and followed by staff;
- key eligibility requirements are verified and evidenced in case files;
- monitoring and review processes are adequate; and
- payment workflows are efficient and effective.

Conclusion

Overall, we established that these key financial and management control activities are generally adequate and effective for providing reasonable assurance to ministry management that assistance payments are accurate, valid and timely.

To strengthen existing controls, we recommend:

- prioritizing and rationalizing the use of system reports;
- establishing measurable standards for key payment processes;
- clarifying and communicating client eligibility verification processes;
- enhancing monitoring and review processes; and
- improving the effectiveness of assistance payment workflows.

3.1 System Report Usage

Reports containing MIS client Information are available to facilitate caseload management. In all, there are over 600 reports available. Of these, more than 60 key reports are typically used by staff across the province for;

- supporting accuracy and validity of assistance payments;
- enabling timely monitoring of transactions and client activities; and
- prompting appropriate action.

Reports can indicate review dates, expiration dates, as well as information that points to payment inaccuracies, non-compliance with policy and procedures, or staff training needs. We were advised by ministry management that the “C” Project has been established to provide clarity, consistency and common procedures on use of reports.

We found that supervisors do not have sufficient time to use and review MIS reports on a proactive basis. Many staff indicated that they are not familiar with all reports available to them and they lack the experience to effectively use the reports. We established that some reports might also be outdated. In addition, field staff advised us that the majority of reports do not get actioned each month, due to resource pressures. Consequently, there is an increased risk that reports are not being effectively used, to properly support client service and for ensuring assistance payment accuracy and validity.

Options for improvement could include:

- identifying high priority and mandatory reports and include the review of these in the ministry’s integrated quality framework as a quality assurance activity;
- providing report user guides and training tips for EAWs and supervisors; and
- using the list of identified high priority reports to inform Integrated Case Management criteria.

Recommendation:

⁽⁸⁾ We recommend that the ministry prioritize and rationalize the use of system reports, with appropriate guidance and support.

3.2 Compliance with Established Standards

Standards support achievement of key ministry objectives by setting clear expectations of performance. Measurable standards also facilitate monitoring of performance towards achievement of objectives.

We found that standards are set by the ministry and followed by staff. The ministry has established a service code, values and service standards.

Some regions and offices also have established service and process standards, such as through common experience documents.

However, these documented standards do not address ministry-wide quality standards for key payments processes. Consequently, there is an increased risk that processes may vary across regions, leading to possible inconsistency in service quality, and errors relating to payment accuracy and validity.

We suggest the following options could be considered for enhancing assistance payments process consistency and service quality:

- implementing ministry-wide payment related process standards that are designed with regional input; and
- clarifying and/or allocating roles and responsibilities for management and staff to ensure ministry processes are consistent across all regions.

Recommendation:

⁽⁹⁾ We recommend that the ministry implement measurable standards and monitoring processes for key payment processes, to ensure consistent application of key processes by staff across all regions.

3.3 Key Eligibility Requirements

We found that controls around verification of key eligibility requirements were generally adequate and effective for providing reasonable assurance. However, we identified some opportunities for strengthening management and financial controls in this area.

These include improvements for:

- demonstrating complete and consistent evidence of decision making for assistance payment eligibility in client files;
- establishing standards and quality guidelines for eligibility supporting documentation;
- ensuring that third party checks are competently carried out; and
- establishing standards and guidelines for enhancing the quality and consistency of financial reviews.

The above issues are addressed further under points 3.3.1 through 3.3.4 in this report.

Further considerations for the ministry in assessing options for improving verification of key eligibility requirements could include:

- Setting appropriate measurable standards for documentation and client verification within the ministry's integrated quality framework.
- Providing practice advisories, scripts and training supports, reflecting current business needs, for the areas mentioned above.
- A risk based approach to priority/frequency of financial reviews. For example, the PWD code describing the type of daily living impairment (obtained from Health Assistance Branch adjudication records) could be used to facilitate a risk-based approach to conducting PWD financial reviews.
- Including enhanced verification processes within the required new case management system.

Recommendations:

We recommend that the ministry:

(10) clarify, document and communicate requirements and standards for verification of client eligibility; and

(11) include enhanced verification processes within the required new case management system.

