

17th Legislative Assembly of the Northwest Territories

Standing Committee on Government Operations

Report on the Review of the
Report of the Auditor General
of Canada on the 2013 Northwest
Territories Income Security Programs

Chair: Mr. Michael M. Nadli

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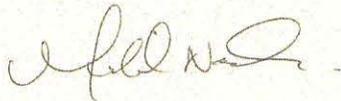
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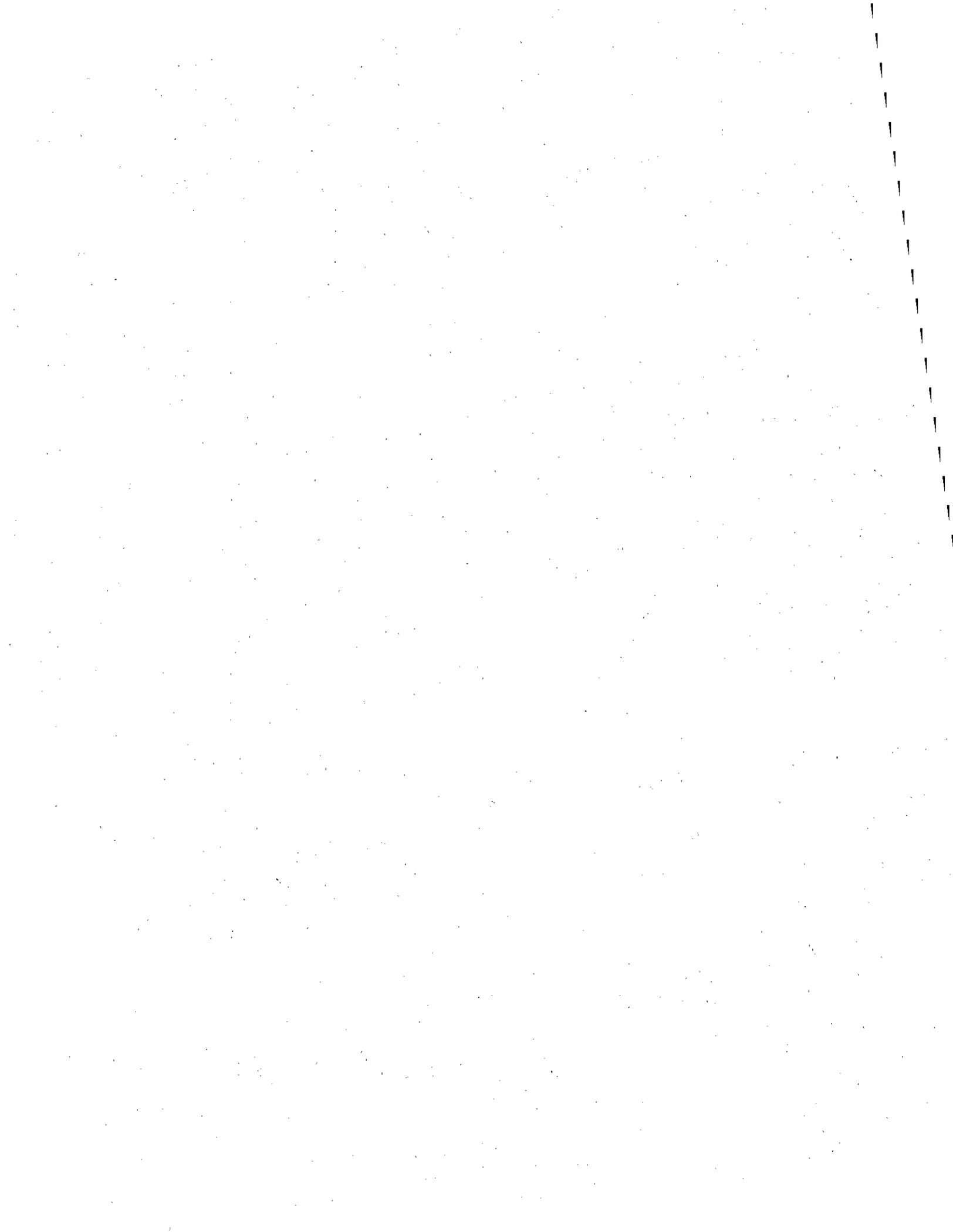
SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Government Operations is pleased to provide its Report on the Review of the Report of the Auditor General of Canada on the 2013 Northwest Territories Income Security Programs and commends it to the House.



