

Status of Audit Recommendations for Children's Services

Date: October 19, 2021

To: Audit Committee

From: General Manager, Children's Services

Wards: All

SUMMARY

At its meeting of July 7, 2021, the Audit Committee directed staff to report back on the status of outstanding recommendations from the Auditor General's reports that relate to Children's Services. This report responds to this request and presents an overview of actions that Children's Services has undertaken and will continue to take to fully implement all of the Auditor General's recommendations. The outstanding recommendations related to Children's Services are contained in the Auditor General's report: "Children's Services Division: Opportunities to Achieve Greater Value for Child Care from Public Funds".

RECOMMENDATIONS

The General Manager, Children's Services recommends that:

1. The Audit Committee receive this report for information.

FINANCIAL IMPACT

There are no current or known future year financial impacts arising from the recommendation contained in this report.

DECISION HISTORY

At its meeting of July 7, 2021, the Audit Committee adopted Item AU9.6, Auditor General's Status Report on Outstanding Recommendations, which included a motion for Children's Services to report back to the November 2, 2021 meeting of Audit Committee with an update on the status of completed and uncompleted recommendations and explanations for why the recommendations have not been completed. The report is available at: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.AU9.6>

At its meeting of May 11, 2018, the Audit Committee adopted Item AU12.2, Children's Services Division: Opportunities to Achieve Greater Value for Child Care from Public Funds. The report is available at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.AU12.2>

COMMENTS

In accordance with the 2017 Audit Work Plan, the Auditor General initiated a review of Children's Services operations. The findings from this review are provided in the Auditor General's report, "Children's Services Division: Opportunities to Achieve Greater Value for Child Care from Public Funds (April 2018)". The report contains 20 recommendations to the General Manager, Children's Services and to the City Manager. The Auditor General also provided a management letter, which included three additional recommendations. In addition, when the report was considered by City Council on May 22, 2018, a further recommendation was added, bringing the total number of Audit recommendations to 24.

As of October 2021, 14 of the 24 recommendations have been fully implemented and 10 items are being actioned in order to be fully implemented. The following is the status of each recommendation.

Rec.	Recommendation	Current status/ (Updated time line)
1	City Council request the City Manager to further consider the findings of the Auditor General and conduct an analysis of the full costs and financial and non-financial benefits of City-run child care centres with a view to achieving optimal value for public funds while maintaining required staffing, program quality and optimal outcomes for children, families and communities, and report to City Council in the second quarter of 2019.	Fully Implemented
2	City Council request the General Manager, Children's Services Division, to take steps to increase access to the existing licensed child care spaces in the City for the purchase of services for children with subsidies. Steps should be taken, but not be limited to: a. Expanding the maximum number of spaces that can be purchased from contracted non-profit licensed child care centres b. Minimizing the vacancy rate in the City-run child care centres c. Exploring ways to access existing spaces in the non-profit licensed child care centres	The Division has taken action to expand the number of spaces in the contracted non-profit sector. Between December 2018 and December 2019 an additional 2759 spaces were added by Licensed, not-for-profit operators who have a Service Agreement for Child Care Fee Subsidy with the City. Since December 2017 there has been an increase of 5930 additional spaces.

	which do not currently have a service agreement with the Division.	In order to minimize the vacancy rate in the City's directly operated child care centres, Toronto Early Learning Child Care Services (TELCCS), the Division implemented an enrollment and vacancy management action plan. This included a TELCCS waitlist management procedure, improved business processes and communication between staff, and added training for staff on these procedures and processes increasing their occupancy capacity to 93%. Instability of the child care sector related to COVID-19, has resulted in few expansion requests across the sector; however, the division continues to receive and approve eligible requests.
3	City Council request the General Manager, Children's Services Division, to expedite the process of providing centralized and up-to-date vacancy information on licensed child care spaces in Toronto to help families look for licensed child care services	Fully implemented
4	City Council request the General Manager, Children's Services Division, in her reports of wait list numbers for child care subsidies, to provide a detailed breakdown of the numbers to delineate: a. Children whose subsidy has already been allocated b. Children with an immediate child care need c. Children with a future child care need.	Fully implemented
5	City Council request the General Manager, Children's Services Division, to take the necessary steps to ensure consistent application of the first-come, first-served policy in allocating the child care fee subsidy. Such steps should include, but not be limited to: a. Developing a more efficient process to contact applicants and update the wait list b. Improving supervisory review protocol	A capital project is currently under development to improve the process of contacting waitlist clients in a more efficient way. (Q1, 2023)

