



AUDITOR GENERAL'S REPORT ACTION REQUIRED

Toronto Employment and Social Services – Review of Employment Services Contracts

Date:	September 30, 2013
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

A review of contracts with various providers of services to the Toronto Employment and Social Services Division (TESS) was included in the Auditor General's Audit Work Plan.

TESS maintains contracts with a number of third-party organizations to prepare Ontario Works recipients for employment opportunities. This audit reviewed agreements between TESS and various service providers. Specific objectives of the audit included ensuring compliance with legislative requirements and corporate policies and procedures, review of payments to providers for compliance with terms in service agreements and assessing the effectiveness in achieving contract objectives established by TESS.

The implementation of the eight recommendations contained in this report will improve financial controls over purchasing, contract management and payment processing. These improvements will contribute to Ontario Works recipients receiving the appropriate support to help them become and stay employed.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council request the General Manager of Employment and Social Services to review the performance outcome criteria specified in contracts with providers of employment services, with a view to ensuring they are realistic, measurable and achievable.

2. City Council request the General Manager of Employment and Social Services to conduct thorough reviews of agencies not meeting performance outcomes in order to develop adequate Action Plans to improve future outcomes. For agencies consistently unable to meet performance outcomes, consideration be given to seeking alternate methods or providers for the service.
3. City Council request the General Manager of Employment and Social Services to conduct an independent evaluation of the Division's employment assistance programs and report back on their effectiveness in assisting participants to sustain long term employment.
4. City Council request the General Manager of Employment and Social Services to review the referral process in order to improve the acceptance rate of participants into employment assistance activities. At a minimum, pre-screening tools provided by agencies should be used by Employment and Social Services caseworkers.
5. City Council request the General Manager of Employment and Social Services to ensure client service plans are updated on a timely basis for employment assistance activities and status changes.
6. City Council request the General Manager of Employment and Social Services to explore the opportunity to automate updates on employment assistance activities within the new provincial information system to be implemented for the Ontario Works program.
7. City Council request the General Manager of Employment and Social Services to explore how Toronto Employment and Social Services can efficiently analyze annual financial statements submitted by agencies.
8. City Council request the General Manager of Employment and Social Services to revise administrative controls to ensure payments for funeral services are properly authorized and in compliance with legislation and corporate policies.

Financial Impact

The implementation of recommendations in this report will improve financial controls over purchasing, contract management and payment processing. 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

In 2012, the Auditor General tabled a report titled "Toronto Employment and Social Service – Income Verification Procedures Can Be Improved." The report contained seven recommendations which are related to improving controls in both income reporting and employment service planning processes. This report is available at: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.AU9.9>

The Auditor General also included a review of contract performance by various providers of services to Toronto Employment and Social Services Division in the 2012 Audit Work Plan.

COMMENTS

TESS maintains contracts with a number of third-party organizations who provide Ontario Works recipients with a variety of employment related services including: skills training, pre-employment development, employment placement, self employment development, investing in neighbourhoods and local initiatives. In 2012, the expenditures for these purchased services were \$19.3 million.

The review noted among other things that:

- Efficiencies can be realized by improving the quality of referrals to agencies.
- Service providers are not meeting contractual performance objectives.
- There is no assessment of the long term effectiveness of the employment programs.

CONCLUSION

The audit report entitled “Toronto Employment and Social Services – Review of Employment Services Contracts” is attached as Appendix 1. Management’s response to each of the recommendations contained in the report is attached as Appendix 2.

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SIGNATURE

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12-SSD-01

ATTACHMENTS

Appendix 1: Toronto Employment and Social Services – Review of Employment Services Contracts

Appendix 2: Management’s Response to the Auditor General’s Review of Toronto Employment and Social Services – Review of Employment Services Contracts

AUDITOR GENERAL'S REPORT

**Toronto Employment and Social Services –
Review of Employment Services Contracts**

August 30, 2013

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Auditor General



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EXECUTIVE SUMMARY

***Review included
in Auditor
General's Work
Plan***

A review of contracts with various providers of services to the Toronto Employment and Social Services Division was included in the Auditor General's Audit Plan.