Michael M. Nadli
Chairperson



**STANDING COMMITTEE ON
GOVERNMENT OPERATIONS**

**REPORT ON THE REVIEW OF THE
REPORT OF THE AUDITOR GENERAL OF
CANADA ON THE 2013 NORTHWEST TERRITORIES
INCOME SECURITY PROGRAMS**

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STANDING COMMITTEE ON GOVERNMENT OPERATIONS

REPORT ON THE REVIEW OF THE REPORT OF THE AUDITOR GENERAL OF CANADA ON THE 2013 NORTHWEST TERRITORIES INCOME SECURITY PROGRAMS

INTRODUCTION

The Standing Committee on Government Operations held its public review of the 2013 report of the Auditor General of Canada on April 16 and 17, 2013.

The standing committee thanks Assistant Auditor General Ronnie Campbell, Principal Glenn Wheeler, and Lead Auditor Erin Jellinek for preparing the report and assisting the committee during the public review. The committee also thanks the Associate Deputy Minister of Education, Culture and Employment, Mr. Dana Heide; Deputy Minister Gabriella Eggenhofer; and the Director of Income Security, Ms. Lois Walbourne, for appearing as witnesses at the review.

ROLE OF THE AUDITOR GENERAL OF CANADA IN THE NWT

The Auditor General of Canada conducts financial and performance audits in all three northern territories. Financial audits tell the Legislative Assembly and the public whether the government is keeping proper accounts and records and presenting its financial information fairly. Performance audits consider whether programs are being run with due regard for economy, efficiency, effectiveness, and environmental impacts. Since 2006, the Auditor General has conducted seven performance audits in the Northwest Territories and issued one status report covering progress on the recommendations of previous audits.

The Legislative Assembly's Standing Committee on Government Operations is mandated to review the reports of the Auditor General and make recommendations to the Government of the Northwest Territories. Members look for efficiencies, best practices, and gaps, with the intent of improving services to residents. The Auditor General's reports are essential tools in Members' scrutiny of government spending and performance.

NORTHWEST TERRITORIES INCOME SECURITY PROGRAMS DELIVERED BY THE DEPARTMENT OF EDUCATION, CULTURE AND EMPLOYMENT

The Auditor General's report was tabled in the Legislative Assembly on March 7, 2013. This year's performance audit focussed on four income security programs delivered by the Northwest Territories Department of Education, Culture and Employment (ECE): Income Assistance, Student Financial Assistance, the Child Care User Subsidy, and the Senior Home Heating Subsidy.

All of these programs are directly related to the 17th Assembly's goal of "healthy, educated people free from poverty."

In the past, Northern indigenous peoples survived by following traditional laws of sharing, caring, and mutual respect. If someone was in need, they received help. There was no shame in that. Everyone had a contribution to make, and everyone was worthy of respect. Today, Northwest Territories income security programs help meet the basic needs of individuals and families for food, shelter, clothing and warmth. Members believe such programs should be delivered not only in compliance with modern-day statutes and regulations, but also in the spirit and with the intent of the traditional laws.

Northerners also strongly value self-reliance. Since 2007, this value has been explicitly reflected in Northwest Territories income security programs delivered by the Department of Education, Culture and Employment. These programs reduce dependency on government by: encouraging people who are able, to enter or remain in the workforce; supporting students in post-secondary education; subsidizing child care to help parents become or stay employed; and helping seniors stay in their own homes through assistance with heating costs.

These are large and important programs. The number of people who received benefits under one of ECE's four programs in 2010-11 totalled 5,455, or roughly one in every eight Northwest Territories residents. The Government of the Northwest Territories spends about \$30 million per year on these programs.

THE AUDITOR GENERAL'S 2013 REPORT

The Auditor General's performance audit covered program delivery between April 2009 and September 2012. Client files from April 2009 to June 2012 were sampled to determine if applicants were assessed and benefits paid according to requirements. ECE's efforts to assess program performance between January 2007 and September 2012 were examined, in order to include changes to the programs made in 2007.

The audit focussed on two main questions. The first was whether the department was delivering its programs according to key elements of legislation and policies. The second was whether the department was collecting data and assessing program performance to ensure objectives are met.

The Standing Committee on Government Operations was dismayed to learn from the Auditor General’s report that there are serious systemic problems with the delivery of income security programs by the Department of Education, Culture and Employment.

According to the Auditor General, the department is providing reasonable access to these programs and has established the required appeals processes.

However, the Auditor General also found that many client files are not managed according to requirements; processes are unclear, not followed or incomplete; monitoring is inconsistent; financial oversight is sometimes lacking; employees are not sufficiently trained; and there is limited assessment of program performance. **These issues are significant.**

In delivering income security, the right amounts must go to the right people, at the right time. Otherwise, someone could be out on the street trying to collect enough pop bottles to pay for their next meal. A disabled person might not be able to meet their rent. A student could drop out, or an elder could get sick because their house is too cold. Behind the income security numbers are some of the most vulnerable people in our society.