3.3.1 Evidence of Eligibility

In our review of sampled case files, we looked for appropriate evidence on either paper or electronic files to support client eligibility and entitlement.

We sought sufficient information to support that the right payment was made to the right client at the right time.

We did not interview clients as this was outside the scope of this review. We expected each client paper and/or electronic file to stand on its own, without the need for further explanation.

This expectation becomes more critical in an electronic file based shared caseload environment, when more than one EAW may be involved in determining ongoing client eligibility.

System
Adequacy

Our expectation for a file to stand on its own is very difficult for the ministry to achieve with its current, outdated Management Information System/Case Management System. In our opinion, this system is incapable of adequately meeting the ministry's needs for recording evidence of eligibility.

Inconsistent or
Incomplete
History
Comments

For example, we found that the existing system limitations have contributed towards inconsistent and incomplete history (HST) comments, which impact the ability to support decisions regarding assistance payment eligibility. It is also difficult to demonstrate effective case management, particularly in a shared caseload environment.

Standards and guidance defining required HST comments are, however, being developed by some regions as a good practice to support consistency and payment accuracy. Overall ministry guidelines have yet to be developed.

We found inconsistent application of HST comments on the case files we reviewed. Currently, a worker summarises a meeting with the client electronically and the system generates HST comments. However, this electronic record is limited to only 300 characters or four lines. We believe this could be inadequate for the ministry's needs, as an EAW is required to clearly summarise a client's entire circumstances and the action taken in a small field.

Some HST comments were adequate and clearly outlined client information reviewed, outstanding information required and services offered. However, we established that most HST

comments were inconsistent or incomplete and a number of files we examined had no comments.

We recognise that it is possible for a client to be eligible for IA even if this is not evidenced on file. However, the lack of sufficient evidence is not good practice and does not demonstrate due diligence.

3.3.2 Quality of Documentary Evidence

In sampled files we examined for clients receiving benefits, we found information which cast doubt over the clients' eligibility. At a minimum, this indicated a need to enhance the standards and quality guidelines for eligibility supporting documentation.

To ensure payments to clients are accurate and valid, we would expect client eligibility, current client circumstances and other pertinent supporting documentation to be verified on case files. The need for reliable representation of client circumstances is magnified in a shared caseload environment, where the number of file hand-offs increases between different workers.

Contradictory Evidence

This information included credit searches and other documentation, such as shelter information, which did not appear to have been analyzed, reviewed or verified as required. Some documentation on specific files clearly contradicted the underlying basis for ongoing assistance payments.

Consistency of Updating

We also found inconsistent updating of changes in client status, such as employment, earnings, living arrangements, and supplementary assistance payments. We noted variable follow up on outstanding documentation, such as shelter, required to support payment amounts. We also found minimal information on electronic files to demonstrate that clients had been offered alternatives or other community resources, as required.

Documentation Guidance

We found that staff were uncertain when to ask for identification (ID), what ID to ask for, and when to retain paper or electronic copies. We also noted that staff were unsure of the required information from clients necessary to support BC residence, immigration, sponsorship or citizenship requirements.

We were advised, through interviews, that ministry guidance or standards for documents to be retained or updated on file did not currently exist. This has resulted in confusion around document retention. For example, we found an electronic copy of a shelter information document may be on the Client Transaction System (CTS) and/or a hard copy may be on the case file. Conversely, we also found that key documents such as proof of BC residency and/or citizenship were not on either file.

3.3.3 Third Party Verification Checks

The ministry conducts some third party checks to verify income and assets declared by the client. Mandatory third party checks introduced by the ministry include the Equifax consumer credit report, BC Assessment, Insurance Corporation of BC (ICBC), Personal Property Registry, and Canada Revenue Agency verification checks.

Mandatory Third Party Checks

We found that mandatory third party checks as specified in policy may not always be carried out, or may not be carried out prior to turning on cheque production. Consequently, payments may be activated before eligibility is properly determined.

Discretionary Third Party Checks

We found variable completion and understanding of general third party checks, which are discretionary according to ministry policy. General third party checks include checks of:

- Landlords;
- Employers;
- Citizenship & Immigration Canada;
- Social Services Agencies in other Provinces;
- Financial Institutions/Life Assurance Agencies;
- Vital Statistics;
- Workers Compensation Board; and
- the Service Canada Insurance Database (WebAOBLink).

