



Report of the Auditor General of Canada to the Northwest Territories Legislative Assembly—2013

Northwest Territories Income Security Programs—
Department of Education, Culture and Employment



Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

OAG-BVG

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Auditor General of Canada
Vérificateur général du Canada

To the Honourable Speaker of the Northwest Territories Legislative Assembly:

I have the honour to transmit herewith my report on Northwest Territories Income Security Programs—
Department of Education, Culture and Employment to the Northwest Territories Legislative Assembly in
accordance with the provisions of section 30 of the *Northwest Territories Act*.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Michael Ferguson".

Michael Ferguson, FCA

OTTAWA, 7 March 2013

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Northwest Territories Income Security Programs—Department of Education, Culture and Employment

Main Points

What we examined

The Department of Education, Culture and Employment is responsible for delivering several key income security programs in the Northwest Territories: the Income Assistance program, the Student Financial Assistance program, the Child Care User Subsidy, and the Senior Home Heating Subsidy. The Department spends a total of about \$30 million annually on these programs.

We examined whether the Department is delivering its income security programs in accordance with key elements of applicable legislation and policies. We also examined whether the Department assesses program performance to ensure that the objective it has set out for its income security programs is being met.

Audit work for this report was completed on 30 September 2012. More details on the conduct of the audit are in **About the Audit** at the end of this report.

Why it's important

The *Social Assistance Act* gives the Department responsibility for supporting the financial welfare of residents in need through its income security programs. These programs provide support to individuals and families in order to help them meet their basic needs and also to assist them in becoming more self-reliant. Income security programs often support vulnerable members of society, including seniors, single parent families, the disabled, and those suffering from physical or mental health issues or addictions. The *Student Financial Assistance Act* gives the Department responsibility for supporting residents in pursuing post-secondary studies.

The remoteness of many communities in the Northwest Territories presents residents with several challenges that have an impact on income security program usage, including a high cost of living, limited access to goods and services, and limited employment opportunities. Some residents in the Northwest Territories also face serious health and social issues, including high rates of addictions and chronic health issues.

The Department considers it important that all residents have access to these critical programs, regardless of where they live in the Northwest Territories. It is important that the Department deliver income security programs in accordance with requirements, in order to ensure that it meets its commitment to support vulnerable residents and assist them in becoming more self-reliant where possible and fulfilling important life goals such as pursuing post-secondary studies.

What we found

- The Department of Education, Culture and Employment provides residents of the Northwest Territories with reasonable access to its income security programs. It does this by promoting these programs through the media, providing program information sessions, routinely visiting small and remote communities, and offering local Aboriginal language services in several communities. The Department has also made improvements to its appeals processes, providing residents with the opportunity to challenge decisions regarding their eligibility for income security programs or the level of benefits received.
- Of the 65 client files we examined, 38 did not meet one or more key program requirements. For example, the Department did not consistently verify client eligibility and, in some cases, payments made to clients were either inaccurate or were not made within the required time frames. For some clients this meant delays in receiving payments and possible financial hardship. Furthermore, in some cases, the Department had not conducted proper verifications of client income or of client participation in activities that were required for clients to remain eligible for a program.
- There are a number of weaknesses in the Department's processes and systems to support program delivery. For example, the Department does not consistently follow the required processes or ensure that guidance to front-line workers delivering the programs is clear. It also does not ensure that the training provided to front-line staff equips them with the necessary skills, competencies, and understanding of program requirements. Nor does it sufficiently monitor the delivery of income programs across the territory to ensure that applicants are assessed and benefits are paid to clients according to requirements.

- The Department collects some data for its income security programs but does not sufficiently use this information to analyze program performance and modify programming. While it has analyzed usage of one program and undertaken a review of funding levels in another, it has not formally assessed whether income security programs are meeting their objectives.

The Department has responded. The Department agrees with all of our recommendations. Its responses follow the recommendations throughout the report.

