

Towards a Quality Assurance Scorecard – Update 2009

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To:	Community Development & Recreation Committee
From:	General Manager, Employment & Social Services
Wards:	All
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SUMMARY

Toronto Employment & Social Services (TESS) is in a unique position of dual responsibility as both Toronto's delivery agent mandated by the Province under the Ontario Works Act to administer financial benefits and employment assistance to those on social assistance as well as a city service responsible for providing accessible and critical services to unemployed and underemployed Torontonians.

Whether it is by providing support to those on assistance or to the broader residents of Toronto, TESS has a responsibility for ensuring program integrity and sound stewardship in how finances are managed and ultimately demonstrating good value for money by helping individuals secure employment. Thus, in order to maintain this level of accountability an integral part of TESS' strategic and operational planning has been its commitment to prudent decision-making while delivering high quality services to Torontonians.

The following report highlights the division's performance in relation to program management outcomes and service level indicators within a framework of continuous improvement to strengthen quality assurance and ensure program integrity and accountability.

Financial Impact

There are no financial impacts with respect to the 2010 budget.

DECISION HISTORY

In 2004-2005, the City of Toronto's Auditor General undertook a review of the inactive overpayments within Toronto Social Services. In response to this audit, the Auditor General recommended that:

"the General Manager of Toronto Social Services review and measure the impact created by the implementation of full portability of overpayments on the administration of social assistance and report the current and projected operational impact to the Community Services Committee and the Ministry of Community and Social Services".

See: June 2005, Auditor General Report "Recovery of Social Assistance Overpayments, Toronto Social Services"

http://www.toronto.ca/audit/2005/recovery_socialassistance_overpayments_final_june2005.pdf

TESS responded to this recommendation with a series of annual status reports starting in 2007 on the appropriate internal quality controls and performance measures necessary to ensure compliance and accountability on the implementation of the recommendation.

See: December 3, 2007, Community Development and Recreational Committee, TESS report "Moving Towards a Quality Assurance Scorecard"

<http://www.toronto.ca/legdocs/mmis/2007/cd/bgrd/backgroundfile-9008.pdf>

See: May 8, 2009, Community Development & Recreational Committee, TESS report "Towards a Quality Assurance Scorecard - Update 2008"

<http://www.toronto.ca/legdocs/mmis/2009/cd/bgrd/backgroundfile-20754.pdf>

ISSUE BACKGROUND

In serving 1 in 9 residents or approximately 235,379 Torontonians in 2009, TESS manages the fourth largest social assistance delivery system in Canada. Moreover, with an approved operating budget in 2009 of \$1.2 billion, including approximately \$780 million in direct financial benefits and \$58.5 million in employment assistance and services to low-income Torontonians, TESS plays a significant and pivotal role in Toronto's social safety net.

Recognizing this however, TESS has also seen a shift in the type of residents and supports being sought from the division. As a result of the recent economic downturn, a growing number of unemployed and under-employed Torontonians are now turning to TESS for workforce and career development supports. For instance, in 2009 approximately 110,000 Torontonians visited TESS Employment Centres.

In conjunction with the November 2008 report adopted by Council, titled *Starting in the Right Place*, which detailed the efforts made to transform social assistance delivery and in particular, the delivery of employment services in Toronto, and with an increasing

number of individuals with a broader range of needs accessing divisional services as a result of the recession, TESS delivery system continues to evolve.

While continuing to meet its legislative mandate of delivering employment services to those on social assistance, Council's approval of TESS evolving service delivery approach sets out a more holistic role to plan, manage and deliver employment services and enhance its capacity to support unemployed and under-employed Torontonians.

COMMENTS

As part of the Division's commitment to maintain service excellence and program integrity, divisional business processes continue to be introduced, refined and enhanced to ensure the tracking, review and reporting of performance measure indicators and outcomes. These reports are based on good, solid documentary evidence and judicious investments in technology to support greater productivity and inform decision-making.

Program Management Outcome and Program Integrity

1. Ontario Municipal Benchmarking Initiative (OMBI)

The Ontario Municipal Benchmarking Initiative (OMBI) is a collaborative effort between 15 Ontario municipalities, led by Chief Administrative Officers (CAO) and City Managers. To benchmark performance and improve service practices in each municipality, OMBI established a Performance Measurement Framework that measures, shares and compares performance statistics across 26 service areas. The measures in each service area are grouped into four broad categories: community impact, service level, customer satisfaction and efficiency.

Ongoing analysis of the OMBI data continues to demonstrate a relationship between the average time clients are in receipt of OW and the average cost of administration. The chart in Attachment 1 shows that municipalities with higher than average cost of administration tend to have lower average lengths of time on assistance. As well, the majority of municipalities with lower administration costs, including Toronto, have longer lengths of time on assistance.

The following table compares some of the key findings for Toronto from the 2006, 2007 and 2008 OMBI reports (report findings are always based on the previous year).