Toronto Employment and Social Services Division (TESS) administers the Ontario Works (OW) program. Two main types of assistance are provided by this provincially mandated program:

- Financial assistance for individuals and families living in Toronto
- Employment assistance which engages participants in a variety of activities to prepare them for employment opportunities

Financial Assistance includes funds for food, shelter, clothing and other household items for people who have no other means of support. Employment Assistance provides opportunities for participants to engage in a variety of activities that lead to jobs or increase employment prospects. In order to remain eligible for financial assistance, most people are required to participate in employment assistance activities that aim to help them improve their employability and to secure employment.

Employment Assistance helps people find and keep employment using a range of program options. TESS is mandated to issue benefits on behalf of clients to cover employment-related expenses (e.g., tuition fees, transportation, training and job placement costs). The Division also supports clients to access services funded through other levels of government, such as Human Resources and Skills Development Canada and the provincial Ministry of Training, Colleges and Universities.

Third party contracts are used to deliver employment services

TESS maintains contracts with a number of third-party organizations that provide OW recipients with a variety of employment related services including:

- Skills Training
- Pre-Employment Development
- Employment Placement
- Self Employment Development
- Investing in Neighbourhoods
- Local Initiatives

The expenditures for these purchased services were \$ 19.3 million in 2012.

Audit objective

This audit reviewed agreements between TESS and various service providers. Specific objectives of the audit included:

- ensuring compliance with legislative requirements and corporate policies and procedures
- review of payments to providers for compliance with terms in service agreements
- assessing the effectiveness in achieving contract objectives established by TESS.

Key findings

The key issues identified in this report relate to the following:

- most service providers are not meeting contracted performance requirements
- contract performance objectives have not been adjusted since 2005 to reflect changing economic circumstances and challenges
- contracts are renewed annually despite a majority of providers not meeting performance objectives
- long term outcomes of participants' employment status have not been evaluated
- quality of referrals to employment activities needs to be improved
- more effective case management of employment assistance activities is required.

Conclusion

The implementation of the recommendations contained in this report will improve third party contract performance outcomes and case management of OW recipients. These improvements will contribute to OW recipients receiving the appropriate support to help them become and stay employed.

BACKGROUND

TESS' mandate

TESS is the delivery agent of the OW program for the City of Toronto. OW is mandated by the Province of Ontario under the Ontario Works Act. OW recipients may be provided with employment assistance through participation in a variety of activities in order to prepare them for employment opportunities.

In order to provide a wide range of employment assistance services TESS maintains contractual relationships with community agencies and organizations across the city. These arrangements allow participants to engage in a variety of activities designed to increase their employment prospects.

Council adopted framework for purchase of employment services

In 2005, a Purchase of Employment Services Framework was adopted by Council. The framework includes three components:

1. Divisional Employment Services

This program includes skills training, pre-employment development, employment placement and self employment. These core services aim to address the diverse employment needs of participants across the City.

2. Individualized Services and Supports

This program provides services customized to the needs of an individual participant.

3. Local Initiatives

This program supports employment programs and placements designed to respond to labour market demand of a particular client group, community or employer.

Employment Program Support Unit

The Employment Program Support Unit within TESS oversees the contracts with third-party providers of employment services. Third parties with service agreements with the City are listed on Exhibit 1.

In 2012, approximately 14,000 referrals were made to various employment assistance activities for about 11,000 OW participants.

***\$21.6 million
budget to
purchase
employment
services***

The 2012 total budget for TESS is \$1.2 billion of which \$136 million is for Employment Services. The Province of Ontario funds approximately 82.8 per cent of financial and employment benefits and services. The Province is in the process of incrementally assuming a greater percentage of these costs with plans to absorb 100 per cent of these costs by 2018. The administration cost continues to be shared at 50 per cent.

Included in the Division's 2012 budget is an amount of \$21.6 million (actual \$19.3 million) for purchased employment services.

AUDIT OBJECTIVES, SCOPE AND METHODOLOGY

***Third-party
contracts for
employment
services***

TESS provides a variety of employment assistance services through various contractual arrangements with third parties. The management of these contracts is overseen by the Employment Program Support Unit.

***Audit objective,
scope and
methodology***

This audit reviewed agreements between TESS and various service providers. The specific objectives for this project included:

- ensuring compliance with legislative requirements and corporate policies and procedures
- review of payments to service providers for compliance with terms in service agreements
- assessing service provider effectiveness in achieving contract outcomes.

The audit covered the period from January 1, 2010 to December 31, 2012.

