Managing the Risk of Overpayments in the Administration of Social Assistance, Toronto Social Services

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<td>To:</td>
<td>Audit Committee</td>
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<td>From:</td>
<td>Jeff Griffiths, Auditor General</td>
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SUMMARY

In 2005, the City of Toronto Auditor General issued a report titled, “Recovery of Social Assistance Overpayments, Toronto Social Services”. The review focused on the administration, monitoring and recovery of inactive social assistance overpayments (cases not currently receiving any assistance) and contained 14 recommendations. As of May 2008, 10 of the 14 recommendations have been implemented and there are divisional plans to implement the other four in 2008. This current report relating to active social assistance overpayments was deferred to provide the Division adequate time to address the 2005 recommendations.

The integrity of the City’s social assistance program is contingent on ensuring that benefits are accurately paid and when overpayments occur they are effectively and efficiently administered.

The primary objective of this review was to determine why social assistance overpayments occur and to identify opportunities to prevent such overpayments. Further, we assessed whether the Division has adequate controls in place to ensure the effective and efficient administration of overpayments including compliance with legislative requirements and internal procedures and practices.

Our review found that Toronto Social Services has adequate processes in place to effectively administer overpayments. However, the implementation of the recommendations in this report will further improve existing controls and contribute to achieving administrative efficiencies.
RECOMMENDATIONS

The Auditor General recommends that:

1. The General Manager, Toronto Social Services, in the event that the Province does not amend its policy in relation to the recovery of certain benefit overpayments, be required to report to City Council on the following:
   a. the amount of such non-recoverable overpayments; and
   b. the administrative costs involved in determining the overpayment amounts.

2. The General Manager, Toronto Social Services, subsequent to any policy change by the Province, request the Province to amend the provincial information system such that it calculates overpayments consistent with provincial direction. The information system should exclude non-recoverable benefits from overpayments created by the system.

3. The General Manager, Toronto Social Services, give consideration to amending the extent of current participation reviews to include a component which addresses the financial status of all clients. Comprehensive participation reviews, which include a financial component review currently conducted by certain area offices, be expanded as a best practice to all area offices.

4. The General Manager, Toronto Social Services, as part of the joint venture agreement with the Province on the development of an on-line client application process, advise the Province of the need to expand this joint venture to include the on-line reporting of client financial information changes.

5. The General Manager, Toronto Social Services, revise the current reporting processes in order to ensure that reports meet the requirements of the users. All such reports be developed in a manner which facilitates efficient and effective supervisory review. Evidence of such review be documented.

6. The General Manager, Toronto Social Services, continue ongoing deliberations with the Province in connection with the limitations of the provincial information system. These deliberations should reinforce the need for an efficient system that will reduce both the incidence of overpayments due to system error and the associated resources required to correct these errors.

7. The General Manager, Toronto Social Services, establish a case file standard in order to assist staff in preparing and retaining adequate documentation to support decisions concerning overpayments. The following minimum documentation requirements should be included in all files:
8. The General Manager, Toronto Social Services assess the risk and extent of resources required to determine whether or not there is value in maintaining the current requirement to review all overpayments originating from other municipalities.

FINANCIAL IMPACT

The implementation of recommendations in this report will improve the administration of overpayments related to providing social assistance. The extent of any resources required or efficiencies achieved from implementing the recommendations in this report is not determinable at the present time.

DECISION HISTORY

This report provides the results of phase two of the Auditor General’s review of social assistance overpayments. The first phase conducted in 2005 related to inactive overpayments, while the second phase focused on active overpayments. This review was conducted as part of the Auditor General’s Annual Audit Work Plan. The first phase conducted in 2005 is available for viewing at:

http://www.toronto.ca/audit/reports2005_sub5.htm

Since the 2005 audit, a number of additional measures have been implemented by the Division to improve the management of overpayments. The measures developed in response to the 2005 audit report include:

- the development of technology solutions to better manage the administration of overpayment reporting;
- the inclusion of overpayment performance reports as a regular feature of divisional Senior Management meetings;
- successful negotiations with the province to establish a ‘write-off’ policy for uncollectible overpayments; and
- implementation of a project where the Division transfers inactive overpayments to the Provincial Overpayment Recovery Unit (ORU) for collection, at no cost to the City.
COMMENTS

The Auditor General’s report entitled “Managing the Risk of Overpayments in the Administration of Social Assistance, Toronto Social Services”, contains eight recommendations and is attached as Appendix 1. Management’s response to each of the recommendations contained in this report is attached as Appendix 2.

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SIGNATURE

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Jeffrey Griffiths, Auditor General

07-SSD-01

ATTACHMENTS

Appendix 1: Managing the Risk of Overpayments in the Administration of Social Assistance, Toronto Social Services

Appendix 2: Management’s Response to the Auditor General’s Review of Managing the Risk of Overpayments in the Administration of Social Assistance, Toronto Social Services