

### Department of Health and Community Services

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#### 3.2.11 Eastern Residential Support Board (2002 Annual Report, Part 2.13)

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##### Introduction

In 2002, we reviewed the Eastern Residential Support Board (the Board). The Board is one of five entities throughout the Province which provide co-operative apartment programs for persons with developmental disabilities. The co-operative apartment program provides for a private residential setting operated by an incorporated community board and staffed by a live-in supervisor and relief staff. The objectives of our review were to assess:

- the financial position and operating results of the Board and to determine whether the Board was adequately managing the program;
  - whether the Board's objectives were consistent with the objectives of the program being funded by the Department of Health and Community Services; and
  - whether the Department of Health and Community Services was adequately monitoring the operations of the Board.
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##### Conclusions from our 2002 review

As a result of our review, we concluded the following:

- During the period 1999 to 2002, expenses for the Board increased from \$5.7 million in 1999 to \$9.2 million in 2002, an increase of 61%, while the number of residents remained relatively constant. As well, average expenditures per resident also increased during this period from \$143,000 in 1999 to \$213,000 in 2002, an increase of 49%.
- While payroll costs represented 84% of total expenditures, there were no guidelines in place to determine the staffing requirement for each resident. During the period 1999 to 2002, staffing levels increased by 55 casual/temporary employees or 29% while the number of residents increased by only 3.

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## Update on Prior Years' Report Items

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- Although the Board prepared a budget by expenditure type and by housing unit, the budget was not prepared on a timely basis. Furthermore, there was no budget prepared for each resident. As a result, the Board could not effectively monitor planned expenditure for each housing unit and each resident so that significant cost variances could be isolated and corrective action taken on a timely basis.
- The Board was not operating in accordance with the objectives of the co-operative apartment program under which it was being funded. While the program was not meant to provide permanent homes to residents, no resident had ever left the program to move to a more independent living arrangement. As well, the program was not intended to provide 24 hour per day supervision; however, 40 of the 43 residents were receiving 24 hour per day supervision.
- The Department of Health and Community Services was not adequately monitoring activities of the Board as it did not receive financial and performance information from the Board on a timely basis. Furthermore, there was no service agreement between the Board and the Department to outline the roles and responsibilities of each party and to provide guidance for the delivery of the cooperative apartment program.
- Controls over the management of petty cash and trust accounts were not adequate.

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### 2004 Update

In our 2004 annual report, we included an update on the Board's progress towards implementing the recommendations contained in our 2002 report item. At that time the Board indicated that: budgets were being prepared in accordance with Departmental requirements; monthly financial statements were being forwarded to the Department; a steering committee had been established to address increasing expenditures; a new financial reporting system had been put in place; and controls had been implemented over petty cash and trust accounts. The Board also indicated that: staffing issues were in the process of being addressed; meetings had taken place with the Department to formalize the Board's mandate and objectives; guidelines had been established for both the selection of housing units and the determination of staffing requirements; and leases were being put in place for all properties.

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## Update on Prior Years' Report Items

### Update

In October 2005, we contacted the Department of Health and Community Services requesting an update as to the progress on the comments and recommendations included in our 2002 report. The information provided by the Department in response to our request is outlined below.

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### 2002 Recommendations

*The Board should:*

- *prior to the commencement of each fiscal year, prepare a budget for each unit and for each resident, monitor actual expenditures against these budgets, and take corrective action where applicable;*
- *review its objectives in conjunction with the Department of Health and Community Services;*
- *improve controls over the management of petty cash and trust accounts;*
- *develop comprehensive guidelines for such areas as the selection of housing units and the determination of staffing requirements;*
- *review its financial reporting systems to determine whether these systems are producing the necessary information to manage Board operations; and*
- *ensure that all rental units have current lease agreements.*

### Action Taken

The Department acknowledges the progress the Board has made in implementing recommendations contained in the 2002 Auditor General's Report, and commends the efforts of the Board and staff in this regard.

The Department of Health and Community Services has advised the newly formed Regional Integrated Health Authorities that effective 1 April 2006 the responsibilities for residential and other services will be transferred to the Health Authorities. The Department is currently working with the Regional Health Authorities and Residential Services boards to complete the transfer of program responsibility to the various regions this year. Eastern Residential Support Board was one of the organizations affected by this change.

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## Update on Prior Years' Report Items

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The Department indicated that the Eastern Residential Support Board, with support from the Department, has recruited and filled all positions in their recently approved organizational chart. The organization has been working with the Department and the Eastern Health Authority to move clients out of this program who no longer require the service. To date, ten persons have moved out or are scheduled to move out to alternate care arrangements. In addition, two residents who require the services have moved to the organization.

The Department indicated that for the last two fiscal years Eastern Residential Support Board has achieved a budgeted surplus and reduced its overall program expenditure as a result of the Board's continued implementation of program review initiatives. In fiscal year 2003-04 the Board reported a surplus of \$56,875. In fiscal 2004-05 the Board reported a surplus of \$266,099. Based on recent financial information received from the Board, for current fiscal year 2005-06 the Board is projecting a surplus of \$93,000. Total program expenditures were reduced from \$9.8 million in 2003-04 to \$8.6 million in 2004-05 with a further reduction projected for 2005-06 to \$8.2 million. The Department anticipates further reductions in program expenditures as the Board continues to place clients in alternate care arrangements.

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### 3.2.12 Residents' Trust Accounts (2002 Annual Report, Part 2.16)

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#### Introduction

In 2002, our office performed a review of the residents' trust accounts held by five of the Province's Health Care Boards. The objective of our review was to determine whether there were adequate procedures and systems in place to manage and control residents' trust accounts.

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#### Conclusions from our 2002 review

As a result of our review, we concluded that the procedures and systems in place to manage and control residents' trust accounts required improvement.

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