In addition, some regions treat these third party checks as mandatory, in certain circumstances, even though there is little evidence on file they have been completed, and while ministry policy states they are discretionary.

Training Need

Further, we were advised that the analysis of third party checks information is a training issue. For example, EAWs may lack the expertise to analyze or address an Equifax or ICBC document. This could particularly be the case when the situation is complicated, such as when the client has a complex credit history or is in possession of multiple license plates.

Within our file sample, we found the automated searches such as Equifax and ICBC were the most likely to indicate possible anomalies with client applications. However, each client's circumstance is different and written explanation from the client regarding their shelter situation or verbal information documented on file, could equally indicate further contradictions or highlight possible opportunities for further benefits to be paid to clients.

3.3.4 Completion of Financial Reviews

Generally, financial reviews are an annual appraisal of a client's financial circumstances. These reviews help to ensure that client entitlement is verified on a regular basis and that clients are receiving all appropriate benefits.

Review
Consistency and
Quality

Based on our examination of sampled case files, we found that the quality and consistency of financial reviews, especially telephone reviews, varied considerably. This has the potential to adversely impact assistance payment accuracy and validity.

Review
Timeliness

We found that financial reviews, although considered a top priority, were not always carried out in a timely manner, (i.e. annually). Overdue financial reviews increase the risk that clients who are ineligible may be receiving IA payments, or clients may be receiving inaccurate payments if their circumstances have changed.

Nature of
Reviews

We were advised that financial reviews which are carried out at the front counter and over the telephone are less thorough, accurate and complete compared to pre-booked interviews. As these front counter and telephone methods are increasingly used, this creates an increased risk to accurate and valid payments.

The ministry could consider establishing guidelines for financial reviews to ensure ministry financial reviews objectives are achieved.

Inconsistency
between Regions

We found there is inconsistency between regions as to when financial reviews are carried out and what procedures are followed. For example, in one region financial reviews are done, at least annually, at variable times, such as after a change in client circumstances (a good practice), rather than time driven on an annual basis. Other regions rely on a typically annual program of reviews.

3.4 Client Payment file monitoring and Review Processes

Client payment file monitoring and review processes are key tools for the ministry to ascertain that financial and management controls and quality assurance procedures are being executed as anticipated. The objective of the monitoring and review processes is to maintain an appropriate balance between the amount of ministry resources dedicated to checking or review, and ensuring an accurate payment has been made to eligible clients.

Conclusion

Overall, we found the current level of formal monitoring and management review to be insufficient for providing reasonable assurance to ministry executive management that assistance payments are accurate and valid.

Areas Reviewed

We reviewed payment and financial monitoring activities at office and regional office level including:

- budget and expenditure monitoring;
- supervisor file verification reviews;
- other supervisory-initiated quality reviews;
- PWD reviews;
- Persons with Persistent Multiple Barriers (PPMB) reviews;
- Employment Plan reviews;
- Prevention and Loss Management Services referrals;
- other ad hoc reviews in response to emerging priorities and trends; and
- File reviews are supplemented by reports from MIS, such as sanctions, which may, after review and action, impact the client's monthly assistance payment.

Quality Assurance Controls – File Verification Reviews

File verification reviews are important quality assurance controls and are carried out designed to ensure:

- policy and procedures are applied properly;
- that employees understand the purpose of policy and procedures and other operational requirements; and
- timely action is taken on exceptions, implementation problems, or information that requires follow-up.

File reviews are can also be used to identify opportunities to streamline activities, as well as training opportunities.

Quality reviews are particularly critical in this ministry, where EAWs are frequently relied upon to exercise subjective discretion and sound judgement in meeting clients needs.

We found that a planned program of file reviews and staff process knowledge and performance is not being undertaken due to resource constraints. Supervisors also advised us that monitoring of staff often only takes a reactive form. As a result, this approach may not readily identify payment risks, training and other improvement needs.

Overall Responsibility for Monitoring

In our discussions with ministry staff, we found that many staff across all divisions have some involvement, responsibility, or input into the ministry's assistance payment process. However, in seeking to discuss our findings and evaluate the options for improvement with the ministry, we were unable to locate a specific area of the ministry tasked with overall responsibility for monitoring and improving assistance payment accuracy and validity.