OBSERVATIONS AND RECOMMENDATIONS

The Auditor General’s observations on ECE income security programs, and the Committee’s ratings based on the audit, can be summarized as follows.

The Auditor General’s observations:	The committee considers this:
<p>Access to income security programs?</p> <ul style="list-style-type: none"> • ECE promotes its programs through the media • Program information sessions are held • Routine visits to small/remote communities are made • Local Aboriginal language services are used • There have been improvements to appeal processes 	<p>Satisfactory</p>

The Auditor General's observations:	The committee considers this:
<p>Program delivery in accordance with requirements?</p> <ul style="list-style-type: none"> • 59% of 65 files reviewed <u>did not meet one or more key requirements:</u> • Income assistance had the most unsatisfactory files (90%) <ul style="list-style-type: none"> ○ Client eligibility was not consistently verified <ul style="list-style-type: none"> ▪ Regarding client income ▪ Regarding participation in required activities ("productive choices") ○ Payments were inaccurate • Student Financial Assistance did better, but: <ul style="list-style-type: none"> ○ Correctly determining residency was a problem • Seniors' Home Heating and Child Care User Subsidy payments were not made within the required timeframes 	Unsatisfactory
<p>Processes and systems to support program delivery?</p> <ul style="list-style-type: none"> • Required processes are not consistently followed • Guidance to front-line workers is not clear • The training provided may not be adequate • There is insufficient monitoring of program delivery against requirements 	Unsatisfactory
<p>Data collection and analysis</p> <ul style="list-style-type: none"> • Data collected is not used to analyze program performance and modify programming • There has been no formal overall assessment of whether the programs are meeting their objectives 	Unsatisfactory

I. General Considerations

1. Integrated continuum of services

The Standing Committee is concerned about the coordination of income security programs within the GNWT and the coordination of income security and other services to residents in need.

The scope of the Auditor General's performance audit was limited to the four income security programs delivered by ECE. However, there is a larger context to consider. The Department's income security programs are part of a network of 16 GNWT programs totalling \$140 million per year. The Committee was told during the hearing that subsidy and benefit programs to help meet residents'

income security needs are offered by the NWT Housing Corporation, Health and Social Services, Justice, and Municipal and Community Affairs, among others. Some programs are delivered through the tax system in conjunction with the federal government. The Committee did not receive a complete inventory of these programs during the review.

From another perspective, the people who apply for ECE's income support programs are more than their bank accounts. They are whole human beings, with a wide range of needs and capabilities. During the public review, ECE's Associate Deputy Minister suggested that as many as 30% of Income Assistance clients, in particular, might be more appropriately case-managed by another department or agency. ECE's programs are heavily oriented towards the labour market. Its client service officers operate in conjunction with regional service centers that also house career development officers. Client service officers are not social workers. While they can refer people to counselling, for example, as a productive choice, the client must self-identify.

The Government of the Northwest Territories is collaborating with Aboriginal governments and non-governmental organizations (NGOs) in the development and implementation of a Poverty-Free NWT Strategy. As the Department moves to implement the Auditor General's recommendations, its officials will need to consider how these actions will impact the strategy and its implementation.

One of the pillars of the proposed anti-poverty strategy is an **integrated continuum of services**. While the vision of the strategy is more wide-ranging, the Standing Committee would like to know, at a minimum, how ECE's income security programs complement other GNWT income security programs. The Committee also encourages ECE to work with other GNWT social envelope departments and other service providers towards the development of an integrated case management system or team approach, consistent with its commitment to a culture of client service.

Recommendation 1

The Standing Committee on Government Operations recommends that the Department of Education, Culture and Employment take the lead in working with other GNWT social envelope departments and other service providers towards the development of an integrated case management system, consistent with its commitment to a culture of client service.

2. Program accountability and reporting relationships in ECE

The Auditor General's report briefly outlines how the Department of Education, Culture and Employment is organized to deliver its four income security programs. Associate Deputy Minister stated that he was ultimately accountable for these programs and their performance. The Standing Committee appreciates this statement. However, Members found they could not readily discern the reporting relationships and accountabilities of staff delivering income security programs at regional and community offices, regional superintendents of ECE, and managers and senior managers at Headquarters.

