

**Management’s Response to the Auditor General’s Review of
Children’s Services Division – Review of the Administration of Child Care Fee Subsidy**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
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.	x		Although the requirement for second review of eligibility for fee subsidy was eliminated as part of income testing (introduced in January 2007), Children's Services will continue with the practice as part of ongoing quality assurance.	<p>The Division has completed an update to the checklist used for the “file sign-off” and the process has been revised to include timelines for completing the second review. Automation of the process has been completed to allow for a more effective means of monitoring compliance with the policy.</p> <p>Policies outlining the scope and frequency of regular review of fee subsidy files by the District Supervisor as part of quality assurance have been revised and the checklist used during the process updated to reflect changes in eligibility assessment under income testing. A new monitoring process has been introduced with District Directors monitoring compliance with the policy and ensuring that records are retained by the District Supervisors for each file reviewed.</p> <p>The Quality Assurance unit will continue to conduct an annual internal audit of fee subsidy files. Policies outlining the scope and frequency of this audit will be developed by the end of 2007.</p>

**Management’s Response to the Auditor General’s Review of
Children’s Services Division – Review of the Administration of Child Care Fee Subsidy**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
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.	x		Currently a Financial Review is conducted at each program with a Service Contract for fee subsidy every three years and more often when warranted, when the Division identifies centres with financial management problems.	By March 2008 the Division will develop a set of criteria for identifying at-risk programs, which would be assessed more frequently. The Division will include a requirement for operators to submit any management letters prepared by independent audit firms in the submission of 2007 audited financial statements

**Management’s Response to the Auditor General’s Review of
Children’s Services Division – Review of the Administration of Child Care Fee Subsidy**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
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.	x			<p>The Division has reviewed the existing processes and policies to monitor compliance with the first come first served policy, manage the waiting list and allocation of subsidy and has implemented a number of changes to address compliance as outlined below:</p> <p>In December 2006 – January 2007 training was provided to all Caseworkers on policies with respect to wait list management. Training included the proper use of CSIS to document contacts with clients on the waiting list to ensure timeliness of waitlist information and documentation of first come first serve granting of subsidy.</p> <p>To improve the controls in place for allocation of subsidy on a first come first served basis, the responsibility for wait list management and allocation of subsidy was centralized in July 2007 under the direction of one Supervisor (this function was previously decentralized in 7 District Offices under the direction of 4 Supervisors)</p> <p>Enhancements will be made to CSIS to provide reports that identify wait list dates and placement dates by the end of 2007. District Directors will monitor compliance with policies through semi-annual reviews.</p>

**Management’s Response to the Auditor General’s Review of
Children’s Services Division – Review of the Administration of Child Care Fee Subsidy**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
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.	x		Applicants for child care fee subsidy are responsible for keeping information on their status up to date and advising the Division of any changes to their circumstances.	<p>The Division will be implementing additional processes to ensure a more current waiting list. By the end of 2007 policies on wait list management will include earlier contact with applicants on the waiting list (minimally 3 months from application date) and client contacts, family situation and child care options will be reviewed and updates made as needed.</p> <p>By the end of 2007, enhancements to CSIS to allow for automated letters to clients on the waiting list to confirm their continued interest in child care will be developed and in place. This will include removal of applicants on the wait list who do not respond when contacted about their application.</p>
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.	x		The Division began collaboration with OISE in February 2005 to validate the Operating Criteria as a measurement of child care quality; this led to the development of the current version of the criteria and will help to fulfill Council’s direction to publish the results of evaluations on regular basis beginning in December 2007.	<p>In 2008 the Division will develop a business case to implement a research plan to address the costs and benefits of Children’s Services Operating Criteria including, but not limited to:</p> <ul style="list-style-type: none"> * documenting the costs of poor quality child care * effect of the enforcement of the Operating Criteria on improved quality of care and improved outcomes for children * determination of the predictive value of the Operating Criteria * determination of the actual cost of Operating Criteria and of appropriate expenditure as a

**Management’s Response to the Auditor General’s Review of
Children’s Services Division – Review of the Administration of Child Care Fee Subsidy**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
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.	x		<p>The Division has been pursuing the electronic interchange of data with child care operators for some time; a survey of child care operators to determine the potential and capability to engage in electronic data interchange has been recently completed (August 2007) and discussion with corporate IT aimed at overcoming technology and procedural barriers have occurred several times this year.</p> <p>Automation of attendance processes will support the Division in processing an increased number of invoices in a timely fashion but will not result in substantial savings of work time as the process requires data entry for exceptions. Nine staff process monthly invoices of approximately \$20 million in child care payments and are responsible for verifying the accuracy of the operator submissions.</p>	<p>proportion of the total child care expenditure.</p> <p>The Division will develop a business plan for electronic data interchange that meets its operational needs and reconciles existing technology issues by the end of 2007.</p> <p>Subject to approval of a business plan and availability of resources the Division will implement individual CSIS modules throughout 2008 and 2009.</p>

**Management’s Response to the Auditor General’s Review of
Children’s Services Division – Review of the Administration of Child Care Fee Subsidy**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
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.	x		Prior to November 2005 accounts for subsidy overpayments under \$5,000 were maintained at the District Office level. At this time a new process for centralized, automated tracking of accounts in the CSIS Billing System was implemented for all subsidy overpayments.	By March 2008 the Division will complete changes to CSIS to notify Central Billing of any overpayments determined in district offices and all records will be held in Central Billing.