This potential lack of accountability creates the risk that necessary preventative or improvement actions related to ministry assistance payments may not be taken. This increases the risk of inaccurate or invalid payments being made.

Payment Process Improvement Working Group

The ministry has, however, created a Payment Process Improvement Working Group (PPIWG) to implement improvements to payment processes. In our opinion, the creation of this working group is an essential quality assurance activity for the ministry, in that it starts to establish quality standards and underlying support processes and controls to ensure ministry payment objectives are achieved.

Considerations
for Improvement

The following options for improvement could be considered to enhance ministry monitoring and review processes, and to provide assurance to ministry executive that assistance payments are accurate and valid:

- payment monitoring and review activities be included within the ministry integrated quality framework;
- clarify and allocate responsibility for monitoring and improving payment quality at headquarters and regions;
- assign specific responsibility for monitoring payment quality within offices;
- include self assessment of controls within the integrated quality framework;
- consider a peer coaching and feedback program²; and
- consider a leadership development program for supervisors, including performance coaching components.

Recommendation:

(12) We recommend that the ministry enhance monitoring and review processes to increase assurance to ministry executive that assistance payments are accurate and valid.

3.5 Payment Workflows

We found payment workflows to be generally efficient. The ministry is continually taking steps to improve efficiency through training and technology, such as for the CTS.

Imprest Cheque
Controls

We reviewed imprest cheque controls. These controls ensure the security and integrity of cheques issued to clients at offices. We found that administrative staff look for and question anomalies such as excessive amounts and multiple cheques to the same client. In our review, we found that imprest cheque controls are in place and are followed without exception.

² http://www.bcpublicservice.gov.bc.ca/competencies/down/final_competency_self_assessment.pdf

² http://icw.eia.gov.bc.ca/hrunit/SHRP/docs/giving_receiving_feedback.pdf

Process
Documentation
Consistency

Guidance and “common experience” process documentation has been developed by the ministry, to improve client service quality and to enhance staff knowledge. We noted that some of these documents were locally produced and the content (or guidance for clients) varied across offices and regions. This variety of documentation, while developed for the right reasons, can create risks to consistency of service quality and assistance payment accuracy and validity.

Following recent operational changes, there is a risk that the more complex and time-consuming client issues, such as undeclared earnings or potential fraud, may not be fully reviewed or actioned. Also, some actions may default to the next worker to manage.

This is due to an increased number of file hand-offs, which further supports the need for consistent process documentation.

Client Monthly
Income
Reporting

Each month, clients report, by exception, any changes to their status that may impact their eligibility for assistance or may vary the amount of their assistance entitlement. Monthly reporting controls are designed to confirm ongoing client eligibility, based on client self reporting. Consequently these controls play a key role in ensuring the accuracy and validity of IA payments.

We found varying client monthly income reporting practices and in the amount of information expected from clients and retained on file. There are differing practices across the ministry regarding the entry of the client monthly income reporting cheque stub. For example, some staff comment electronically on all reports received from clients each month on the basis that this is a sound case management and service quality practice. Other staff indicated that this practice is unnecessary and inefficient, and do not enter comments following receipt of client monthly reports.

In addition, for service quality reasons, some offices require PWD clients (or all clients) to report all earnings all the time, while others follow the existing policy of reporting by exception.

Opportunities for
Improvement

We believe there may be opportunities to streamline some key risk management processes and to free up time for other activities. The following options could be considered to improve payment workflows:

- Clarify monthly client reporting and review policy and procedures on MIS data entry of the cheque stub. This could perhaps be addressed as part of the Simplification Project.

- Develop a Memorandum of Understanding with the Corrections Branch of the Ministry of Public Safety and Solicitor General, to facilitate data exchange. This information exchange could serve to reduce payment risk for certain clients and improve service quality by preparing supports in time for client release dates.
- Dispatch of letters, whereby using central database dispatch rather than manual letter dispatch. For example, this approach could be used to generate letters for the Financial Review, PWD Review, PPMB Review, School Start Up, and other routine notices to clients in order to increase EAW efficiency and to serve as a control over the review process.
- Design client life cycle triggers, for quality assurance purposes, within the integrated quality framework, such as “baby born”. This would help to ensure accurate payments and service quality through appropriate offering of additional benefits.
- Review the circumstances behind the cancellation of thousands of assistance payments cheques each month, and identify opportunities for improvement.