	c. Developing automated system controls to prevent data entry errors as well as ensuring critical data fields are completed.	
6	City Council request the General Manager, Children's Services Division, to improve the current measures to ensure sufficient and timely supervisory review of files that are approved for child care fee subsidies.	A new Client File Review process was implemented in September 2019. Caseworkers, Supervisors and Managers are currently using the revised process. A review and random file audit to assess compliance will be completed by Q4, 2021.
7	City Council request the General Manager, Children's Services Division, to review the current policy requirements regarding proof of attendance or completion of post-secondary school programs as an approved activity for child care fee subsidies.	Fully implemented
8	City Council request the General Manager, Children's Services Division, to request the Ministry of Education to review and consider including current pay stubs as part of the requirements for assessing applicants' income and eligibility for child care fee subsidies.	Fully implemented
9	City Council request the General Manager, Children's Services Division, to revise current policies pertaining to child care fee subsidy adjustments to ensure the following: a. Requiring subsidy recipients to report increases in income of 20 per cent or more and to process the appropriate subsidy adjustment b. Calculating overpayment and underpayment and any change to the subsidy amount based on the time when the income change occurs.	Fully implemented
10	City Council request the General Manager, Children's Services Division, to improve controls for the "job search" policy for child care fee subsidy recipients. These should include: a. Implementing monitoring and review processes to ensure the "job search" policy is appropriately used b. Establishing specific criteria and procedures to verify recipients' job search activities c. Ensuring adequate assessment of overpayment when subsidy recipients are	This job search policy was implemented in September 2019. Monitoring to ensure compliance will be completed in Q4 2021.

	found to be ineligible for the job search allowance.	
11	City Council request the General Manager, Children's Services Division, to ensure cases of child care subsidy withdrawals are adequately assessed for potential improper payment and decisions are documented. Improper payments caused by administrative errors should be identified and tracked to ensure corrective actions are taken to prevent the recurrence of these errors.	Changes to the withdrawal policy were implemented in September 2019. Further improvements to business processes will be completed by Q4 2021.
12	City Council request the General Manager, Children's Services Division, to ensure adequate controls are in place to monitor and recover overpayments related to child care fee subsidies.	A capital project is currently under development to improve the process of monitoring and recovering overpayments related to fee subsidy. (Q1, 2023)
13	City Council request the General Manager, Children's Services Division, to develop formal policies and procedures to deter and detect potential fraud among recipients of child care fee subsidies and child care centre operators.	Fully implemented
14	City Council request the General Manager, Children's Services Division, to collaborate with the General Manager, Toronto Employment and Social Services and the General Manager, Shelter, Support and Housing Administration to incorporate a centralized overpayment recovery and fraud investigation function within the Human Services Integration Unit.	Fully Implemented - Pending verification by the Auditor General
15	City Council request the General Manager, Children's Services Division, to review the appropriateness of the legacy policy to provide child care fee subsidies to City employees who reside outside of the City, in the context of the current legislative requirements and the City's Human Resources policies. The review results are to be reported to City Council in early 2019.	The Workplace Child Care for City of Toronto Employees Policy has been updated. The policy has been reviewed by the City's People, Equity & Human Rights Division and policy changes are included in this report.
16	City Council request the General Manager, Children's Services Division, to ensure applications for the child care fee subsidy by social assistance recipients and referrals from Toronto Employment and Social Services are consistently processed and given the same priority	Fully implemented