The audit methodology included the following:

- review of relevant legislation and provincial directives
- review of policies and procedures
- review of Committee and Council minutes and reports
- interviews with staff
- visits to a number of third-party service providers
- examination and analysis of documents and records
- assessment of contract requirements
- evaluation of how program outcomes are measured and monitored.

Compliance with generally accepted government auditing standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT RESULTS

A. CONTRACT OUTCOMES FOR EMPLOYMENT SERVICES ARE NOT ALWAYS ACHIEVED

A.1. Agencies Not Meeting Contracted Requirements

Contracts established with 43 agencies

To ensure core employment programs and services are available to meet the diverse needs of participants across the city, TESS maintains contracts with a number of third party agencies who provide a variety of employment services. At the time of this review 43 contracts were established from a 2009 request for proposal process. Each contract specifies the types of services to be provided, the cost, the budgeted amount for the year and expected performance outcomes.

Contract used to purchase four types of employment services

There are four main types of purchased employment services:

1. Skill Training Directly Linked to Employment assists participants in finding and maintaining suitable employment by improving their marketable skills through training and practical work experience.
2. Pre-Employment Development assists participants in preparing to either enter or re-enter, and progress in the workplace.
3. Employment Placement assists participants to gain work experience, find and possibly maintain suitable employment.
4. Self-Employment Development assists participants in developing a business plan to start up their own business.

The anticipated outcomes vary depending on the type of service received. In general, TESS anticipates that participants who receive employment services will attain one or more of the following:

- improved skills to prepare them for the job market
- increased capacity to gain employment
- better job retention
- ability to initiate and maintain self-employment.

Performance outcomes are a requirement of the contract

The expected performance outcomes for each type of service are stipulated as a contract requirement for each agency. TESS' procedures require that agency performance in achieving outcomes be considered during contract renewal.

Contract performance outcomes are not met

Agencies are not achieving performance outcomes as stipulated in their contracts. The performance outcomes were established by TESS in 2005 and have not been amended since, even though there have been significant economic and other market factors that could impact the ability to achieve the desired outcomes.

The following table provides a summary of the number of contracts by type of employment service and the percentage of contracts that met the contracted performance outcomes. A significant number of providers are not meeting their current expected outcomes based on data maintained by TESS.

Performance Outcomes for Employment Services			
	2012	2011	2010
<i>By Type of Service</i>			
Skill Training contracts	20	20	21
Achieved Contract Outcomes	5 (25%)	2 (10%)	2 (10%)
Pre Employment Development contracts	23	24	22
Achieved Contract Outcomes	10 (43%)	4 (17%)	7 (32%)
Employment Placement contracts	16	18	18
Achieved Contract Outcomes	10 (63%)	7 (39%)	9 (50%)

Local initiative contract requirements not met

Aside from the formal request for proposal process, TESS also responds to local labour market employment demands. These arrangements are called Local Initiatives and respond to the hiring needs of specific employers. We noted that these agency contracts also specify minimum performance outcomes which in many cases were not met.

As noted above, performance outcomes contained in contracts are not regularly reviewed or amended based on economic conditions. As such, service providers may assert that these external influences have impacted their ability to meet the performance outcomes. Prior to taking action on a failure to meet performance outcomes, there is a need to ensure that the outcomes are realistic measurable and achievable.

Recommendation:

- 1. City Council request the General Manager of Employment and Social Services to review the performance outcome criteria specified in contracts with providers of employment services, with a view to ensuring they are realistic, measurable and achievable.**

A.2. Contracts Renewed Despite Performance Being Below Required Standard

New contract requirement to monitor performance

In 2005 TESS issued a request for proposal to purchase employment services. The process included a requirement that TESS would monitor service provider performance and the expected outcome was included in each contract awarded. Another request for proposal with the same terms was issued in 2009 and contracts with expected performance outcomes were awarded.

Option to renew third party contracts for up to four years

The agency agreements are for a one year term with the option to renew for four additional one year periods. The option to renew for any additional period(s) is to be based on a review of the agency's performance level over the prior year and the availability of funds in the City's operating budget. The City is under no obligation to exercise any renewal option.

Agency performance reviewed annually

All agencies are evaluated on an annual basis to determine whether they have achieved the requirements set out in their contract.