Introduction

1. The Government of the Northwest Territories considers income security programs part of a social safety net that goes beyond simply providing financial support to residents. The programs are intended to ensure that residents not only have access to the basic necessities of life, but also have the means to become more self-reliant where possible.
2. The government spends approximately \$140 million annually to deliver 16 income security programs, to help residents meet basic needs and to address such social issues as housing, child care, mental health, and addictions. This represents about 10 percent of the government's overall spending.
3. The Department of Education, Culture and Employment is responsible for four key income security programs: the Income Assistance program, the Student Financial Assistance program, the Child Care User Subsidy, and the Senior Home Heating Subsidy (Exhibit 1). The Department spends about \$30 million on these programs annually.
4. The *Social Assistance Act* and Regulations give the Department the authority to provide assistance and welfare services to residents in need. The *Student Financial Assistance Act* and Regulations give the Department the authority to assist residents seeking post-secondary education. The Department has also developed policies, procedures, and guidelines to help guide the delivery of each of its income security programs. Combined, these set out the requirements for program eligibility, the types and amounts of assistance that residents may receive, and how the Department is to deliver programs.
5. The Minister of Education, Culture and Employment appoints a Director of Income Security to oversee the delivery of the Department's income security programs and ensure that eligible residents receive support. Five regional service centres deliver the Income Assistance program, the Child Care User Subsidy, and the Senior Home Heating Subsidy. Each regional centre has a superintendent and a manager who manage the delivery of income security programs. These regional centres, in turn, manage 22 community service centres located across the territory. Client service officers in both regional and community centres provide the programs to residents, according to the requirements set out in program legislation, regulations, and policies. This includes assessing

and paying income security benefits. As of the end of our examination period, there were 28 client service officers.

6. The Department manages the Student Financial Assistance program centrally, with four student case officers permanently assigned to this program. Each year, post-secondary students are hired to assist in processing applications in the peak summer period.

Exhibit 1 Department of Education, Culture and Employment’s key income security programs

Program	Objective	Client eligibility and payment methods
<p>Income Assistance</p> <p>Budget of \$14.8 million (2011–12 Main Estimates)</p> <p>3,340 recipients in the 2010–11 fiscal year (1,200 to 1,700 residents receive benefits each month)</p>	<p>A legislated program that provides financial aid to help residents meet their basic needs for food, clothing, and shelter. The program promotes self-reliance and aims to help residents participate in their communities and in society to their fullest potential.</p>	<p>A client’s financial needs are assessed monthly, and payments are calculated according to income, marital status, number of dependents, and monthly living expenses. To remain eligible, a client must also participate in monthly programs or activities, known as productive choices, unless exempt.</p> <p>A client can choose to receive payments by cheque or direct deposit, or to have them made directly to service providers, such as landlords, grocery stores, and utility companies.</p>
<p>Student Financial Assistance</p> <p>Budget of \$12.4 million (2011–12 Main Estimates)</p> <p>1,570 recipients in the 2010–11 fiscal year (approved full-time students)</p>	<p>A legislated program that provides financial assistance for study at accredited post-secondary institutions within the Northwest Territories or elsewhere. The program supplements the cost of post-secondary education and aims to support residents in developing the skills, knowledge, and ability to be self-reliant.</p>	<p>A student can receive up to \$60,000 in financial assistance over the course of his or her studies through a combination of grants and loans. The amount received depends on the student’s Aboriginal status, as well as length of residency and school attendance in the Northwest Territories before starting post-secondary studies.</p> <p>A student approved for Student Financial Assistance receives payments at the beginning of each semester (for schooling expenses) and each month (for living expenses).</p>
<p>Senior Home Heating Subsidy</p> <p>Budget of \$1.6 million (2011–12 Main Estimates)</p> <p>500 recipients in the 2010–11 fiscal year</p>	<p>A discretionary program that provides financial assistance to low-income seniors to help with the cost of heating their homes.</p>	<p>A senior must be aged 60 or older, own their home, and meet an initial financial means test. Subsidy levels depend on a senior’s income and location in the Northwest Territories. The subsidy can be granted in the form of fuel oil, wood, propane, natural gas, and electricity.</p> <p>A senior is entitled to receive the subsidy for the full fiscal year or until his or her allocation has been spent. They may choose to have their heating costs paid directly to the service provider or to be reimbursed upon submission of invoices.</p>
<p>Child Care User Subsidy</p> <p>Budget of \$0.2 million (2011–12 Main Estimates)</p> <p>45 recipients in the 2010–11 fiscal year</p>	<p>A legislated program that assists lower-income families with their child care expenses so that they can work, study, or train within the Northwest Territories.</p>	<p>The subsidy is provided to a student or working parent who meets a financial needs test. A parent is to receive the subsidy at the beginning of each month for licensed child care or at the end of each month for unlicensed child care. Eligibility is determined through submission of invoices for child care expenses, attendance records, and proof of income.</p> <p>A recipient may choose to be reimbursed for expenses or have the Department pay the child care provider directly.</p>