Area	2006 Findings	2007 Findings	2008 Findings ¹
Cost of administration per case:			
• among OMBI	5 th Lowest (\$203.00)	4 th Lowest (\$216.00)	4 th Lowest (\$230.00)
• in GTA ²	Lowest	Lowest	Lowest
• average GTA ³	21.4% Lower	16.6% Lower	10.8% Lower
Ratio of cases to FTEs:			
• among OMBI	2 nd Highest	3 rd Highest	3 rd Highest
• in GTA	Highest	Highest	Highest
Monthly benefits per case	2 nd Highest	2 nd Highest	2 nd Highest
Eligibility response time	2 nd Highest	2 nd Highest	2 nd Highest
Length of time on assistance	Greatest length (21 months)	Greatest length (21 months)	Greatest length (21 months)

2. Employment Outcome Measures

To improve the administration and management of funding provided to municipalities as part of the employment assistance component of Ontario Works (OW), the Province in 2008 introduced a new outcome-based funding model. This model measures a core set of employment assistance performance indicators over two-year cycles. These indicators are grouped into two categories: improving client earnings and increasing employment outcome. Within these two categories seven specific measures (see below) have been established to form a funding framework for employment assistance based on outcomes achieved.

Earnings Outcome:

- Average employment earnings for OW recipients
- Average employment earnings at exit

Employment Outcome:

- Percentage of caseloads with employment income
- Percentage of benefit units exiting to employment where earnings have taken benefit unit off assistance
- Job retention rate: average length of time (months) benefit units who exit OW hold employment before returning to the program
- Re-entry rate: percentage of benefit units who exit OW due to earnings and/or employment within the past 24 months and return to the program
- Average length of time to employment for benefit units which did not have earnings at time of entry (number of months since grant date)

¹ Excluding Windsor. No 2008 data available.

² GTA defined as Durham, Halton, Peel, York, and Toronto.

³ 2006 and 2007 figures adjusted from previous Scorecard updates to reflect recent change in "Cost of Administration per Case" calculation implemented by OMBI.

For each two-year cycle TESS in consultation with regional ministry staff establish outcome targets for each of these measures. Attachment 2 shows that in 2009 Toronto continued to either meet or in most cases exceed the seven outcome targets set by the province.

3. Appeals Review Unit (ARU)

According to provincial legislation, a dispute resolution must be made available for OW clients who disagree with decisions regarding social assistance eligibility. The ARU has been established to ensure that all avenues for resolving eligibility concerns are exhausted, including the review of all cases that have filed an appeal, preparing submissions for cases that are appealed and ensuring the appropriate follow-up action is taken regarding a decision. As part of the resolution process, cases that are not resolved can either be further reviewed by the Decision Review Committee (DRC) or appealed to the Province's Social Benefit Tribunal (SBT).

To effectively manage, track and prioritize the volume of appeals, TESS employs good, robust technology solutions and appeals review processes.

As the chart below shows, over the years the Division has seen a gradual downward trend in the number of Torontonians who are appealing their eligibility decisions. The table also shows a significant drop in the percentage of cases where the original decision was reversed or modified.

Appeals Review Unit	Year		
	2007	2008	2009
Number of cases reviewed by local offices (i.e., Internal Reviews)	1538	1488	1110
Percentage of cases where Internal Review decision was reversed/ modified	46%	47%	35%
Number of appeals filed with the SBT	267	306	241

For 2009, part of this downward trend in the number of appeals overall and those filed with SBT can be attributed to the labour disruption as well as new procedural changes introduced by TESS. In addition, the reduced percentage of cases where a decision was either reversed or modified is a direct result of the overall downward trend in the appeals. Recognizing this however, approximately 35% of cases that requested a review were resolved, thus reducing the appeals filed with the SBT.

Program Integrity and Financial Accountability

A core foundation to the Division's governance and administration of services and programs across the city is its commitment to accountability, transparency and stewardship of public funds. To achieve value for money, the Division continues to

monitor, implement new and reliable business processes and technology solutions to report out its progress and enhance the fiscal management of resources.

1. Overpayments

Social assistance programs, such as OW, have complex eligibility requirements providing essential benefits on an emergency basis to a large number of clients in diverse circumstances where client entitlement to benefits can change frequently. Often an individual's income from a job fluctuates on a monthly basis, the amount of rent or utility costs can change several times within a year, and income from other sources such as child support are not always consistent. Program and technology requirements are such that all changes must be reported and recorded within a specific time frame of occurrence. All of these factors affect a client's entitlement and overpayments can result whenever any of these things change.

Also, in accordance with provincial legislation, Ontario Works Act 1997, Section 19(3), municipalities are responsible for the recovery of overpayments incurred in other jurisdiction or programs regardless of where and when the overpayments were incurred or where the client last received assistance (Portability of Overpayments).

In order to support this requirement as well as to ensure that all clients are treated equitably, guidelines were developed for managing the cases that reinstate and/or are transferred to Toronto with a collectible overpayment.

The following table compares 2007, 2008 and 2009 overpayment information for TESS and responds directly to the 2005 Auditor General's audit recommendations (see decision history) regarding TESS' inactive overpayments.