Recommendation:

⁽¹³⁾ We recommend that the ministry review payment workflows, with a view to enhancing payment process efficiency and effectiveness.

4.0 Data Processing Controls

Our second main objective of this engagement was to review MIS key control areas, to document and assess whether appropriate control processes are in place to ensure accounting transactions are valid and accurate.

Specifically, we examined key controls in the following areas:

- system access controls;
- Corporate Accounting System reconciliation;
- MIS system functionality, including data edits;
- generation of benefits; and

- processing of accounts payable and security deposits.

The stability of the existing system was outside of the scope of this review. Nevertheless, we acknowledge that the MIS is aging and is nearing replacement.

Overall
Conclusion

Based on the results of our review observation results, we conclude that controls in these areas are adequate. In our opinion, despite its operational shortcomings, the MIS has sufficient financial and management control processes to ensure accounting transactions are valid and accurate.

We have made recommendations in the following sections, to enhance utilization of the existing MIS, while improving quality assurance and to inform development of the required new case management system to replace MIS.

4.1 Data Edits

We confirmed that MIS data edits are adequate to ensure the accuracy, completeness and validity of data entered into the system. However, operational changes regarding caseload number allocations have resulted in over 27,000 bring forward (BF) reminders not being resolved and 4Mails (e-mail information from others) not being generated or actioned.

This increases the risk that some clients could be receiving benefits that they are not entitled to receive. Also, there may be an increased risk of key actions not being taken, which may result in poor client service or inaccurate assistance payments.

Options for improvement could include:

- a general review of caseload number allocations and related reminders and prompts.
- reviewing the BF Management Report that is currently available in MIS to identify important BFs that have not yet been read and/or resolved;
- having all critical 4Mails sent to the supervisor as well as to the EAW by having the initiator flag the 4Mail as important and/or having certain changes be automatically flagged by the system as important; and
- reviewing position identifiers, BFs and 4Mails to ensure they support current business needs.

Recommendation

(14) We recommend that the ministry enhance the effectiveness of caseload related reminders.

4.2 Client Eligibility

MIS has adequate system edits, data tables, reporting and other mechanisms to support accurate data processing. However, MIS is not designed to determine whether or not a client is eligible for benefits. We acknowledge that the system is only a tool to help EAWs make that determination.

In particular, there are no MIS tools to ensure that workers conduct adequate third party checks to verify a client's eligibility for benefits. As discussed in section 3.3.3 - Third Party Verification Checks, there may be some clients receiving benefits who are not eligible or who are receiving more benefits than they are entitled to receive.

Considerations for improvement could include:

- developing a mechanism to identify which third party checks have been completed;
- developing a mechanism to identify files that have not been subject to third party checks, or ensure that the system to replace MIS can readily support ministry QA objectives; and/or
- identifying which third party checks were completed through notes in the MIS history and information in the client paper files.

Recommendation:

(15) We recommend that the ministry enhance system processes for facilitating effective monitoring of third party checks.

4.3 Assistance Payments Accuracy

We confirmed that the MIS generates benefit payments accurately, based on the information entered by EAWs. However, clients cannot be paid by Electronic Funds Transfer (EFT) because MIS does not have a supplier database which would facilitate EFT payments.

The lack of these system capabilities results in higher costs per payment and reduces the time period available to stop a payment. The pro-rating of partial month benefits to be paid by imprest cheques also must be calculated manually because MIS cannot do pro-rating.

Recommendation:

(16) We recommend that the ministry include EFTs and pro-rating of monthly payment capabilities in the requirements for the replacement MIS.

4.4 Accounts Receivable Processing

When an overpayment has been made to a client, this amount is recorded as being due to be repaid by the client to the province. This method of recording is known as an account receivable (AR). The ministry also assists clients, when requested, with an advance for any security deposit requested by the client's landlord.

This security deposit amount is also recorded as an account receivable. Both overpayments and security deposits are repaid by the client by a monthly deduction from the client's IA payment.

On a client basis, MIS has processes to adequately control accurate and complete processing of overpayments and security deposits. However, the accounts receivable balances in MIS and the Corporate Accounting System are not reconciled because MIS is unable to produce details of client's accounts receivable.

