

2.15 Income Support Program

Introduction

Authority

The Province's income support program is delivered by the Department of Human Resources, Labour and Employment (the Department) under authority of the *Income and Employment Support Act*. This *Act* came into force on 30 November 2004, replacing the *Social Assistance Act* of 1977.

The *Income and Employment Support Act* is the product of a discussion paper entitled "Investing in People: New Directions for Social Assistance Legislation" and a three-year consultation process. The *Act* represented a change in direction from the *Social Assistance Act*, moving from a focus on financial assistance to cover basic needs only to a focus on financial assistance that also helps clients find and keep employment.

Long-term income support clients

This table summarizes the average number of income support cases and the cost of providing the support for the years ended 31 March.

Year	Average number of cases	Income support (\$ millions)
2001	37,609	216.5
2002	36,384	211.1
2003	36,700	209.7
2004	35,977	213.7
2005	35,000	211.0

Changes in program delivery

Due to an increased emphasis on assisting clients to find and maintain employment, improved technology, and declining case loads the Department has changed the manner in which it delivers programs and services over the past several years. As a result of these changes in service delivery, changes in legislation were required, resulting in the *Income and Employment Support Act* and *Regulations* being enacted.

Until 2004 the Department had 46 district offices. That number has now been reduced to 28. This change was possible due to new technology that enables services to be delivered from fewer sites. In addition, clients are given more choice in the way in which they can apply for benefits as applications can now be made:

2.15 Income Support Program

- in person at the district office;
- by mail; and
- by phone.

There has also been a change in the manner in which continued eligibility is confirmed. The Department made the requirement for home visits discretionary in the mid-1990's because they determined that home visits did not add significant value to ensuring that only eligible clients actually received benefits. The Department has also developed several new processes to confirm continued eligibility including: information sharing agreements, mail out eligibility review form, and telephone eligibility confirmations. The Department indicated that it has also introduced an enhanced intake verification process.

Integrity measures

With the additional emphasis on employment supports in the new *Act* and changes in program delivery, the following client information must be accurate (and documented if necessary) to ensure applicants are appropriately identified for assistance with income and/or employment support:

- date of birth of all family members;
- social insurance numbers of all family members;
- address;
- education level;
- employment status; and
- employability factors.

In the past the Department relied on home visits and in-office interviews to establish eligibility for income support. The Department has instituted “**integrity measures**” to ensure accurate client information in its database and to avoid issuing income support to individuals who are not (or are no longer) eligible. Integrity measures were determined by the Department to be more cost effective than home visits and in-office interviews. The integrity measures, some of which have existed for many years, are:

2.15 Income Support Program

- computer interfaces with various Federal and Provincial organizations,
 - telephone eligibility confirmation;
 - audit of client files by the Internal Audit Division;
 - review cycle exercise; and
 - investigation of fraud.
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Audit Objectives and Scope

Objectives

Our objectives were to:

- document the monitoring processes the Department uses;
 - determine if the monitoring is adequate; and
 - determine if the Department's client database is accurate enough to enable it to deliver and monitor its income and employment support programs.
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Scope

The period of our review of the Income Support Program was 1 April 2004 to 31 March 2005.

Conclusions

Overview

The Province's income support program is delivered by the Department of Human Resources, Labour and Employment (the Department) under authority of the *Income and Employment Support Act*. Since 2001, the Department has served an average of 36,334 cases each year.

2.15 Income Support Program

Due to an increased emphasis on assisting clients to find and maintain employment, improved technology, and declining case loads the Department has reduced the number of district offices and has changed the manner in which it delivers its programs, particularly in the information it collects and the ways that clients can apply for, and continue receiving, income support. The Department made the requirement for home visits discretionary in the mid-1990's because they determined that home visits did not add significant value to ensuring that only eligible clients actually received benefits.

The Department has instituted integrity measures to ensure it has current and accurate client information on file and that errors are not made in approving applications for income support or in the continuing provision of income support.

While the Department has instituted a number of useful measures to monitor the Income Support Program, these measures are not being employed as effectively or thoroughly as they should be.

We reviewed seven aspects of the Income Support Program. These are our key observations.

Weakness in Departmental structure

There are weaknesses with the Department's structure as it relates to the Income Support Program. Responsibility for ensuring appropriate income support payments are made to clients is divided between the Eligibility Assurance Section (EAS) and the Internal Audit Division. The integrity measures of EAS are inter-related with and complimentary to audit activities and should be under single direction.