17	City Council request the General Manager, Children's Services Division, to collaborate with the General Manager of Employment and Social Services Division and the General Manager of Shelter Support and Housing Administration Division, to continue to identify and implement opportunities to further improve the coordination of services across the three income-based assistance programs, and to expedite the implementation of the Human Services Integration Strategy	Fully Implemented - Pending verification by the Auditor General
18	City Council request the General Manager, Children's Services Division, to report back on the need to continue the Assessment for Quality (AQI) program after working with the Province on this matter, and to commission an independent, anonymous survey of contracted child care centre operators in 2019 to seek feedback on customer service and satisfaction levels pertaining to the delivery of the AQI program	The Division engaged an independent third party consultant to complete the customer service review and a report was completed in October 2021. The report concluded that Two in three responding child care operators strongly agree or agree that the (AQI) supports an increase in staff providing an environment that is culturally responsive and inclusive. The Ministry of Education is currently exploring a definition and approach to evaluating quality; however the Ministry has advised that this work is currently on hold as a result of the pandemic. Once this work resumes, Children's Services will participate in this discussion and provide feedback based on Toronto's experience. An update will be provided in 2022.
19	City Council request the General Manager, Children's Services Division, to strengthen the internal controls to adequately monitor and ensure that all employees working in City-run child care centres meet the legislative requirements for employment	The Division has taken steps to implement controls to monitor and ensure all employees working in City-run child care centres meet the legislative requirements. The improvements allow for better tracking of staff credentials, the development of supervisor exception reports, and a process to regularly audit staff files to ensure compliance.

		Further improvements to these processes will be completed by Q4 2021.
20	City Council request the General Manager, Children's Services Division, to strengthen the internal controls to adequately monitor and ensure that all employees working in City-run child care centres meet the legislative requirements for employment.	Fully implemented
RECOMMENDATION ADDED AT COUNCIL		
	City Council direct the City Manager to convene a round table with not-for-profit child care operators to discuss issues and opportunities related to service delivery.	Fully Implemented
MANAGEMENT LETTER		
	City Council request the General Manager, Children's Services Division, to review and determine the appropriateness of the legacy York Before and After School Program in the context of the current legislative requirements under the Child Care and Early Years Act.	Fully implemented
	The General Manager, Children's Services Division, review and determine the appropriateness of the legacy York Before and After School Program in the context of the current legislative requirements under the Child Care and Early Years Act.	Currently the child care and early years sector is in a state of recovery. Children's Services continues to focus on recovery and rebuilding and will continue to support the safe and enhanced provision of services, stabilize the sector and support families to return to care. The Division will continue to work to phase out the program through attrition. Taking into consideration the current instability of the sector and possible impacts to families, no imposed changes to this program are anticipated in 2021. An update will be provided in 2022.
	The General Manager, Children's Services Division, ensure eligibility reviews are scheduled in advance and completed prior to the subsidy expiry date.	Fully implemented

As noted in the updates provided above, the Children's Services legacy policy to provide child care fee subsidies to City employees who reside outside of the city has been updated. Employees who reside outside of the city will no longer be eligible for priority access to city operated child care programs, or be able to apply for fee subsidy funding from the City of Toronto. Employees will be required to apply for child care, and

fee subsidy funding in the municipality where they reside.

Children's Services is committed to fully implementing all the outstanding recommendations contained in the Auditor General's report; it should be noted that the COVID-19 pandemic has had significant destabilizing effects on the child care and early years sector, which has necessitated the Division focus primarily on stability, recovery and rebuilding.

The declaration of the pandemic mandated the closures of licensed child care centres, before-and-after-school programs, EarlyON Child & Family Centres, and suspension of in-person Every Child Belongs services in Toronto. Soon after this declaration, the Province announced the authorization of emergency child care for children of essential and critical service workers, which the City of Toronto operated through eight of its directly operated centres. Licensed child care centres remained closed for at least three months until gradual reopening under new health and safety measures took place in June 2020. By September 2020, centres were permitted to return to their full operating capacities. Full enrolment was not realized, but is slowly increasing, leaving significant vacancies in the system.

Since that initial closure and reopening, the child care and early years system has faced rolling lockdowns and closures, both outbreak related and mandated during multiple waves of the pandemic. In addition, continuous effort continues to be required ensuring policies and practices related to both the Provincial and Municipal health guidelines are followed. Children's Services has responded ([2021.EC22.2](#)) with a variety of actions and continues to focus on taking actions to stabilize the system.

The Division is committed to continuous improvement and service excellence, and will action and closely monitor the progress for implementation of the remaining Auditor General recommendations.

CONTACT

Trish Horrigan, Manager, Risk Management and Accountability, Children's Services, 416-392-6625, Trish.Horrigan@toronto.ca

SIGNATURE

Shanley McNamee
General Manager, Children's Services