The lack of a reconciliation and associated review increases the risk that amounts may not be valid (i.e. current, appropriate, accurate, applied correctly or complete).

Recommendation:

(17) We recommend that the ministry develop an accounts receivable sub ledger in the corporate data warehouse to facilitate easier reconciliation of accounts receivable with the general ledger.

5.0 Financial Operations Quality Control Procedures

Our third objective was to review the adequacy and effectiveness of Financial Operations' quality assurance procedures over payments, to assess payment related data output and related payment controls. To accomplish this objective, we examined the key payment support processes and reports leading to the issue of cheques to clients.

Overall Conclusion

Overall, we conclude that effective high level processes are in place, to provide reasonable assurance that total dollar data output is accurate prior to payments being made. While Financial Operations currently has no overall documented quality assurance program, best efforts are made with available tools to ensure that the overall monthly dollar total payment is accurate.

Short Timeframes

There is a significant amount of work done and processes are in place to complete due diligence on payments, at a total dollar level, prior to making monthly assistance payments to clients. We noted that there is an extremely short time window between data being sent to Financial Operations and the cut-off time for initiation of preparation of cheques to clients. This provides limited realistic opportunity for Financial Operations to make any reasoned adjustment to payment amounts at the client data level.

Opportunities for Strengthening Controls

Financial Operations could enhance the due diligence it applies to assistance payments by:

- participating in the ministry integrated quality framework for assistance payments, and contributing towards the pre- and post-payment quality assurance components;
- obtaining advance verification from other ministry contributors of their payment related data and data assumptions, to increase ministry confidence in the accuracy of payment estimates prior to payments being made; and
- documenting key control processes and standards.

Recommendation:

⁽¹⁸⁾ We recommend that Financial Operations participate in the ministry's integrated quality framework.

Appendix 1 - Action Plan – Assistance Payments Control Framework

Recommendations	Management Comments to be Included in Report (Action Planned or Taken) ³	Assigned To	Target Date
1.0 Integrated Quality Framework			
1. We recommend the ministry implement an integrated quality framework to provide assurance to ministry executive that control processes supporting ministry assistance payments are operating as intended.	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The ministry agrees with this recommendation. • MHSD Integrated Quality Assurance Framework is currently under development. 	Louella Mathias	Mar. 31/09
2.0 Control Environment			
2.1 Payment Process Risk Management			
2. We recommend that the ministry introduce a formal ministry-wide assistance payments risk assessment within the envisioned integrated quality framework.	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The ministry agrees with this recommendation. • MHSD is currently undertaking a Financial Review. This will entail process reviews and risk assessments of all key financial processes, most of which are a part of ministry payments. • MHSD will undertake a ministry-wide assistance payments risk assessment to complement the payments process review. 	Chris Curtis	Mar. 31/09

³ MHSD has established a Payment Process Improvement Working Group (PPIWG) to consolidate and manage recommendations to improve ministry payments arising from a number of recent internal and external reviews/audits, including this Income Assistance Payments Controls Framework Review (031204). The PPIWG is chaired by the ministry's Senior Financial Officer. The PPIWG Workplan incorporates all recommendations from the Income Assistance Payments Controls Framework Review (031204). In addition to the PPIWG, the recommendations and actions arising from this review will be addressed initially and in a continuing manner through Ministry initiatives such as the Ministry Quality Assurance Framework, the Simplification Project and the functions and responsibilities of the Office of the Chief Risk Officer, which includes Internal Controls Management, Risk Management and Process Management.

Recommendations	Management Comments to be Included in Report (Action Planned or Taken) ³	Assigned To	Target Date
2.2 Roles, Responsibilities and Expectations			
3. We recommend that the ministry clarify, document and communicate individual roles, responsibilities and expectations around assistance payment decisions.	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The ministry agrees with this recommendation. • The ministry will, through the PPIWG: clarify roles, responsibilities and expectations for assistance payments and, develop an assistance payments roles and responsibilities matrix to complement the payments process review. 	Brad Grundy	Mar. 31/09
2.3 Communications			
4. We recommend that the ministry review coordination of communication across all their divisions, with a view to increasing overall effectiveness of the messaging.	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The ministry agrees with this recommendation. • The ministry has recently completed a Regional Initiatives Implementation Process Review. The implementation of regional projects is coordinated within the ministry through a Regional Projects Implementation Branch and Plan. • The ministry will, through the PPIWG Project, continue to review coordination of communication across the ministry. 	Brad Grundy	Mar. 31/09
2.4 Change Management Process			
5. We recommend that the ministry strengthen its change management practices and support infrastructure.	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The ministry agrees with this recommendation. • The Integrated Quality Assurance Framework is currently under development and will include initial risk assessments for planned changes, change management components, monitoring and post-implementation reviews. 	Brad Grundy Louella Mathias	Mar. 31/09