Interfaces not effectively performed

Interfaces refers to the practice of cross-referencing cases with other income programs (Federal and Provincial) to determine if clients are receiving income from other sources. In the past two years, 1,815 clients have either been suspended and/or had an overpayment set up as an account receivable (\$1 million). We found that the interface process:

- is not always performed or acted upon in a timely manner; and
 - does not include a formal process for communicating results to senior staff or Executive.
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2.15 Income Support Program

**TEC not
applied widely
enough**

This process establishes a recipient's continued eligibility to receive income support and determines their interest in employment and/or training. In the last two fiscal years, there were records kept for telephone contact with 2,868 clients. Of this number, 2,471 interviews were completed. We found that while the Telephone Eligibility Confirmation process works well to reveal errors, ultimately saving the Department money, it is not being applied widely enough. These are the results of the call program for the last two fiscal years:

- 206 of the 2,868 clients were not interviewed and were suspended from income support because they could not be contacted;
- There was no follow-up action for 191 of the 2,868 clients where some form of action was required;
- 45 of the 2,471 clients interviewed were suspended because they were not entitled to receive income support;
- \$964,377 in savings was projected due to the suspensions;
- a further \$24,255 in overpayments were identified; and
- personal information errors were identified.

Furthermore, there is no evidence that errors identified have been corrected in the Department's database.

**Internal Audit
Division does
not audit
district offices
frequently
enough**

Based on a review of the Division's records, we found that divisional offices are not being audited frequently enough. Specifically:

- thirteen of the 28 district offices have not been audited since 2001-02;
- based on the current rate, district offices will only be audited every six or seven years; and

2.15 Income Support Program

- audits the Division conducted in 2003-04 and 2004-05 revealed:
 - errors in payment of income support (14 overpayments and 1 underpayment in 256 items tested);
 - payment of income support without adequate documentation (eg: 4 of 38 medical transportation payments); and
 - errors in the Department's database (similar to errors detected by telephone eligibility confirmation).
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Cycle reviews not completed in accordance with established frequency

The Department requires cases be regularly reviewed “to ensure information is current, and to confirm eligibility for income support.” One of the procedures used is a cycle review, which consists of a mail out / mail back form. Forms are mailed to clients based on how long they have been receiving income support. We found that cycle reviews are not always completed in accordance with established frequency.

Investigations take too long to complete

An investigation can occur when an officer becomes aware that a client is receiving income support where there is no entitlement. We observed weaknesses in the Department's handling of investigations as follows:

- 482 investigations were outstanding at 28 February 2005, of which 205 were older than four months. Based on the Department's interpretation of the *Income and Employment Support Regulations* (that investigations must be completed within four months), the Department terminated the 205 cases. We could not determine if any would have led to suspensions or legal proceedings, and
- 39 cases approaching the four month mark are scheduled to be terminated in the new year.

We do not agree with the Department's interpretation of the *Regulations* whereby they terminate an investigation just because the investigation has not been completed within the required four month time frame.

2.15 Income Support Program

Performance indicators not established for integrity measures

The Department has not established performance indicators which could be used to assess the effectiveness of the integrity measures which are designed to increase assurance that only eligible clients are receiving income support and that employment support is being provided to clients in cases where it would be beneficial.

Findings and Recommendations

1. Department's Organizational Structure

Description

Responsibility for all of the Department's integrity measures is split between the Eligibility Assurance Section (EAS) of the Income Support Division and the Internal Audit Division.

The EAS is responsible for the following integrity measures:

- computer interfaces (different computer systems sharing information);
- telephone eligibility confirmation;
- review cycle exercise; and
- investigation of fraud.

The Internal Audit Division audits client files in district offices.

Our Review

Division of responsibility not appropriate

In our estimation, the current division of responsibilities for integrity measures is not appropriate for the various integrity measures the Department uses. The reasons are:

- Responsibility for ensuring appropriate income support payments are made to clients is divided between the Eligibility Assurance Section and the Internal Audit Division. Integrity measures are preventive in nature in that they are directed at ensuring a client's continuing eligibility to receive income support. Internal audits are detective in nature in that payments are audited after they have been made. We believe integrity measures and internal audit are

2.15 Income Support Program

inter-related and complimentary and should be under single direction.