Recommendation 2

The Standing Committee on Government Operations recommends that the Department of Education, Culture and Employment clarify the reporting relationships of staff involved in the delivery of its income security programs with a view to making their accountability evident, and provide this information to the Standing Committee at the earliest opportunity.

3. Front-line staff are concerned about workloads and safety

The Auditor General's observations conclude with a section on the workload and safety concerns of front-line income security workers. These observations were outside the scope of the audit, but they are clearly important. The Standing Committee has stressed the need for staff to treat income security clients with respect and compassion. Front-line workers deserve the same treatment.

Client service officers, or CSOs, are the front-line workers who deliver the Income Assistance, Senior Home Heating and Childcare Assistance programs. CSO caseloads can be very heavy. Large numbers of cases leave the CSOs with little time to work with clients to provide services such as career planning. The Auditor General determined that in 2011, CSOs handled an average of 34 files a month. However, in some communities, CSOs are administering 65 to 119 files per month. These figures do not take into account Senior Home Heating or Child Care User Subsidy.

The Department has not officially identified a standard for monthly caseloads. The Standing Committee learned during the hearing that ECE is working on its CSO training effort first, which may improve these workers' efficiency. The Committee suggests trying another measure, as well, that may save both the CSOs and their clients some time. The regulatory framework for Income Assistance already permits ongoing clients to report their income at longer intervals, rather than having to provide documentation every month. This feature of the program is under-utilized, perhaps owing to concern about overpayments.

Recommendation 3

The Standing Committee on Government Operations recommends that the Department of Education, Culture and Employment set a standard for monthly Client Service Officer case loads, review staffing levels and rebalance workloads as needed. A back-up system should be in place to provide additional experienced staff support where there is a temporary overload.

The Committee learned that the turnover rate for CSOs is approximately 50% annually. Such a high level of turnover is costly, and it impacts the quality and efficiency of service to clients. The Auditor General's staff and the Associate Deputy Minister of ECE consider that better training will help retention, as will the development of caseload standards. The Committee highlighted the need for mentoring of new staff, not only by supervisors, but by more experienced colleagues. An improved turnover rate would be a helpful indicator of whether working conditions and morale have improved, and whether training and caseload standards have been effectively implemented.

Recommendation 4

The Standing Committee on Government Operations recommends that the Department of Education, Culture and Employment report the turnover rate for its Client Service Officers annually as a performance measure in the Department's Business Plan.

Finally, some CSOs expressed safety concerns during the audit. Sadly, employees do not feel adequately protected from hostile clients. The Department has provided a workplace protocol for hostile behaviour, and some offices have glass partitions and alternative exits. While physical measures like partitions may help with worker safety, they may not be welcoming for clients. It is also difficult to create safer conditions in smaller communities with one-person offices. Nevertheless, the Standing Committee believes front-line workers deserve a safer workplace. Solutions can and must be found, to make their offices both safe and welcoming.

Recommendation 5

The Standing Committee on Government Operations recommends that the Department of Education, Culture and Employment prioritize the establishment of safe workplaces for its front-line income security workers, bearing in mind the need to retain a welcoming atmosphere for clients, and report on client service officers' satisfaction with safety measures annually as a performance measure in the Department's Business Plan.

II. Access to income security programs

1. The Auditor General found that the Department provides reasonable access to its income security programs

The Standing Committee was glad to hear that access to income security programs is provided across the Northwest Territories in a wide variety of ways and commends the Department on its efforts in this area.

However, the statement in the Auditor General's report that "the Department has worked with hamlet councils to implement a voucher system for the Income Assistance program" raised questions for the Committee. Members recognize that vouchers were mentioned in connection with the Department's ongoing efforts to respond to First Nations and community governments. Providing vouchers instead of cash is intended to help address community social issues by ensuring that Income Assistance is spent on basic family needs.

Members learned at the public review that voucher systems are now in place in several Northwest Territories communities, and that the Department has attempted to evaluate them, with inconclusive results. The Committee would like to confirm that vouchers are not limiting eligible clients' access to Income Assistance, that they are being provided fairly and with due respect for the dignity of clients, that the system is not subject to abuse, and that vouchers are having the intended effect of reducing community social problems.

Recommendation 6

The Standing Committee on Government Operations recommends that the Department of Education, Culture and Employment report to the Standing Committee on Social Programs on the use of voucher systems for Income Assistance in Northwest Territories communities, noting locations, numbers of clients, features of the systems, monitoring by the Department, performance measures and evaluation results.