Recommendations	Management Comments to be Included in Report (Action Planned or Taken) ³	Assigned To	Target Date
2.5 Payment Policies			
6. We recommend that the ministry review the policies noted above, to ensure they meet operational needs, including relevant assistance payment controls, and that they are readily understood by staff.	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The ministry agrees with this recommendation. • The ministry will, through the PPIWG Project, review those policies having an impact upon income assistance payments. 	Brad Grundy	Mar. 31/09
2.6 Training and Resource Allocation			
7. We recommend that the ministry review the appropriateness of training, resource allocation and competencies needed.	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The ministry agrees with this recommendation. • The ministry is currently completing a Workflow Analysis for regional staff. • The ministry will, through the PPIWG Project, review the competencies, training and resource allocations required for staff involved with income assistance payments. 	Brad Grundy	Mar. 31/09
3.0 Financial and Management Controls			
3.1 System Report Usage			
8. We recommend that the ministry prioritize and rationalize the use of system reports, with appropriate guidance and support.	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The ministry agrees with this recommendation. • The ministry will, through the PPIWG Project, review system reports having impact upon income assistance payment, identify high priority and mandatory reports and review the procedures and training required for these reports. 	Brad Grundy	Mar. 31/09

Recommendations	Management Comments to be Included in Report (Action Planned or Taken) ³	Assigned To	Target Date
3.2 Compliance with Established Standards			
9. We recommend that the ministry implement measurable standards and monitoring processes for key payment processes, to ensure consistent application of key processes by staff across all regions.	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The ministry agrees with this recommendation. • The ministry has established a service code, values and service standards and is developing an Integrated Quality Assurance Framework which will include income assistance payments standards and monitoring. The PPIWG will oversee the incorporation of measurable standards and monitoring processes for key payment processes. 	Brad Grundy	Mar. 31/09
3.3 Key Eligibility Requirements			
10. We recommend that the ministry clarify, document and communicate requirements and standards for verification of client eligibility; and	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The ministry agrees with this recommendation. • The ministry will, through the PPIWG Project, review, clarify, document and communicate the requirements and standards for verification of client eligibility. 	Brad Grundy	Mar. 31/09
11. include enhanced verification processes within the required new case management system.	<ul style="list-style-type: none"> • The ministry agrees with this recommendation. • The ministry will, through the PPIWG Project, address the inclusion of enhanced verification processes within the required new case management system. 	Brad Grundy	Mar. 31/09
3.4 Client Payment file monitoring and Review Processes			
12. We recommend that the ministry enhance monitoring and review processes to increase assurance to ministry executive that assistance payments are accurate and valid.	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The ministry agrees with this recommendation. • The Integrated Quality Assurance Framework is currently under development and will include monitoring and review processes to increase assurance to ministry executive that assistance payments are accurate and valid. 	Brad Grundy	Mar. 31/09

Recommendations	Management Comments to be Included in Report (Action Planned or Taken) ³	Assigned To	Target Date
3.5 Payment Workflows			
13. We recommend that the ministry review payment workflows, with a view to enhancing payment process efficiency and effectiveness.	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The ministry agrees with this recommendation. • The ministry is currently completing a Workflow Analysis for regional staff. The ministry is also currently undertaking a Financial Review which includes process reviews and risk assessments of all key financial processes, most of which are a part of ministry payments. The PPIWG will oversee the incorporation of identified improvements to income assistance payment workflows. 	Brad Grundy	Mar. 31/09
4.0 Data Processing Controls			
4.1 Data Edits			
14. We recommend that the ministry enhance the effectiveness of caseload related reminders.	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The ministry agrees with this recommendation. 	Brad Grundy	Mar. 31/09
4.2 Client Eligibility			
15. We recommend that the ministry enhance system processes for facilitating effective monitoring of third party checks.	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The ministry agrees with this recommendation. • The ministry will, through the PPIWG Project, address effective monitoring of third party checks through system enhancements. 	Brad Grundy	Mar. 31/09
4.3 Assistance Payments Accuracy			
16. We recommend that the ministry include EFTs and pro-rating of monthly payment capabilities in the requirements for the replacement MIS.	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The ministry agrees with this recommendation. • The ministry will, through the PPIWG Project, address the inclusion of EFTs and pro-rating of monthly payment capabilities in the requirements for the replacement MIS. 	Brad Grundy	Mar. 31/09