- Staff investigating accusations of fraud under the income support program are in the same classification as the client service officers who issue income support to clients. They both report directly to the district manager. Therefore, they can be reassigned from investigations to issuing income support.
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2. Interfaces

Description

An **interface** allows different computer systems to share or exchange information. For example, the Department is able to, in the case of the Employment Insurance system, look for records that match (based on social insurance number) records in the income support system. A match indicates an individual is receiving income support and employment insurance benefits at the same time.

The Department has interfaces with these Federal and Provincial programs:

- Canada Pension Plan (CPP and Old Age Security);
 - Employment Insurance;
 - Workplace Health, Safety and Compensation Commission (WHSCC) benefits; and
 - Canada Revenue Agency (income tax).
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2.15 Income Support Program

Interface process

How interfacing works:

Stage	Description
1	The Department sends an electronic file of income support recipients to the Federal or Provincial organization.
2	The organization performs a match of the Department's file, based on social insurance number, against its own files.
3	The organization returns a file containing records that match the Department's records.
4	Interface results are distributed to district offices for action.
5	If a client has unreported income, an overpayment is set up and/or an adjustment to income support payments made.
6	The district office reports quarterly to headquarters on: <ul style="list-style-type: none">- Savings, on an overall basis, as a result of suspensions,- Accounts receivable recorded, and- Number of cases affected.

Our Review

Interfaces not effectively performed

We found that the interface process is not always performed or acted upon in a timely manner and does not always include a procedure for communicating results to senior staff or the Executive. Delays in performing interfaces or acting upon their results may cause larger overpayments receivable, which may be more difficult to collect.

The Department's Eligibility Assurance Section has a schedule for running and distributing the interfaces. Our review showed that interfaces don't always occur as scheduled.

Interface frequency

Interface run frequency for year ended 31 March 2005:

Interface	Scheduled	Run in 2004-05
Canada Pension Plan	15 th of each month	10 times
Employment Insurance	15 th of each month	7 times
WHSCC	30 th of each month	4 times
Income tax refunds	Every six months	1 time

The interfaces are coordinated and distributed by the Manager of Eligibility Assurance Services.

2.15 Income Support Program

Effect of late interfaces

Interfaces not run as scheduled allow clients receiving ineligible income and income support to remain undetected for longer periods. Larger overpayments receivable, which may be more difficult to collect, could result from longer detection periods.

Reporting

District office reports are combined at headquarters to provide Province wide results. Discussion with departmental staff disclosed there is no formal process for reporting these results to senior staff and the executive; it occurs on an ad hoc basis.

Results of performing interfaces

The Department identified the following savings and overpayments for the years ended 31 March 2004 and 31 March 2005 as a result of performing interfaces.

Savings and overpayments:

Year	Savings through suspension of client	Overpayments recorded as accounts receivable	Number of clients affected
2004	\$423,577	\$559,909	1,075
2005	195,758	452,686	740
Totals	\$619,335	\$1,012,595	1,815

Test sample

We selected a sample of records to test from the following larger interfaces:

Sample records:

Interface	Sample size
Canada Pension Plan	25
Employment Insurance	25
WHSCC	25
Income tax refunds	25
Total	100

2.15 Income Support Program

The records from each interface indicate a client was receiving income support as well as income from the other source named. We investigated to determine if the district offices were acting promptly to investigate if:

- there was a problem with the payment of income support;
- the client should be suspended; and/or
- an accounts receivable should be recorded.

Sample results

Findings from 100 sample case files:

Action Taken on Interface by District Office	Case files
No evidence of action taken	10
Action not taken within a reasonable period	8
No action required - client was reporting deductible income	51
Action taken within a reasonable period	31
Total	100

For the 8 case files in which the district offices did not act promptly it was necessary to set up accounts receivable of \$11,199 for overpayments of income support.

For 3 of the 31 cases where the District Office took action within a reasonable period of time officials of the District Office indicated that the overlap of Canada Pension Plan benefits and income support was not detected in the interface process for a significant period of time. Once the overlap was detected it was necessary to set up accounts receivable of \$5,740 for overpayments of income support.

For the 51 case files where the clients were reporting deductible income no action was necessary because the client was eligible for income support as their living requirements exceeded income from the other source.

2.15 Income Support Program

3. Telephone Eligibility Confirmation

Description

Telephone Eligibility Confirmation (TEC) is a process to confirm a recipient's continued eligibility to receive income support by confirming personal and financial information by telephone contact. The recipient's interest in employment and/or training is also established during the telephone call.