2. The Auditor General found that the Department has processes in place to administer client appeals

All four of ECE's income security programs require that there be an appeal process for clients who feel they have been treated unfairly. By 2010, ECE had established the required appeal committees and boards for Income Assistance. The Department has also been following the required SFA appeal processes. An appeals coordinator has been hired to organize appeals for all income security programs and to assist clients. The Auditor General reviewed proceedings from 36 of 136 appeals (78 Income Assistance and 58 Student Financial Assistance) and found that appeals committees and boards generally conduct them in an appropriate and timely manner.

The Standing Committee concurs that having all required appeals processes in place is a significant improvement. However, Members had concerns about the underlying fairness of the appeals processes. Currently, an appellant may be left without financial support until such time as the appeal is heard. While most appeals are now heard in a timely manner, it can take as long as a month to get a hearing. The Committee believes appellants should be given the benefit of the doubt and that support should be provided at least until the hearing, in the case of both new and existing Income Assistance clients and for ongoing Student Financial Assistance clients.

Recommendation 7

The Standing Committee on Government Operations recommends that the Department of Education, Culture and Employment provide support to income security appellants at least until the hearing, in the case of both new and existing Income Assistance clients and for ongoing Student Financial Assistance clients.

III. Program delivery in accordance with requirements

The Auditor General found that the majority of income security client files reviewed were not managed according to one or more program requirements. The Auditor General's staff sampled client files from April 2009 to June 2012 to determine if applicants were assessed and benefits paid according to requirements. A random sample of 65 client files from all four programs was used, from both regional and small community service centres. The file review focussed mainly on compliance with eligibility requirements and timely and accurate payments.

On the positive side, there were numerous examples of good case management practices, and requirements were consistently met in some areas. The Auditor General's staff also saw many examples of client service officers providing active help to clients, including home visits, help completing applications, alternative payment methods, and help with financial management. The Standing Committee recognizes and applauds the many CSOs who are putting great effort, compassion and respect into helping their clients.

However, the overall results of the file audit must be considered unsatisfactory. Key program requirements were not met in nearly 60% of the files. The review found significant issues with the delivery of the four programs in accordance with their governing legislation and regulations. As the report states, "Not complying with these requirements means the Department may not be making effective use of public funds and may be compromising its commitments to support vulnerable residents and to help them become more self-reliant."

The **Income Assistance** program was clearly the most problematic of the four programs audited. **Key requirements were not met in 90 per cent of Income Assistance files** audited. A substantial proportion of the files contained inaccurate payments. Worse, CSOs' client assessments and adherence to policies and procedures were inconsistent. Some CSOs verified clients' income, while others did not. Some tracked participation in productive choices and paid or refused benefits accordingly, while others did not. This means clients received different benefits depending on which CSO was processing their file. **The Standing Committee finds these results unacceptable.** Moreover, Members are aware of other issues not highlighted in the audit, including lost documents and late payments. The Department must improve in all these areas.

The **Student Financial Assistance** program, which is centrally administered from Headquarters, had better results. About 35 per cent of the files audited did not meet key requirements. One important finding was that student case officers did not make consistent decisions on **student residency**, and decisions did not always comply with program eligibility requirements. The Standing Committee

expects the Department to clarify Student Financial Assistance program guidelines on residency and eligibility not only for student case officers, but also for students and the public, especially on the Department's web site.

Forty per cent of **Senior Home Heating Subsidy** files did not meet one or more key requirements. One issue specific to this program is clients not receiving the amount of subsidy to which they were entitled. In some cases, this was because seniors were granted the subsidy for a limited time, usually September to March, rather than over the full fiscal year. The Auditor General encouraged the Department to consider options to ensure that recipients have the opportunity to use their full subsidy amount, but did not make a recommendation. The Committee wants the Department to take action and report back.

Recommendation 8

The Standing Committee on Government Operations recommends that the Department of Education, Culture and Employment consider options to ensure that Senior Home Heating Subsidy recipients have the opportunity to use their full subsidy amount, and that the Department present these options to the Standing Committee on Social Programs within the 2013-2014 fiscal year.

Seventy per cent of the **Child Care User Subsidy** files examined by the auditors did not meet requirements. Here, delays in payments to parents or child care providers were a significant problem. The Auditor General found that CSOs were often unclear about the required verification process, and failed to meet required timelines for the payments. The Child Care User Subsidy was incorporated into the Income Assistance program in September 2012. As with Student Financial Assistance, the Standing Committee is concerned not only with clear guidelines for staff, but also for the general public. The Department assured the Committee during the review that the necessary information is publicly available. The Committee will make a formal recommendation concurring with the Auditor General's recommendation on this subject later in this report.