Note: Legislated programs are mandated through territorial legislation and thus require spending by government. Discretionary programs are not legislated; the government chooses to spend money on the program rather than being obligated to do so.

Program challenges

7. The Northwest Territories covers a vast area encompassing approximately 1.3 million square kilometres. Many of its 33 communities are remote and isolated from the territory's larger centres. Smaller communities are often accessible only by air or, in winter, by ice roads. These remote communities face several challenges, including rapidly changing economic and cultural circumstances, severe winter weather conditions, high costs of living, limited access to goods and services, and the cyclical nature of employment based on resource development. According to statistics provided by the Department, the number of residents who rely on Income Assistance to provide or supplement their income varies among communities, ranging from 1 percent to 21 percent of residents.

8. Some residents also face serious health and social issues. Rates of homelessness, crime, and addiction in the Northwest Territories are among the highest in the country and may put an individual's employability, mental health, personal financial stability, and family well-being at risk. The availability of adequate and affordable housing in the Northwest Territories also has a significant impact on low-income families and individuals. Furthermore, these social issues are coupled with rates of certain chronic diseases that are substantially higher in the territory than the national averages. In particular, the territory's Aboriginal residents are burdened by poorer health outcomes than the non-Aboriginal population.

9. Within this complex set of circumstances, the Department delivers its income security programs. Many client service officers deal with the effects of poverty, poor health, addictions, and mental health issues, making the processing of some individual income security cases both time-consuming and complex. In some small and remote communities, client service officers work in isolation. They face the additional challenge of maintaining the autonomy required to ensure they deliver income security programs appropriately under community pressures.

10. In the 2005–06 fiscal year, the government began to shift the focus of its income security programs from being programs of last resort to programs aimed at increasing self-reliance. As part of this shift, in 2007 the government reviewed all income security programs and released its vision in a document entitled *Income Security: Breaking Down the Barriers of Poverty*. The document advocated reform to better align programs with the goal of building self-reliance among beneficiaries and to encourage more coordination in delivery.

Part of the government's vision for income security programs was that individuals and their families, regardless of their needs or circumstances, be treated with respect and dignity and that residents be given opportunities to become as self-reliant as their capacity allowed, in order to participate fully in community life. The Department sought to implement the new approach.

Focus of the audit

11. In this audit we examined whether the Department is delivering its income security programs according to key elements of applicable legislation and policies. We also examined whether the Department assesses if its income security programs are meeting their objectives.

12. We examined the Department's delivery of income security programs over a period of three and a half years (from April 2009 to September 2012). We also examined a selection of income security client files (from April 2009 to June 2012) to determine if applicants were assessed and benefits were paid according to program requirements. Our examination of the Department's efforts to assess program performance covered the period between January 2007 and September 2012, in order to include the government's efforts to reform its income security programs.