According to TESS's procedures, annual contract performance reviews are to assess the agency's compliance with service agreement requirements, taking into consideration the following:

- participant demand and participant satisfaction
- achievement of the outcomes
- budgetary considerations
- any provincial program changes
- changes to participant composition
- administrative accountability, including timely submission of required reports.

***Agency Action
Plans designed to
improve
performance***

For agencies that do not meet contractual performance outcomes, Action Plans, designed to improve performance, are to be developed in consultation with TESS staff.

***All agency
contracts renewed
since 2005***

Our review of data maintained by TESS found that all contracts have been renewed each year, since 2005 despite the fact that certain providers had not achieved the required performance outcomes. We reviewed the Action Plans established, to improve outcomes for certain agencies, and noted the following issues:

- agencies identified that TESS was not adequately prescreening applicants. As a minimum, the referring caseworker should ensure that applicants meet program prerequisites
- reasons that applicants are not accepted into, or withdraw early from a program should be reviewed by TESS and considered in assessing an agency's performance outcomes
- agency Action Plans identified the same issues, which were unresolved year to year
- some agency Action Plans were not available or were not retained in agency files.

No direct relationship between funding and achievement of performance outcomes

Our review of the annual funds provided to agencies in 2010 and 2011 found there was no direct relationship between an agency's annual performance outcomes and funding. Sixteen agencies that did not meet their performance outcomes had funding increased while three agencies that met outcomes had funding decreased. TESS could not demonstrate the reasons for these changes in funding levels.

We noted that certain agencies have had programs either reduced in size or cancelled. However, where an agency is consistently unable to meet realistic and achievable performance objectives, consideration should be given to seeking alternate methods or providers for the service.

Recommendation:

- 2. City Council request the General Manager of Employment and Social Services to conduct thorough reviews of agencies not meeting performance outcomes in order to develop adequate Action Plans to improve future outcomes. For agencies consistently unable to meet performance outcomes, consideration be given to seeking alternate methods or providers for the service.**

B. EVALUATE LONG TERM OUTCOMES OF EMPLOYMENT ASSISTANCE

B.1. Outcomes from Employment Programs Need to Be Evaluated

TESS provides employment placement opportunities

In employment placement programs, agencies work directly with employers to identify opportunities to match participants to jobs. Employment placements are provided through both a dedicated Employment Placement program and also through the Investing in Neighbourhoods program.

Investing in Neighbourhoods program

TESS established the Investing in Neighborhoods program in 2007. The program offers an opportunity for non-profit agencies to create employment positions for OW participants. TESS funds these positions by providing 100 per cent of the salary for up to one year. Non-profit agencies can propose any employment position that contributes, enhances, or benefits a community and, promotes skill building to enhance a participant's future employment prospects.

The table below provides a summary of the expenditures incurred for employment placements for the last three years.

2010-2012 Employment Placement and Investing in Neighbourhood Expenditures

Initiative	2012 (\$000)	2011 (\$000)	2010 (\$000)
Employment Placement	\$ 3,338.8	\$2,924.9	\$2,737.5
Investing in Neighbourhoods	\$ 9,186.0	\$4,226.5	\$3,619.9

Investing in Neighbourhoods expenditures rising

The increase in Investing in Neighbourhoods program expenditures reflects that the program has expanded beyond the initial focus on priority neighbourhoods. The budget increases have been reported to Council through the budget approval process.

Evaluation of employment placements is required

TESS could not provide the number of OW participants who participated in an employment placement and became self sufficient. This information is important to help in assessing the effectiveness of the programs. TESS has not formally evaluated or reported on long term outcomes arising from participation in employment assistance activities. Therefore, it has not been determined whether employment placements are an effective strategy for ensuring that individuals attain and remain employed.

Province recommends municipalities strengthen accountability

In 2012, the Ministry of Community and Social Services reiterated its recommendations of 2004 that municipalities move to evidence-based employment programs. The province originally recommended strengthening accountability of the social assistance system in order to measure program outcomes. In other words, the Province wants to know that the efforts put towards making recipients more employable are being effective and that recipients are achieving the goal of long term, permanent employment.

Long term outcomes from employment assistance are unknown

A review of the employment services literature indicates that the programs offered by TESS are in line with programs offered by other jurisdictions. However, it was also noted that there is little evidence concerning which strategies for employment assistance are the most effective. The research identifies a need for evaluation of long term outcomes rather than simply helping people obtain short term employment.