IV. Factors in the delivery and management of programs

The Auditor General identified six main factors in the Department's difficulties in delivering and managing its income security programs according to the requirements of legislation, policies and guidelines. The Standing Committee concurs with all of the Auditor General's recommendations in these areas, including better monitoring, training and support to staff. The Committee is pleased to note that the Minister and the Department of Education, Culture and

Employment have accepted these recommendations and are working towards implementing them.

1. Processes to support program delivery are unclear in some areas

The Auditor General found that the Department has processes and tools in place to support the delivery of income security programs, including detailed policies, procedures, guidelines and standard templates. In some instances, however, these are unclear. For example:

- For Income Assistance, processes are unclear in that policies and procedures do not provide clear instructions for CSOs on how to confirm clients' incomes when they apply and each month thereafter.
- For Student Financial Assistance, lack of clarity in the eligibility criteria related to student residency led to inconsistent decisions.
- For Senior Home Heating Subsidy, processes are unclear in that ECE's guidelines do not explain how to verify home ownership and who resides in the applicant's home. ECE in some regions also had difficulty tracking how much of the subsidy some clients used, because they did not get individual client invoices.
- For the Child Care User Subsidy, policies, procedures and guidelines did not provide clear guidance for verifying child care costs.

The Auditor General had two recommendations with respect to clarifying program guidelines, one general and one specific to the Child Care User Subsidy. The Standing Committee concurs with both.

Recommendation 9

The Standing Committee on Government Operations concurs with the Auditor General of Canada and recommends that the Department of Education, Culture and Employment should clarify policies, procedures and guidelines outlining income security program delivery requirements and how to meet them. It should ensure staff understand and are following these procedures and guidelines.

Recommendation 10

The Standing Committee on Government Operations concurs with the Auditor General of Canada and recommends that, as the Department of Education, Culture and Employment introduces its revised Child Care User Subsidy within the Income Assistance Program, it should develop clear guidelines that are consistent with program requirements and clearly communicate these requirements to front-line staff and potential applicants.

2. Lack of oversight increases risk in the use of the client management and administration system (CMAS)

The CMAS data base was used to support delivery of all four of the Department's Income Security programs. The system is built on the assumption that CSOs verify client information before it is entered, and that they enter the information correctly.

However, the Auditor General's review found that errors do occur, CSOs do not verify client information in all files, and they do not always understand or apply program requirements in the same way.

For **Income Assistance**, CSOs also use the CMAS system to issue monthly payments. In ECE community service centers, CSOs can both commit and release payments through CMAS without sign-off by a second party. **There is a risk ECE may not have the appropriate controls in place to help stop errors in payments to Income Assistance clients, or potential fraud.** This issue was noted in a 2009 review, but as of September 2012, no action had been taken. Payments under the other three programs are issued out of the GNWT's SAM financial system.

The Auditor General did not provide a recommendation. The Standing Committee heard during the review that ECE has not been able to find an acceptable solution with its existing CMAS system and limited staffing in small communities. The Department is concerned about limiting CSOs ability to provide emergency Income Assistance. The Committee expects the Department to develop a plan to provide the necessary oversight. The Department would do well to consult with the Department of Finance on audit and accounting protocols.

3. Monitoring of program delivery in regional/community service centres is inconsistent

According to the Auditor General, ECE's monitoring of income security programs delivered by regional and community service centres is inconsistent. Managers in some regions visit community service centres to monitor general program delivery and spending. However, in most regions, they did not monitor files in detail for compliance due to costs of travel, staff shortages and workloads.

The OAG found examples of good monitoring practices in some regions. In one region, the manager reviews random client files and documents results to ensure CSOs verified information properly and the file complies with requirements. Findings are presented to CSOs, highlighting areas in need of attention. Another region implemented a buddy system that matches CSOs to a designated staff member to whom they can transfer responsibility for files involving family members or friends. The Standing Committee believes a buddy system would also be helpful in peer mentoring and as a back-up in case of absence or overload.

Recommendation 11

The Standing Committee on Government Operations concurs with the Auditor General of Canada and recommends that the Department of Education, Culture and Employment should ensure that regional managers and supervisors formally monitor client files. This monitoring should include regularly scheduled reviews of client files as well as the use of standard templates in all regions to help ensure a consistent approach. In cases where monitoring uncovers deficiencies or other issues, regional managers and supervisors should follow up formally.

The Auditor General also found that regional and community service centres set productive choice requirements inconsistently. CSOs in some regions thought 25 hours a month were required, while those in other regions thought no set hours were established. In some smaller communities, CSOs enforce a standard number of hours to avoid perceptions of unfairness.