The TEC project began as a pilot project in 2001 staffed by one person who was selected from the Department's Income Support Division. Treasury Board Secretariat approved a budget for TEC in 2003-04 and three employees were hired in July 2003.

Our Review

TEC process needs wider application

We found that the Telephone Eligibility Confirmation process works well in identifying errors in income support payments and personal data but that the Department is not applying the process widely enough. There is also no evidence that errors are corrected in the Department's database.

The Department has completed 18 TEC projects since the 2002-03 fiscal year. The projects focused on calling groups of:

- single individuals;
- employable singles;
- single parents;
- childless couples;
- retirement age individuals; and
- new and reopened cases.

Of the 18 projects, the Department only has results information for 12; 2,868 clients were selected for telephone interviews for these 12 projects.

2.15 Income Support Program

Results of telephone contact in 2003-04 and 2004-05:

Result	Number
Telephone interview completed	2,456
Telephone contact not made and:	
- followed up with a letter	15
- client suspended because they left the Province, were employed, were incarcerated or whereabouts unknown	206
- no follow-up action taken as required	191
Total	2,868

Income support errors

In addition to the 206 suspended clients who could not be contacted, the TEC process further identified 45 clients who were suspended because they were not entitled to receive income support, for a total of 251 suspensions.

The suspension of clients resulted in the identification of \$24,255 in overpayments and projected savings of \$964,377.

Personal information errors

The TEC process identified the following incomplete or incorrect personal information on the Department's files:

Personal information errors:

Personal information	Number of errors
Education level	220
Occupation	277
Address or accommodation	233
Date of birth	62
Family status	7
Employment status	163

In addition, there were 228 further non-financial changes to the Department's files for which the above detail is not available.

2.15 Income Support Program

Impact of errors

Incorrect personal information can impact programs. For example, where there was an error in education level, it could mean the Department is not targeting the correct clients for its employment support programs. Where there was an error in address, accommodation or family status, it could mean the incorrect amount of income support is being paid.

Where there is an error in the date of birth, it could mean income support is being paid to individuals eligible for, or receiving, Old Age Security benefits. In this case, the error could also have an impact on other integrity measures, such as the interface process with the Old Age Security Benefits database.

Error correction

Whenever erroneous client information is identified through a TEC survey the following process is to be followed to correct the errors:

Stage	Description
1	The TEC operator gives correct information to the district office.
2	The district office makes the correction and notifies the TEC operator that the change is made.
3	The operator accesses the master file to verify the correction.

An edit report showing database changes is not produced. Therefore, there is no evidence that errors are corrected in the system.

4. Internal Audit Division

Description

The Internal Audit Division's role in the Department's integrity measures is to perform audits of income support payments to determine the degree of compliance with legislation and policies and procedures. The Division does this by examining documentation kept in client files in the district offices.

Internal audits are designed to detect issues and errors not detected by other integrity measures.

2.15 Income Support Program

Offices audited:

Year	Total Offices Audited	Offices audited of the 28 which are still open
1999-00	19	4
2000-01	10	4
2001-02	13	5
2002-03	12	7
2003-04	5	4
2004-05	4	4
Total	63	28

Our Review

In our opinion, offices are not being audited frequently enough.

Audits too infrequent

Completing four audits per year, as in the previous two years, indicates that each district office may be audited every six or seven years. Thirteen of the 28 district offices open at the review date have not been audited since the 2001-02 fiscal year.

Internal Audits revealed errors

The Division's audits in the past two years revealed the following instances of non-compliance with legislation, policies and procedures.

Audit results:

Control Tested	Sample Size	Number of Errors	Error rate (%)
Applicant's birth certificate on file	256	34	13.2
Applicant's spouse's birth certificate on file	54	9	16.7
Applicant's social insurance card (copy) on file	256	58	22.6
Applicant's spouse's social insurance card (copy) on file	52	18	34.6
Rent or mortgage verification on file	164	7	4.3

2.15 Income Support Program

Impact of errors

These errors impact other integrity measures the Department uses. For example, where there is no birth certificate on file for the applicant or the applicant's spouse, it could mean there is no date of birth kept in the information system or it may be incorrect. This could impact other integrity measures, such as the interface process with the Old Age Security Benefits database, as clients may not be identified and removed from the income support program.