Recommendation:

- 3. City Council request the General Manager of Employment and Social Services to conduct an independent evaluation of the Division's employment assistance programs and report back on their effectiveness in assisting participants to sustain long term employment.**

C. EFFECTIVE CASE MANAGEMENT IS INTEGRAL TO IMPROVING EMPLOYMENT OUTCOMES

C.1. Improve Quality of Referrals Made to Agencies

Individual service plans help caseworkers determine appropriate referrals

An objective of the Ontario Works Act, 1997 includes the promotion of self reliance for OW participants to become, and stay, employed. Caseworkers develop an employment service plan for OW participants, which may include referrals to activities provided by contracted agencies.

Agencies provide list of required prerequisites and screening tool

When submitting proposals to provide services, agencies are required to provide TESS with a list of any required prerequisites and screening tools they use for accepting participants into their activity. Caseworkers are directed to use this information to pre-screen OW participants before referring them to a particular service. This pre-screening may include a review of a participant's educational background, employment history, job goals, skills and interests and employment barriers.

Screening tools for activities exist

Agencies are responsible for contacting participants to arrange for an in-person screening interview. The purpose of the screening interview is to further determine if the participant is likely to be a good fit with the program or activity.

Activity tracking database was implemented in 2008

The Employment Service System database implemented in July 2008 allows TESS staff to search for activities available through the various contracted agencies. The database allows staff to access program availability, track referrals, monitor agency payments and produce statistical reports.

As participants progress through activities within the Employment Assistance program a history of program referrals, supports and outcomes, is maintained and provides comprehensive profiles for both participants and agencies.

We reviewed TESS' database and determined the number of referrals as well as the number of participants referred and accepted in a given year. The table below summarizes this information for the last three years.

Less than half of all participant referrals to an employment activity are accepted

Percentage of Referrals Accepted

	2012	2011	2010
OW Participants	10,996	12,083	16,161
Referrals to Agencies	14,118	16,261	22,206
% of Referrals Accepted	44%	42%	36%

TESS has not reviewed the reasons for low participant acceptance rates

This table shows that less than half of the referrals made by TESS caseworkers are accepted by the service providers. TESS has not reviewed the reasons for the low acceptance rate. This analysis is critical to improving the quality of referrals and achieving better acceptance levels.

Pre-screening by TESS staff inadequate

Our analysis of the data available from TESS found that, of those who were not accepted for an employment assistance activity slightly more than half (51 per cent) of this number did not meet program requirements. This was supported through interviews with agency staff who indicated that pre-screening completed by TESS did not appear to have considered either prerequisites or the screening tools provided by the agencies.

Quality of referrals needs to be improved

These observations also highlight a need to improve the pre-screening conducted by TESS caseworkers when referring an OW participant to an employment assistance activity. Acceptance levels would improve with better quality of referrals. This would ensure participants are being provided with suitable activities and be a more efficient use of time for both participants and service providers.

A regular review of the effectiveness of the referral process will provide management with the information required to ensure the right employment activities are being provided to participants at the right time.

Recommendation:

- 4. City Council request the General Manager of Employment and Social Services to review the referral process in order to improve the acceptance rate of participants into employment assistance activities. At a minimum, pre-screening tools provided by agencies should be used by Employment and Social Services caseworkers.**

C.2. Case Management of Ontario Works Participants Needs Improvement

Current employment service plans are required

Caseworkers receive a system generated notification concerning any change in the status of a participant's referral to an employment assistance activity. These notifications provide a timely update for caseworkers concerning their OW participants. To ensure the most relevant information is always available, it is intended that this information be transferred to the participant's employment service on a more timely basis.

Information on participant activity is not updated in a timely manner

We reviewed the notifications sent to caseworkers that were outstanding as of one point in time, (December 18, 2012). We noted that 18,349 notices relating to 13,000 participants had not been updated by caseworkers. We also observed that for 190 referrals in 2012 it took more than 100 days to determine that it was not an appropriate referral.

Case management of employment assistance activities needs to be improved

Our review of caseworker documentation on participants' status found the following situations where information was not current or correct:

- inaccurate activity detail and participant status
- incomplete participation agreements
- inaccurate reasons for referral not being accepted

Caseworkers are not updating the employment service plans in a timely manner based on the notifications received.