13. More details about the audit objectives, scope, approach, and criteria are in **About the Audit** at the end of this report.

Observations and Recommendations

Delivering and managing programs

The Department provides reasonable access to its income security programs

14. We examined whether the Department of Education, Culture and Employment provides residents with reasonable access to its income security programs. Specifically, we examined whether residents had enough information about the programs available to them, whether they could obtain information and assistance when needed, and what processes the Department has to ensure that residents can easily apply for programs wherever they live in the territory. Ensuring that residents have access to income security programs is important, given the critical role these programs play in helping to ensure quality of life as well as in fulfilling important life goals, such as the pursuit of post-secondary studies.

15. We found that the Department provides residents with reasonable access to its income security programs. The Department maintains toll-free numbers for clients to call to obtain program information, and distributes publicity such as brochures and newspaper advertisements across the territory. It also provides access through advertised regular visits by client service officers to small and remote communities, and advertises some of its programs on public television. Furthermore, officials told us that in several communities, client service officers provide services in the local Aboriginal language. The Department also displays a wide variety of information in its regional and community service centres about programs as well as other information, such as volunteer opportunities and child care providers in the region. Some regional service centres provide Internet access to clients so they can access banking and other information they need while applying to programs. For the Student Financial Assistance program, the Department also provides online applications for returning students and a wide variety of program information on its website.

16. In further efforts to enhance access, Department officials have made public presentations in some communities on income security programs. Officials informed us that they work with various Band offices, which display program materials and accept applications on the Department's behalf. In addition, in response to community and client needs, the Department has worked with hamlet councils to implement a voucher system for the Income Assistance program to help address the management of community social issues. The voucher applies to food, clothing, and other items, to help increase the likelihood that benefits will be used to support basic needs.

Income security client files are not managed according to program requirements

17. We examined the Department's delivery of program benefits for each of the four income security programs: Income Assistance, Student Financial Assistance, the Senior Home Heating Subsidy, and the Child Care User Subsidy. We took a random sample of 65 income security client files that were selected from both regional service centres and small, remote community service centres over three and a half years (from the 2009–10 fiscal year to the 2012–13 fiscal year). We examined the files to determine whether officials assessed clients and paid benefits in compliance with key elements of legislative and policy requirements. More specifically, we examined whether the Department verified that initial and ongoing eligibility requirements were met and that accurate and timely payments were made to clients in the appropriate form.