Where there is no copy of a social insurance card on file for the applicant or the applicant's spouse, it could mean there is no social insurance number kept in the information system or it may be incorrect. This could impact the interface with federal and provincial systems.

Where there is no rent or mortgage verification on file, this could mean rent or mortgage benefit payments may be improperly made. Yearly mortgage reviews will not identify that verification is not on file.

Further errors revealed

The Division's audits revealed further errors that do not affect integrity measures. They include:

- Errors in payment of income support (14 overpayments and 1 underpayment in 256 items tested);
 - No support for payment of medical transportation in 4 of 38 items;
 - No support for payment of special food allowance in 4 of 18 items; and
 - No support for payment of diabetic food allowance in 2 of 16 items.
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5. Cycle Review

Description

The Department's policy requires that cases be reviewed “on a regular basis to ensure that all relevant information is kept current, and to confirm eligibility for Income Support.” A case review may include:

- an in-office interview with the client;
 - a home visit;
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2.15 Income Support Program

- verification of interface information; and
- mail out / mail back form (*i.e.*; cycle review).

With respect to the mail out/mail back form, a “regular basis” is defined in the Department's established cycle review schedule, which is defined in the Cycle Review Schedule section that follows.

Office visits

As a result of the closure of several district offices in 2004, some clients now live extended distances from district offices and an in-office interview may not always be practical.

Home visits

The current policy on home visits states:

- A home visit is not required to determine eligibility for, or to confirm, income support.
 - A home visit for new and reopened cases is strongly encouraged but not mandatory.
 - Requirement for a home visit is determined by considering the:
 - worker's familiarity with the case;
 - likelihood there may be questions concerning continued eligibility;
 - length of time the case is likely to be open; and
 - overall case management plan.
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Cycle Review Schedule

Clients can be paid income support as:

- **Recurring pay** (formerly long-term assistance), or
- **Non-recurring pay** (formerly short-term assistance).

Recurring pay clients must submit a mail back form (*Income Support Eligibility Review Form*) based on an established cycle review period as follows:

2.15 Income Support Program

Period	Completed for . . .
Semi-annual	New clients, up to four times within the first 24 months that they receive income support.
Annual	Clients receiving income support for 24 months but less than 3 years. All clients where there is family earned income
Tri-annual	Clients receiving income support for three years or more.

Non-recurring pay clients must submit a mail back form (*Income Support Mail back Form*) each time they require income support.

Exceptions to Cycle Review Schedule

Clients can be reviewed every six months regardless of how long they have been receiving benefits if the client officer identifies good reason, such as:

- they (client) were the subject of an investigation; or
- they were suspended as a result of an investigation; or
- they caused an overpayment in income support.

Tracking

The Eligibility Assurance Section tracks the cycle review process as follows:

Stage	Description
1	A spreadsheet of case numbers for each review cycle is produced, organized by district offices and distributed to each office.
2	District office performs the review cycle procedures, records review results of each case on spreadsheet and returns to EAS.
3	EAS reviews the spreadsheet to identify clients who have not returned their form.
4	EAS intercepts income support cheques for clients who did not return form and forwards cheques to district office for pick-up.
5	District office releases cheques to client when form is completed.

2.15 Income Support Program

Our Review

Our review showed that cycle reviews are not always completed according to the frequency established in the policy.

Cycle Reviews not always completed in accordance with policy

We examined 100 cases (the same items selected for review of interface reports) to determine if the Department is completing cycle reviews according to the frequency established in the policy. The following table outlines the results of our review:

Finding	Case Files
No evidence that cycle review was completed	6
Cycle review not required - non-recurring pay client	46
Cycle review completed	48
Total	100

A cycle review was not required for the 46 case files noted because clients were receiving non-recurring pay and must submit a mail back form each time they need income support.

6. Investigations

Description

The Department instituted its investigation process in 1993. When an officer of the Department becomes aware of a client receiving income support where there is no entitlement, the officer will make an attempt to assess the merit of the allegation and, where appropriate, refer the matter to an investigator.

2.15 Income Support Program

Investigation Process

Investigation process:

Stage	Description
1	A Client Service Officer refers cases for investigation.
2	The referral is reviewed by a supervisor to determine if an investigation is needed.
3	If an investigation is required a referral number and a Client Service Officer responsible for investigations are assigned to the case.
4	The investigation is performed.
5	A report is prepared and forwarded to a Client Service Officer not involved with the investigation, including four possible recommendations: <ul style="list-style-type: none">- No action required; or- Adjust the amount of income support entitlement; or- Suspend case, record an account receivable without prosecution; or- Suspend case, record an account receivable and prosecute.