Annual Overpayments and Recoveries Compared to Financial Benefits Issued			
	2007 (gross actual)	2008 (gross actual)	2009 (gross actual)
Financial Benefits Issued (\$ mil)	\$595.6	\$617.6	\$731.2
Annual Overpayments Issued (\$ mil)	\$15.2	\$14.8	\$13.7
OP as a percentage of benefits issued	2.6%	2.4%	2.3%
Annual Repayment Recoveries (\$ mil)	\$11.3	\$10.8	\$10.9

While not all overpayments are generated as a result of fraud, when comparing TESS to other large urban centres' experience with managing overpayments as part of their delivery of social assistance, analysis shows that Toronto's challenges are not unique and that it is performing more favourably in terms of awareness of fraud and error. It is also important to note as shown in the table that even though the benefits issued have increased as a result of provincial rate increases and bigger caseloads the amount of overpayments created has actually declined.

The following highlights major findings from two research reports on the effects of complexity and the potential for error among governments in administering and managing social assistance benefits.

i. Drawing on previous National Audit Office value for money reports related to the Department for Work and Pensions, the National Audit Office in partnership with RAND Europe (an independent not-for-profit research institute) undertook a research study on the complexity of the United Kingdom benefits system and proposed recommendations to address this issue. The report, titled *Department for Work and Pensions – Dealing with Complexity of the benefits system*, to the 2005-2006 House of Commons session, highlights many of the causes and effects of complexity related to the management and administration of benefits. The report indicates that these issues are particularly relevant when the system is routine and repetitive in transactions, interfaces with other systems, has structural complexity due to governing legislation and/or involves the issuance of benefits, allowances and grants to individuals with complex circumstances.

The report found that such complexities can lead to administrative errors in overpayments/underpayments by staff, potential fraud, poorer service quality and an increase in the cost of administration. The UK's Work Department, which is responsible for administering Income Support, Jobseeker's Allowance and Minimum Income Guarantee to low income residents, estimates that \$900 million in overpayments of benefits was issued in 2004-2005. In addition, the Department's annual estimates show that at any one time there are around 125,000 incorrect cases (or 5.7% of cases in payments) that resulted in customer error for Income Support, the main causes for which were a discrepancy in the claim or change in benefit entitlement.

ii. In another report, titled *Welfare Fraud: The Constitution of Social Assistance as Crime* for the Law Commission of Canada in 2005, Professor Mosher of Osgood Hall Law Schools undertook a review of the issue and extent of fraud in the social assistance system in Ontario and the mechanisms governments have put in place to detect and deter fraud. The report indicates that "because the welfare system is rife with literally hundreds of complex rules, errors on the part of both recipients and bureaucrats are not only common, but unavoidable".

Since 2006, TESS' Inactive Overpayment Unit has engaged in an initiative with the Province's Overpayment Recovery Unit (ORU) to gain access to the Canada Revenue Agency (CRA) Refund Set Off program (RSO). This arrangement allows TESS to enhance its collection efforts on inactive overpayments.

In addition, as recommended by the city Auditor General, Council's direction as well as part of our value for money approach, TESS examined the impact of portable overpayments over a three year period. This extensive analysis and examination determined that the current operational impact to the Division is manageable as the number of portable overpayments transferring into Toronto on a yearly basis remains fairly constant. TESS will continue with the business process and will conduct further reviews if the volume of portable overpayments escalates.

2. Fraud Prevention and Investigation

The Fraud Review Unit (FRU) in TESS was established to identify potential fraud. In situations where fraud is suspected, a dedicated fraud hotline assists the public in reporting suspicions of fraud and staff are informed to identify issues of potential fraud. Some of the functions of the FRU include reviewing all cases referred to the unit for consistency and appropriateness of the referral, liaising with the Crown Attorney's Office, City of Toronto Legal Department and Toronto Police Services Unit as well as representing the division at court and at third party hearings.

The statistics below compares data collected by the FRU and shows the number of situations where either action was required on an allegation or where cases were referred for criminal investigation/charges.

Fraud Review Activity	2007	2008	2009
Number of allegations reviewed	9345	9195	8467
Number of allegations confirmed true and action required/ taken	975	1201	962
Percentage of cases referred for criminal charges	0.5%	0.5%	0.1%

In 2009, approximately 0.1% of fraud allegations were confirmed true and where a criminal action was pursued by TESS. As with previous years, the percentage of cases that were referred for criminal charges continues to be very small. These findings are consistent with both Mosher's research as well as other studies conducted on the extent of fraud in Canada. Mosher's report on *Welfare Fraud* indicated that despite public perceptions, convictions in Ontario related to welfare fraud is exceptionally low, representing roughly 0.1% of the social assistance caseload in 2001-02, notwithstanding more than 38,000 investigations being undertaken.

Conclusion

Ensuring overall program integrity and quality control in the delivery of services are a critical aspect of TESS' management of its programs, services and supports to the Province, City and Torontonians. As business continues to evolve and TESS responds to the demands for services under its mandate, program integrity and the reporting of reliable and informative service outcomes and measures will continue to be a focal point of its administration.

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ATTACHMENTS

Attachment 1 – OMBI 2008 Final Results
Attachment 2 – TESS 2009 Employment Assistance Outcome Measures