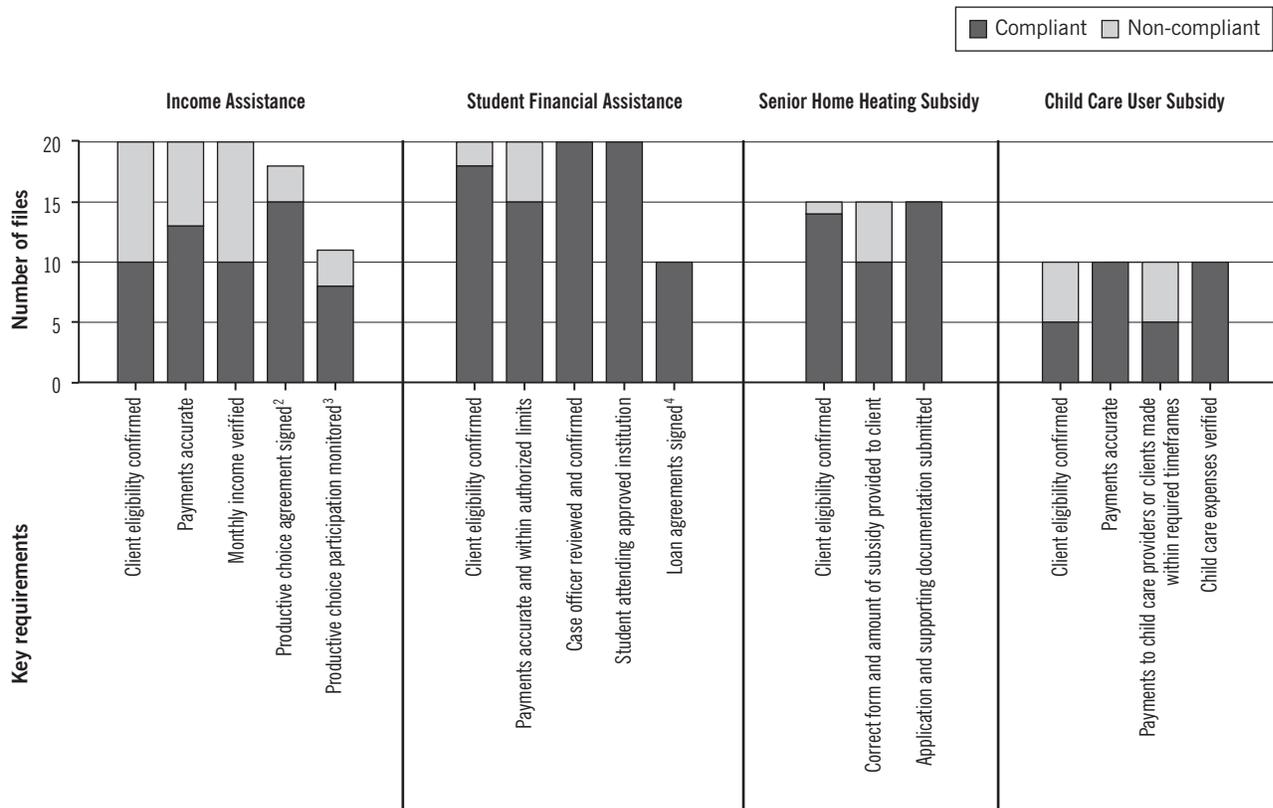
18. Delivering income security benefits in compliance with program requirements is important, because many residents rely on these programs to meet their basic needs, to help them find work, or to go on to post-secondary education. Not complying with these requirements means the Department may not be making effective use of public funds and may be compromising its commitments to support vulnerable residents and to help them become more self-reliant. It also means that residents may not be guaranteed the same level of service regardless of where they live.

19. We found that key program requirements were not met for 38 of the 65 income security files we reviewed across the four programs. The majority of Income Assistance files were not administered in compliance with program requirements. For the Student Financial Assistance program, while two-thirds of the files we reviewed met program requirements, one third did not comply with residency requirements, or payments were inaccurate. For both the Senior Home Heating Subsidy and Child Care User Subsidy, key program requirements were not followed for some clients, affecting the amount of subsidy they received or delaying payments. A summary of findings for all files we examined is presented in Exhibit 2.

20. While we found that many of the files we reviewed did not meet key program requirements, we also observed numerous examples of good case management practices and areas where some of these key program requirements were consistently met. We found many examples of client service officers providing active assistance to clients requiring extra support. These included conducting home visits, supporting clients in completing income security applications, and

implementing alternative payment methods to help clients manage their personal circumstances. The Department also provides Income Assistance clients with the option of direct payment to landlords and utility companies, to assist them in managing their finances.

Exhibit 2 Non-compliance with key requirements exists in all income security programs¹



¹ Our audit tests required that an income security file meet all key program requirements to be considered compliant. All of the income security files we reviewed that we assessed as non-compliant did not meet at least one key program requirement.

² Out of 20 Income Assistance clients, 18 were expected to sign a productive choice agreement. Two clients were exempt from participating in a productive choice.

³ Out of the 18 clients expected to sign a productive choice agreement, four had signed but did not apply for benefits in subsequent months. An additional 3 clients had not signed a productive choice agreement, so there was no designated productive choice to monitor.

⁴ An additional 10 students had received a grant and so were not required to sign a loan agreement.