Recommendation 12

The Standing Committee on Government Operations concurs with the Auditor General of Canada and recommends:

That the Department of Education, Culture and Employment should clarify program requirements for productive choices in its guidance to client

Recommendation 12 (cont'd.)

service officers and clearly communicate them. Regional managers should also monitor compliance with productive choice requirements and take corrective action where necessary.

The Standing Committee considers that some flexibility is needed in the number of hours, because of differences in client's abilities and difference in the choices available in communities. The Committee's main concern, however, was that the productive choices should be genuinely productive for the clients. They often are not, in Members' experience. More guidance is needed for clients in what is expected of them when they undertake a productive choice such as education, training or, especially, volunteer work. In addition to the Auditor General's recommendation, the Committee would like to see a full evaluation of the productive choices component of the Income Assistance program.

Recommendation 13

The Standing Committee on Government Operations recommends that the Department of Education, Culture and Employment undertake a complete evaluation of the productive choice component of the Income Assistance program, as a priority, that the evaluation involve the community leadership and residents, and that the Department provide options for change in the productive choices component of Income Assistance to the Standing Committee on Social Programs within the life of the 17th Assembly.

4. Processes to identify and address inaccurate payments have not been followed

Compliance reviews of selected files for all four programs are required by policy to ensure clients receive benefits to which they are entitled.

The Auditor General found that ECE had not developed a strategy or framework to identify files for compliance review and had reviewed files only after staff identified a problem or risk. ECE completed 72 file reviews in the three fiscal years from 2009-2010 to 2011-2012, mostly on Income Assistance files; three were Student Financial Assistance files. No compliance reviews were done for Senior Home Heating Subsidy or Child Care User Subsidy.

The Standing Committee was pleased to hear that the Department has made progress on a strategy and framework for file audits, and is now undertaking file compliance audits in one community per region each year.

Recommendation 14

The Standing Committee on Government Operations concurs with the Auditor General of Canada and recommends that, in accordance with its program requirements, the Department of Education, Culture and Employment should review a selection of income security files periodically, to ensure that clients receive benefits to which they are entitled. The Department should establish a framework to identify files to audit, based on predetermined criteria. Results should be reported to the Director of Income Security annually.

Collection procedures for debts due to a department are required over a 90 day period under the GNWT FAM. If the debt cannot be collected, the department must forward the debts to Finance for collection.

The Auditor General found that ECE has not been following required collection procedures for overpayments of Income Assistance. 1,620 clients have received overpayments over the last ten years amounting to about \$2 million. Only \$880,000 of this overpayment had been collected by September 2012. The Department deducts \$25 per month from client benefits to recover overpayments. It does not collect from clients who are no longer on Income Assistance.

Finance has established a 6-year statute of limitations for the collection of debts. Twenty-six per cent of clients who were overpaid faced no collection activity in six years or more. **These debts could be losses for ECE.** The Department does not report these debts in its annual financial statements. ECE says it does not follow the required procedure because the CMAS data base does not have a trigger to set the process in motion. CMAS notifies the CSO of an overpayment, but does not track the age of the debt.

The Committee recognizes that the Department is working on solutions to some of its collections issues, and expects to see results by December 31, 2013.

Recommendation 15

The Standing Committee on Government Operations concurs with the Auditor General of Canada and recommends that, when the Department of Education, Culture and Employment identifies Income Assistance overpayments, it should comply with the Financial Administration Manual requirements for collecting them. It should follow collection procedures by issuing invoices and written notifications, per the required schedule, and forward outstanding debts to the Department of Finance for collection when required.

5. Processes for managing remissible and repayable loans are incomplete

As of March 2012, \$29.7 million in repayable Student Financial Assistance loans was due to the Department, and \$6.4 million in remissible loans. The default rate for repayable loans was about 31% in 2012, according to the Auditor General. The Committee is concerned at the high rate of default. Monitoring processes for Student Financial Assistance loans rely on officials manually reviewing program reports and on the student or the educational institution notifying the Department. There is a risk loans due for repayment may be missed.

Recommendation 16

The Standing Committee on Government Operations concurs with the Auditor General of Canada and recommends that the Department of Education, Culture and Employment should modify its management of student loans to ensure that identification of student loans due for repayment does not rely solely on student notification or manual review by officials.

6. Front-line staff do not receive sufficient training

Income security programs and the ECE Strategic Plan require the Department to train staff to fulfill their duties. CSOs must complete a two-week course to receive their statutory designation, with authority to assess client eligibility, evaluate their financial needs, and issue payments. The CSOs had completed the course. But the Department does not have an ongoing training and development program for CSOs. Student Financial Assistance case officers, for their part, receive a binder,

but no formal training. The Department has not fully assessed training needs of CSOs or SFA case officers.