Staffing

The Department's investigation process began in 1993 with the hiring of 13 people, classified as Social Services Investigators. Four additional investigators were hired in 1995 and 10 more were hired in 1996. In 1999, full responsibility for the investigators was transferred to the Income Support Division. They were reclassified as Client Service Officers and they were permitted to complete other eligibility assurance services in addition to their investigative duties.

Investigators are now classified the same as front line staff who receive, assess and issue income support to clients. While there are Client Service Officers dedicated to performing investigations, they may be redirected to complete other tasks as situations warrant.

Our Review

We discovered weaknesses in the Department's handling of investigations.

Investigations take too long to complete

The Department had 482 cases outstanding at 28 February 2005, of which 205 were older than four months. *Regulation 46(3)(b)(v)* of the *Income and Employment Support Regulations*, which came into effect in November 2004, requires the officer performing an investigation to complete it within four months of it being assigned.

2.15 Income Support Program

Between February and March the Department used this *Regulation* to terminate the 205 cases. We were unable to determine if any of these 205 terminated cases would have resulted in suspensions or legal proceedings. However, we do not agree with the Department's interpretation of this *Regulation*. No case should be terminated just because the investigation has not been completed within the required four month time frame.

The Bay St. George office accounted for 76 (37%) of the 205 investigations that are older than four months and at the time of our review there was no Client Service Officer assigned to complete investigations in that office.

Status of investigations

The Department had 277 investigations open as of 31 March 2005.

Current and ongoing investigations:

Period (days)	Number of cases	Percentage
Less than 30	53	19
30 to 60	72	26
61 to 90	81	29
91 to 120	32	12
Over 120	39	14
Total	277	100

Using the Department's interpretation, a further 39 cases over 120 days (i.e. over four months) will have to be terminated in the new year.

2.15 Income Support Program

Results of Department's Investigations

Case disposition for year ended 31 March 2005:

	Number	Savings (\$ millions)
Cases brought forward 1 April 2004	612	
New cases opened during year	1,202	
Cases under investigation during year	1,814	
Cases resolved, no action required	956	
Cases terminated	205	
Cases suspended	369	1.358
Cases sent for prosecution	7	0.006
Cases carried forward to 1 April 2005	277	
Total	1,814	1.364

Referral to Department of Justice

The Department's policy is to only refer serious cases of blatant fraud for prosecution. From 1 April 2004 to 31 March 2005, the Department referred seven cases to the Department of Justice for prosecution.

7. Performance Indicators

Description

Performance indicators are a quantifiable measurement of activities that can be used to assess the effectiveness of the Department in reaching its goals for the integrity measures. Performance indicators should be set and agreed beforehand. Some examples of performance indicators related to the integrity measures are:

- average turnaround time for resolving items detected during the running of interfaces;
- number of clients to contact through telephone eligibility confirmation during the year;

2.15 Income Support Program

- number or frequency of internal audit of district offices;
 - average time to clear follow-up items resulting from cycle reviews; and
 - number of investigations to complete for the year.
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Our Review

Our review determined the Department has not established performance indicators which could be used to assess the effectiveness of the integrity measures. These measures are designed to increase assurance that only eligible clients are receiving income support and that employment support is being provided to clients in cases where it would be beneficial.

Recommendations

The Department should:

- *address weaknesses in Departmental structure as it relates to the Income Support Program;*
- *complete interface procedures in a timely manner;*
- *follow-up on the results of interface procedures in a timely manner;*
- *provide for the communication of interface procedure results to senior staff or Executive;*
- *consider wider application of the telephone eligibility confirmation process;*
- *document the process followed to correct errors identified through the telephone eligibility confirmation process;*
- *conduct more frequent audits of district offices;*
- *complete cycle reviews in accordance with established frequency;*

2.15 Income Support Program

- *complete all investigations; and*
 - *establish performance indicators to assess the effectiveness of the integrity measures.*
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Department's Response

With respect to the recommendations in your report, the Department's response is as follows:

- ***Address weaknesses in Departmental structure as it relates to the Income Support Program.***