Recommendations	Management Comments to be Included in Report (Action Planned or Taken) ³	Assigned To	Target Date
4.4 Accounts Receivable Processing			
17. We recommend that the ministry develop an accounts receivable sub ledger in the corporate data warehouse to facilitate easier reconciliation of accounts receivable with the general ledger.	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The ministry agrees with this recommendation. • The ministry has implemented an A/R cube in its Financial Data Mart. In addition, Accounts Receivables have been reconciled between MIS and CAS. • The Financial Accounting and Reporting Section will monitor the accuracy of the A/R sub-ledger on a monthly basis. 	Rob Byers	Complete
5.0 Financial Operations Quality Control Procedures			
18. We recommend that Financial Operations participate in the ministry's integrated quality framework.	<u>Ministry Response:</u> <ul style="list-style-type: none"> • The Ministry agrees with this recommendation. • MHSD Financial and Administrative Services Branch (FASB) is directly involved with and is supporting the development of the ministry Quality Assurance Framework. Financial quality assurance forms an integral part of the ministry Integrated Quality Assurance Framework, both within FASB and throughout the business functions and service delivery across the ministry. 	Brad Grundy	Complete

Appendix 2 – Assistance Payments Control Framework – Key Controls

Assistance Payments Control Framework - Key Controls (synopsis)

CONTROL ENVIRONMENT (required elements)

- payment process function adequately risk-managed
- roles, responsibilities and expectations clearly defined
- communications timely and effective
- standards set and followed
- monitoring and review process
- change management processes
- MIS reports
- key payment related policies
- training and resource allocation
- payment workflows
- key eligibility requirements verified on case files

INPUT

Intake

Risks:
Insufficient evidence to support assistance

Controls:
Paper and electronic files

Recommendation:
Standards
QA review process

3rd Party checks

Risks:
3rd party checks not completed/completed Inconsistently

Controls:
Some system prompts

Recommendation:
QA review process

Financial review

Risks:
Financial Reviews not completed on timely or quality basis

Controls:
Annual review date
Completion monitored

Recommendations:
QA review process
Risk based reviews

PROCESSING

Security

Risks:
Access controls do not prevent unauthorized access to MIS

Controls:
IDIR & MIS login
User profiles
Access reports/audits
Audit trails

Recommendations:
None

Data Edits

Risks:
Data edits do not ensure valid data in MIS.

Controls:
Extensive data edits
Completeness checks
Verification checks

Recommendations:
Resolve BF's/4Mails

OUTPUT

Pre Payment review

Risks:
Insufficient evidence to support assistance

Controls:
Payment estimates
Sample review

Recommendations:
Ministry QA program
Stakeholders input
Process standards

Post Payment review

Risks:
Insufficient evidence to support assistance

Controls:
PLMS File reviews
Issues management

Recommendations:
Ministry QA program
Portfolio QA tests

Reports

Risks:
Internal or client reports not actioned appropriately

Controls:
Internal – auto reports
Client - system edit

Recommendations:
Identify priority reports
Clarify client reporting

Verification

Risks:
Key eligibility requirements are not verified on client files

Controls:
Issues management

Recommendation:
QA review process

Payment QA

Risks:
Insufficient monitoring

Controls:
Issues management

Recommendation:
QA review process

Benefits Generation

Risks:
Inaccurate benefits

Controls:
System based on policy
MIS & AR edits/checks
MIS duties segregation
Payment edits

Recommendations:
Supplier database and pro-rate payments.

Reporting

Risks:
Reports incomplete

Controls:
Large reports no.
Testing of reports
MIS/CAS reconciled

Recommendations:
Develop an accounts receivable sub ledger