Recommendation 17

The Standing Committee on Government Operations concurs with the Auditor General of Canada and recommends that the Department of Education, Culture and Employment should formalize current and future competency-based training programs for client service officers and student case officers. It should identify and provide core training so they can attain and maintain the competencies their job requires. The Department should also ensure that staff members receive regular training updates, to ensure that they fully understand income security program requirements.

The Standing Committee considers regular training opportunities to be especially important in view of the very high turnover rate for CSOs. The Committee also expects the Department to ensure that there is no interruption of service when staff are attending training. A back-up system that is more than a 1-800 number is required.

V. Data Collection and Analysis towards Performance Assessment

The Standing Committee was reminded in a previous Auditor General's report that effective program management requires that:

- Performance indicators and program standards are established;
- Performance is measured and monitored against standards; and
- Issues are identified and action taken to improve programs.

The second major question the Auditor General asked in this audit was whether ECE assessed the performance of its programs in order to ensure objectives are met. ECE's efforts to assess program performance between January 2007 and September 2012 were examined, in order to include the 2007 reform initiative that emphasized new goals of self-reliance for clients.

1. The Auditor General found that the Department regularly solicits input from clients on program performance.

The Department conducts ongoing client satisfaction surveys. During the review, the Committee learned that 73% of Income Assistance respondents were satisfied with programs and services, according to the latest survey results. Members do not see 73% as a very good result. The Department must focus on

good client service. The survey results are valuable performance measures, and the Committee would like to ensure they are eventually made public.

Recommendation 18

The Standing Committee on Government Operations recommends that the Department of Education, Culture and Employment report its Income Assistance client survey results annually as a performance measure in the departmental Business Plan.

2. However, there is limited assessment of program performance

The Department collects some relevant information through CMAS, including client characteristics and numbers, spending, and variances in program use and spending by community and region. The Auditor General found, however, that the Department does little to track results.

The Department had not established any targets or outcome measures for three of the four income security programs audited. It had only one target for Income Assistance: reducing the number of recipients in the 19 to 29 age group by providing supports for education and training .

The Standing Committee learned during the hearing that approximately 30 per cent of the Income Assistance caseload is made up of recipients on assistance for more than one year. Additional monitoring and reporting would be helpful in determining the reasons for such a high proportion of recipients on long-term assistance and evaluating the Department's success in meeting the self-reliance goal.

The Department collects other information that could be used to measure whether income security objectives are being met, for example, the number of returning clients, length of time on benefits, and the number participating in productive choices. The Department could also use info from its Student Financial Assistance files to help determine the number of graduates.

In sum, the Department has not formally evaluated the four programs to assess their performance, and ECE has not evaluated its success in meeting the new objective of client self-reliance since income security programs were restructured in 2007.

Recommendation 19

The Standing Committee on Government Operations concurs with the Auditor General of Canada and recommends that the Department of Education, Culture and Employment should:

- **Establish targets and outcome measures that align with the overall objective for its income security programs;**
- **Review the data it current collects on income security programs, to ensure it has the data required to measure whether targets and outcomes are being met; and**
- **Develop a plan to identify when it will evaluate its programs, to determine if the objective of its income security programs is being met.**

CONCLUSION

The Committee is encouraged that the Minister has accepted the Auditor General's recommendations and that the Department plans to implement them. Members are nevertheless convinced that ECE's income security program delivery and evaluation will improve only if the Department's senior management devotes sustained attention, over a period of years, to carrying out the planned reforms and creating an organizational culture of client service.

The Standing Committee remains deeply concerned by the findings of this audit. It is the Auditor General's practice from time to time to review the results of past audits and report on whether recommendations are being implemented. The Standing Committee is hopeful that the Auditor General of Canada will conduct a follow-up audit of ECE's income security programs at a suitable interval. Meanwhile, the Committee expects the Department of Education, Culture and Employment to report on its implementation of the recommendations on an annual basis to the appropriate Standing Committee.

Recommendation 20

The Standing Committee on Government Operations recommends that the Department of Education, Culture and Employment report to the Standing Committee on Social Programs by April 30 each year on its progress in implementing the recommendations of the Auditor General and this House with respect to income security programs during the preceding fiscal year.

The Committee believes the Department is committed to change, and encourages its senior management to work consistently towards creating a far more client-centred and accountable organization for the delivery of vital income security programs.

Recommendation 21

The Standing Committee on Government Operations recommends that the Government provide a comprehensive response to this report within 120 days.