New provincial information system to be implemented

Given the significant number of notifications that need to be updated into the system each year it would seem that this is a function that should be streamlined and automated. However, the province is in the process of implementing a new information system to support the administration of the OW program. TESS should explore with the province the opportunity to incorporate automatic updates of this information into the new system.

Inaccurate employment service plans delay employment outcomes for OW participants

Assisting participants to establish realistic employment goals and to develop a plan of action requires adequate pre-screening and ongoing monitoring of participants. Where employment service plans are not accurate nor updated in a timely manner, there is a risk that the next steps can be a waste of time and participants may not receive the assistance necessary to help them advance towards full employment.

Recommendations:

- 5. City Council request the General Manager of Employment and Social Services to ensure client service plans are updated on a timely basis for employment assistance activities and status changes.**
- 6. City Council request the General Manager of Employment and Social Services to explore the opportunity to automate updates on employment assistance activities within the new provincial information system to be implemented for the Ontario Works program.**

D. STRENGTHEN CONTROLS OVER ADMINISTRATION OF AGREEMENTS

D.1. Staff Not Trained to Review Financial Statements

TESS enters into service agreements with organizations across the City to deliver programs for OW recipients.

Agencies are required to submit audited financial statements

Service agreements are awarded through a request for proposal process. As part of their application, agencies must provide financial statements for the past two years, of which one must be an audited financial statement. Financial statements must clearly indicate that the agency has revenue sources other than the City of Toronto. As part of the RFP process, completed every five years, these financial statements are reviewed by TESS' Budget Unit staff and staff from Quality Control & Assurance Unit with requisite financial skills and experience.

Program staff do not have the skills required for financial statement reviews

However, ongoing annual reviews of financial statements also provide useful information regarding changes such as sources of funding, ability to fund operations and the level of exposure created by outstanding liabilities. Reviewing these financial statements requires support from staff with appropriate levels of skills and experience. TESS staff assigned to this task indicated to us that, in their view, they do not currently have sufficient skills to effectively perform this task. It is important that financial statement reviews are completed by staff with appropriate expertise.

Recommendation:

- 7. City Council request the General Manager of Employment and Social Services to explore how Toronto Employment and Social Services can efficiently analyze annual financial statements submitted by agencies.**

D.2. Improve Internal Controls for Discretionary Benefit Payments

Agreement with Toronto District Funeral Directors

OW participants may be eligible for discretionary benefits such as costs relating to funeral arrangements. TESS has established an agreement with the Toronto District Funeral Directors relating to services required under these discretionary benefits.

In 2012, the City was involved with arrangements for 1,769 funerals. The gross expenditure for these arrangements was \$7.2 million, reduced to \$4.7 million after recoveries from estates. With the provincial contribution considered, the net municipal expenditure was \$0.8 million.

Update policies to be compliant with legislation and strengthen internal controls

As part of this audit we reviewed the agreement with the Toronto District Funeral Directors. We reviewed a sample of payments processed under the agreement to ensure compliance with legislation and corporate policies. We identified instances of non-compliance with legislation and policies. Further, during our review, we identified a need to update policies and procedures.

In addition, we discussed with management internal control weaknesses we found with processing payments related to funerals. For example, reviews should be conducted to ensure that payments are only made for eligible expenses.

While the instances of non-compliance were not material in dollar value, they were not isolated incidents and represent control weaknesses that need to be rectified.

Recommendation:

- 8. City Council request the General Manager of Employment and Social Services to revise administrative controls to ensure payments for funeral services are properly authorized and in compliance with legislation and corporate policies.**

CONCLUSION

Conclusion

Implementing the recommendations in this report will improve the outcomes achieved from employment assistance services for OW recipients, make the process more efficient and, ensure OW recipients receive the appropriate supports to help them become and stay employed.

