

**Children's Services Division – Review of the
Administration of Child Care Fee Subsidy**

Date:	June 30, 2007
To:	Audit Committee
From:	Jeff Griffiths, Auditor General
Wards:	All
Reference Number:	

SUMMARY

The objective of this review was to assess the extent to which Toronto Children's Services has adequate management controls in place to ensure subsidies are administered in a cost effective manner and in compliance with relevant legislation and City policies and procedures.

Our review found that the provision of child cares services for children in the City of Toronto is complex, costly and challenging to administer. Even though this review identified some issues which should be addressed, Children's Services is well managed. The issues identified during this review were discussed with senior management and as a result the majority of the audit recommendations are in the process of being addressed.

RECOMMENDATIONS

The Auditor General recommends that:

1. The General Manager, Children's Services Division, review the policies and procedures relating to the processing of subsidy applications and ensure that all such policies and procedures are current, relevant and consistently applied. An effective quality assurance process be implemented and steps taken to address instances of non-compliance.

2. The General Manager, Children's Services Division, review the specific criteria relating to the frequency of detailed financial reviews of child care centres. The frequency of the reviews be tied to the level of risk such that centres which appear to be less well managed would be reviewed more often. During ongoing financial and annual budget review, consideration be given to reviewing any management letters prepared by independent audit firms.
3. The General Manager, Children's Services Division, ensure divisional policies for granting of subsidies are in compliance with Council's direction of first come first serve. The General Manager, Children's Services Division, develop a monitoring system to review granting of subsidy to ensure applicants are processed according to their order of priority on the ward waiting list.
4. The General Manager, Children's Services Division, ensure that contact information for applicants waiting for subsidy is kept sufficiently current in order to allow for subsidy to be granted to eligible applicants on ward waiting lists on a first-come first-serve basis.
5. The General Manager, Children's Services Division, develop a business case to consider the costs and the benefits of Toronto Children's Services Operating Criteria.
6. The General Manager, Children's Services Division, review the potential implementation of an information system which allows for the electronic exchange of information between the Division and its operators.
7. The General Manager, Children's Services Division, review the process for the accounting of subsidy overpayments with a view to ensuring that all such amounts are accounted for appropriately.

FINANCIAL IMPACT

The implementation of recommendations in this report will improve the administration of child care subsidies. The extent of any resources required or potential cost savings resulting from implementing the recommendations in this report is not determinable at the present time.

DECISION HISTORY

This report provides the results of the Auditor General's review of the administration of Child Care Subsidy by the Children's Services Division. This review was conducted as part of the Auditor General's Annual Work Plan.

COMMENTS

The Auditor General's report entitled "Children's Services Division – Review of the Administration of Child Care Fee Subsidy", contains 7 recommendations and is attached as Appendix 1. Management's response to each of the recommendations contained in this report 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

Bruna Corbesi, Senior Audit Manager, Auditor General's Office

Tel: 416-392-8553 Fax: 416-392-3754, E-mail: bcorbes@toronto.ca

SIGNATURE

Jeffrey Griffiths, Auditor General

za

06-CSD-01

ATTACHMENTS

Appendix 1: Children's Services Division – Review of the Administration of Child Care Fee Subsidy

Appendix 2: Management's Response to the Auditor General's Review of Children's Services Division – Review of the Administration of Child Care Fee Subsidy

G:\AGO\2007\Reports\Deputy City Mgr SC\Childrens Services\Child Care Fee Subsidy June 30 2007.doc