



AUDITOR GENERAL'S REPORT ACTION REQUIRED

Toronto Employment and Social Services – Income Verification Procedures Can Be Improved

Date:	October 6, 2012
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

The Auditor General's 2012 Audit Work Plan included a review of processes at Toronto Employment and Social Services Division (TESS), for verifying reporting of income by clients. The objective of this review was to assess controls over the income reporting process at TESS. The review focused on the reporting of income by clients who were identified as having a business license.

This report contains seven recommendations which are related to improving controls in both income reporting and employment service planning processes.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council request the General Manager, Employment and Social Services, in consultation with appropriate staff, develop a process to identify social assistance clients in possession of business and trade licenses issued by the City. Such data to be considered during eligibility review and on an ongoing basis.
2. City Council request the General Manager, Employment and Social Services, in consultation with the City Clerk, address any privacy issues related to the data comparison included in Recommendation 1.
3. City Council request the General Manager, Employment and Social Services, consider business licenses held and how related skills and abilities impact employment service plans and related activities.

4. City Council request the General Manager, Employment and Social Services, develop criteria and guidelines for maintaining bank and other related records for selective recipients such as those having a business license and reporting no income for an extended period of time.
5. City Council request the General Manager, Employment and Social Services, ensure that client employment service plans are based on a detailed review of individual's circumstances and that related activities are followed up and results documented in client files.
6. City Council request the General Manager, Employment and Social Services, consult with the Province to clarify the definition of casual income described under Ontario Works Directive for self employed/business income.
7. City Council request the General Manager, Employment and Social Services, in consultation with the City Solicitor, to review and resolve the differences between the Ontario Works Directive and the Toronto Municipal Code, relating to records retention for allegations of fraud that are deemed to be unfounded or unsupported.

Financial Impact

The implementation of recommendations in this report will improve and strengthen the income reporting and employment service planning processes in the City's administration of the social assistance program. The extent of any resources required or potential cost savings resulting from implementing the recommendations in this report is not determinable at this time.

DECISION HISTORY

The Auditor General's 2012 Audit Work Plan included a review of the income reporting process at TESS.

This review was selected due to the amount of funds involved and the importance of income reporting in the overall context of employment services and the financial assistance program. The objective of our review was to assess controls over the income reporting process at the TESS.

COMMENTS

TESS provides financial, social and employment support to individuals and families living in Toronto. TESS is the administrator of the Ontario Works program mandated by the Province of Ontario and delivers a wide range of programs and services including helping people find employment.

In 2011, TESS administered 170,000 cases consisting of 274,000 individuals and paid approximately \$915 million in basic financial assistance. Total program costs for 2011

amounted to \$1.1 billion when \$217 million in administrative costs is included. After cost sharing with the Province, the net cost to the City was \$193 million.

Income reporting is an important component of the overall service delivery program. Complete disclosure of income by clients is essential in ensuring the correct amount of benefits is provided. Our review identified certain areas where controls can be further improved.

The audit report entitled “Toronto Employment and Social Services – Income Verification Procedures Can Be Improved” is attached as Appendix 1. Management’s response to the audit recommendations is attached as Appendix 2.

CONTACT

Jerry Shaubel, Director, Auditor General’s Office
Tel: 416-392-8462, Fax: 416-392-3754, E-mail: jshaubel@toronto.ca

Syed Ali, Senior Audit Manager, Auditor General's Office
Tel: 416-392-8438, Fax: 416-392-3754, E-mail: Sali4@toronto.ca

SIGNATURE

Jeff Griffiths, Auditor General

ATTACHMENTS

- Appendix 1: Toronto Employment and Social Services – Income Verification Procedures Can Be Improved
- Appendix 2: Management’s Response to the Auditor General’s Review of Toronto Employment and Social Services – Income Verification Procedures Can Be Improved