Exhibit 1**Agencies Providing Employment Support Services for TESS**

1. Ability Learning Network	23. Opportunity for Advancement
2. Abrigo Centre	24. Polycultural Immigrant and Community Services
3. ACCES	25. Project Work
4. Centre for Education and Training	26. PTP - Adult Learning and Employment Programs
5. Centre for Security Training and Management Inc.	27. Rehabilitation Network Canada Inc
6. Community MicroSkills Development Centre	28. Riverdale Immigrant Women's Centre
7. COSTI	29. S & A Sprint Truck Driving School
8. EnVision Group	30. Salvation Army
9. Fred Victor Centre	31. Skills for Change of Metro Toronto
10. Gateway Café	32. St. Stephen's Community House
11. Goodwill Industries of Toronto	33. The Training Renewal Foundation
12. Greater Toronto Apartment Association	34. Toronto Business Development Centre
13. Jay's Professional Truck Training Centre	35. Toronto District School Board (TDSB)
14. Job Start	36. University Settlement Employment & Training Department
15. John Howard Society of Toronto	37. WoodGreen Community Services
16. JVS Toronto	38. Working Skills Centre
17. Learning Enrichment Foundation	39. Working Women Community Centre
18. Miziwe Biik Aboriginal Employment & Training	40. YES - Youth Employment Services
19. Neighbourhood Link	41. YMCA of Greater Toronto
20. Oasis Addiction Recovery Society	42. Yonge Street Mission
21. Ontario March of Dimes	43. YWCA of Greater Toronto
22. Operation Springboard	

**Management's Response to the Auditor General's Review of
Toronto Employment and Social Services – Review of Employment Services Contracts**

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: <i>(Comments are required only for recommendations where there is disagreement.)</i>	Action Plan/Time Frame
1.	City Council request the General Manager of Employment and Social Services to review the performance outcome criteria specified in contracts with providers of employment services, with a view to ensuring they are realistic, measurable and achievable.	X			<p>TESS will establish a mechanism as part of the 2014-2015 Request for Proposal process to address the performance outcome criteria specified in contracts with providers of employment services.</p> <p>The new modernized performance outcome criteria will be based on informed research and will reflect current economic and labour market forecast. TESS will ensure that the new performance standards are realistic, measurable and achievable.</p> <p>TESS will also engage other jurisdictions to identify best practices in this area.</p> <p>The 2012 Commission on the Reform of Ontario Public Services contained several recommendations for effectiveness and efficiency with which public services can be delivered. Chapter 9, Employment and Training Services, contains recommendations related to outcomes. As such TESS will consult with the appropriate provincial staff to ensure consistency.</p> <p>It is expected that this recommendation will be implemented as part of the 2014- 2015 RFP process for contacted services.</p>

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: <i>(Comments are required only for recommendations where there is disagreement.)</i>	Action Plan/Time Frame
2.	<p>City Council request the General Manager of Employment and Social Services conduct thorough reviews of agencies not meeting performance outcomes in order to develop adequate Action Plans to improve future outcomes. For agencies consistently unable to meet performance outcomes, consideration be given to seeking alternate methods or providers for the services.</p>	X			<p>Following the implementation of Rec No 1, TESS will work in partnership with Shelter Support & Housing Administration's (SSHA) contract management workgroup and SDFA's Toronto Community Grants Committee to:</p> <ol style="list-style-type: none"> 1. Identify best practices utilized with other grants managers in managing performances with contracted agencies 2. Strengthen tracking systems to ensure that performance measures are met 3. Develop a template for action plans to be completed by agencies 4. Ensure follow-ups with agencies are documented 5. Update TESS's current manual for reviewing applications to incorporate review of past performance <p>The above actions will take into consideration that contracts are used to purchase up to four different types of employment services per agency. Each program's specific performance outcomes are stipulated in the terms and conditions of the new contract and will be reported, monitored and evaluated separately.</p> <p>TESS will engage Purchasing Materials Management Division in circumstances whereby there is a need to seek alternate providers.</p> <p>It is expected that this recommendation will be implemented as part of the 2014- 2015 RFP process for contacted services.</p>

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: <i>(Comments are required only for recommendations where there is disagreement.)</i>	Action Plan/Time Frame
3.	<p>City Council request the General Manager of Employment and Social Services to conduct an independent evaluation of the Division's employment assistance programs and report back on their effectiveness in assisting participants to sustain long term employment.</p>	X			<p>TESS is committed to ensuring its employment assistance programs are effective and help participants to enhance their employability and find and keep jobs over the long-term. TESS also recognizes the importance of high quality research and evaluation to support that end.</p> <p>One of the key recommendations of Working as One, the City's workforce development strategy, is to develop consistent outcomes across the range of employment services in Toronto to assess and enhance service effectiveness.</p> <p>The City's Action Plan for Social Assistance, approved by City Council in 2006, called on the Provincial government to support such research and evaluation. In Breaking the Cycle: Ontario's Poverty Reduction Strategy, released in 2009, the Province made a commitment to establish an independent Social Policy Institute to focus on evidence-based social policy and evaluation.</p> <p>TESS agrees that there needs to be comprehensive and rigorous assessment of employment assistance programs and will work with others including the Province, other jurisdictions, academics and researchers to assess the effectiveness of its employment services.</p>