The Department acknowledges the opinion of the Auditor General, however, we do not see the integrity measures performed by our Client Service Officers as auditing functions. Eligibility Assurance Services and Internal Audit, although complementary, are in fact separate functions within the Department. The various functions of Eligibility Assurance relate to confirming client eligibility for benefits and support the role of the frontline Client Service Officer to ensure that only eligible clients receive benefits. Audits conducted by the Internal Audit Division examine the operation of a district office to ensure compliance with legislation, departmental policies and procedures. The Internal Audit function examines the broad office operations including the control over cheque books; interim cash receipts; petty cash as well as the compliance audit based on a risk analysis of cases. Although the integrity measures and audit activities are complementary and inter-related, the Department feels that these activities are more effectively managed as separate functions within the Department.

- ***Complete interface procedures in a timely manner; follow-up on the results of interface procedures in timely manner and provide for the communication of interface procedure results to senior staff or Executive.***

While there are scheduled times for running the various interface data matches, the ability to meet these is dependent on receipt of accurate data from outside sources. There have been delays due to the implementation of new technology both provincially and federally which have meant that data matches were not available in a timely manner. As well, there have been occasions when interfaces have had to be returned due to errors in

2.15 Income Support Program

the electronic files. Once the interface is available to our district offices, the client data are reviewed and necessary action is taken in a timely manner.

Reporting on the results of interfaces is done as part of regular business and, as such, we have not generated specific reports on this activity. The reporting capability is available and is used on an as needed basis. We plan to formalize this process and will develop a report that summarizes results on a quarterly basis. In addition, we note that although only four interfaces are referenced in the report, there are, in fact, nine interfaces generated and sent to district offices for review on a monthly basis.

- ***Consider wider application of the telephone eligibility confirmation process. Document the process followed to correct errors identified through the telephone eligibility confirmation process.***

The Department agrees with the findings of this review with respect to the 12 projects reviewed for 2003-04 and 2004-05. We conducted four projects prior to the centralization of this project at Provincial Office and results were tabulated in a different narrative format. Two more projects are currently ongoing which total the 18 referenced in this review. There is merit to consider a wider application of the Telephone Eligibility Confirmation (TEC) process and the Department will consider approaches to expand this process.

*The Department is confident that errors are being corrected. To further ensure that personal information errors are corrected, in March of 2005, the Division of Income Support arranged for TEC staff to have the authority to update **all** non-financial information which does not affect eligibility requirements. In addition we will implement a process to record the action taken at the district offices to ensure that when errors are identified appropriate follow-up action is taken and documented.*

- ***Conduct more frequent audits of District Offices.***

The Department began implementation of its new Client Automated Payment System in 2002. To ensure the integrity and accuracy of converted data, the Internal Audit Division played a very active and important role in the conversion process to this new system. As a result, the frequency of district office audits was reduced during the conversion process.

2.15 Income Support Program

Further, it is noted that 6 of the 13 district offices that have not been audited since 2001-02 were located in the region where the new payment system was being piloted and conversion was occurring. It had been originally decided that during the implementation process audits would not be conducted. The conversion to the new system will be completed in April 2006. At that time, the Internal Audit Division will conduct more frequent audits of district offices.

- ***Complete cycle reviews in accordance with established frequency.***

In your report there is reference that the cycle reviews are not always completed according to the frequency established in the policy. However our records indicate that the only incidence of a delay in the cycle review process was a one month delay for St. John's Metro in the fall of 2004, due to the roll out of our new Client Automated Payment System.

- ***Complete all Investigations.***

In the public consultations that occurred in the development of the Income and Employment Support Act and Regulations, the Department was challenged to be open and transparent in its business practices. Concerns were expressed that some cases were "under investigation" for considerable periods of time and that clients were in fear of losing their benefits while the case was active. In response, the Department included in its new legislation a four month time frame in which to have investigations concluded. In your report, you indicated that you do not agree with the Department's interpretation of the Regulation that an investigation will be closed if it is not completed within the required four month time frame. We have been advised by the Department of Justice that in order to comply with the legislation, investigations must be concluded within four months and the Department makes every effort to complete cases within this time frame. Further, the Department's policy is to re-open a case that had previously been closed should new evidence become available.

- ***Establish performance indicators to assess the effectiveness of integrity measures.***

The Department is in full agreement with the establishment of performance indicators to assess the effectiveness of the integrity measures within the Income Support program.