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: <i>(Comments are required only for recommendations where there is disagreement.)</i>	Action Plan/Time Frame
4.	<p>City Council request the General Manager of Employment and Social Services to review the referral process in order to improve the acceptance rate of participants into employment assistance activities. At a minimum pre-screening tools provided by agencies should be used by Employment and Social Services caseworkers.</p>	X			<p>Each agency contract specifies the current referral process which includes pre- screening by TESS in accordance with the prerequisites provided by the agency. The agency remains responsible for the final screening and acceptance of clients referred.</p> <p>TESS has implemented a number of strategies including; the Employment Service Planner (ESP) and Employment and Service Information System (EASi). The Service Review Tool will be implemented in November 2013. These strategies will help ensure client service plans are updated on a timely basis for employment assistance activities and will result in case workers referring clients who meet the prerequisites for employment assistance activity provided by the agency. While these initiatives support continuous improvement opportunities for TESS by specifically addressing the appropriateness, the focus and the effectiveness of employment service plans and referrals.</p> <p>TESS will conduct reviews to monitor these automated technology tools for their effectiveness consistent with the Division's work plan for reviews.</p> <p>This recommendation is currently under implementation.</p>

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: <i>(Comments are required only for recommendations where there is disagreement.)</i>	Action Plan/Time Frame
5.	<p>City Council request the General Manager of Employment and Social Services to ensure client service plans are updated on a timely basis for employment assistance activities and status changes.</p>	X			<p>In 2012, TESS implemented the Employment Service Planner (ESP) and Employment and Service Information System (EASi).</p> <p>In addition, the Service Review Tool will be implemented in November 2013. The Service Plan Review Tool will help ensure that client service plans are updated on a timely basis for employment assistance activities and status changes through supervisory reviews and monitoring.</p> <p>These initiatives support continuous improvement opportunities for TESS by specifically addressing the appropriateness, the focus and the effectiveness of employment service plans.</p> <p>TESS will conduct reviews to monitor these automated technology tools effectiveness consistent with the Division's work plan for reviews.</p> <p>This recommendation is currently under implementation.</p>

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: <i>(Comments are required only for recommendations where there is disagreement.)</i>	Action Plan/Time Frame
6.	City Council request the General Manager of Employment and Social Services to explore the opportunity to automate updates on employment assistance activities within the new provincial information system to be implemented for the Ontario Works program.	X			TESS will forward the Auditor General's observations and recommendation to the appropriate Provincial staff for consideration as part of the business process redesign and the new technology development scheduled for implementation in spring/summer of 2014.

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: <i>(Comments are required only for recommendations where there is disagreement.)</i>	Action Plan/Time Frame
7.	<p>City Council request the General Manager of Employment and Social Services to explore how TESS can efficiently analyze financial statements submitted by agencies.</p>	X			<p>TESS has commenced consultation with Shelter, Support and Housing Administration (SSHA) and Social Development, Finance and Administration (SDFA) to engage in collaborative work in this area specifically:</p> <ol style="list-style-type: none"> 1. to develop guidelines for analyzing financial statements to detect unusual financial information and revenue diversification details, and 2. to utilize a risk analysis and documentation tool (developed by SDFA) to identify unusual financial information, including consideration of funding sources and organization capacity to sustain core activities. To be used by TESS to support RFP and yearly review process. <p>It is expected that this recommendation will be implemented as part of the 2014- 2015 RFP process for contracted services.</p> <p>TESS notes currently subject matter experts from QC&A and the Budget Unit review all financial statements submitted during the RFP process and identify concerns.</p>

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: <i>(Comments are required only for recommendations where there is disagreement.)</i>	Action Plan/Time Frame
8.	City Council request the General Manager of Employment and Social Services to revise administrative controls to ensure payments for funeral services are properly authorized and in compliance with legislation and corporate policies.	X			<p>It is expected that this recommendation will be implemented in the first quarter of 2014.</p> <p>TESS will conduct random and focused reviews as part of the Division's review work plan for 2014- 2015.</p>