21. Income Assistance program. We found that 18 of 20 Income Assistance files we reviewed (90 percent) did not meet one or more key program requirements. A summary of our findings is presented in Exhibit 3. We found noticeable inconsistencies in how client service officers assessed clients and in their adherence to program policies and procedures. Some client service officers performed the required verification of income for files while others did little or no verification. We also found that in some cases, client service officers were diligent in

tracking participation in productive choices (see Exhibit 4) and refusing payments if clients had not participated as required. In other cases, clients either had not chosen a productive choice or the client service officer had not monitored the client's participation in the productive choice, yet clients continued to receive benefits. These inconsistencies mean clients received different income security benefits depending on which client service officer was processing their file.

Exhibit 3 Income Assistance files: Summary of findings

In 10 of 20 files, client eligibility was not confirmed, because client income or other key information was not verified at the time of initial application, yet these clients were approved for benefits.

In 10 of 20 files, the client's monthly income was not verified, yet monthly assistance was paid.

In 3 of 18 files, the client had not committed to a productive choice but continued to receive benefits. (Two clients were exempt from participating.)

In 3 of 11 files, the Department was not monitoring the clients' participation in their designated productive choice, yet they continued to receive benefits. (Four additional clients had signed a productive choice agreement but did not apply for benefits in subsequent months. An additional three clients had not signed an agreement; hence there was no activity to monitor.)

In 7 of 20 files, payments made to clients were inaccurate:

- In 2 files, clients received overpayments (for food, utilities, or clothing) totalling approximately \$320.
 - In 2 files, clients were underpaid (for clothing or housing costs) totalling approximately \$200.
 - In the remaining files, the Department had identified overpayments totalling \$1,143, of which \$500 had been collected at the time of our review.
-

Exhibit 4 Productive choices: A unique Income Assistance requirement

Productive choices are activities that clients are capable of participating in, such as employment, traditional activities (such as hunting, trapping, and fishing), education, and wellness programs that may help them move toward self-reliance. Clients must participate in a productive choice each month to receive Income Assistance benefits on an ongoing basis. Senior clients or those who have a short- or long-term disability are exempt from participating in these activities. The *Income Assistance Regulations* require that the Department monitor client participation in these activities each month.

The Department introduced the productive choices requirement in the mid-1990s, when it assumed responsibility for delivering the Income Assistance program. The introduction of the productive choices requirement was part of the Government of the Northwest Territories' shift in focus to encouraging client independence and self-reliance through education and training, particularly among those capable of entering the labour force.

Source: *Income Assistance Regulations* (1990) and Income Support Reform (1996)

22. Student Financial Assistance program. We found that 7 of 20 Student Financial Assistance files (35 percent) did not meet one or more key program requirements. A summary of our findings is presented in Exhibit 5. We observed inconsistencies in the interpretation of program requirements, similar to our findings on the Income Assistance program. For example, we found that student case officers did not make consistent decisions on the key criterion of student residency, and decisions did not always comply with program eligibility requirements. This means that assistance may be paid to ineligible students (we found two such cases in our examination) or that eligible students may not have received benefits to which they were entitled.

Exhibit 5 Student Financial Assistance files: Summary of findings

In 2 of 20 files, student residency requirements had not been met, but students had been approved for funding.

In 5 of 20 files, payments made to clients were inaccurate:

- In 1 file, unauthorized payment totalling \$297 was made to a student for travel costs.
- In 3 files, students received overpayments on repayable loans totalling \$250, \$560, and \$640, respectively.
- In 1 file, the student was underpaid on a repayable loan by approximately \$1,500.

In 20 of 20 files, the student case officer reviewed and verified client information.

In 20 of 20 files, there was documentation that the student was attending an approved institution.

In 10 of 10 files, loan agreements were signed with the client. (The remaining 10 students had received a grant and so were not required to sign a loan agreement.)

23. Senior Home Heating Subsidy. We found that 6 of 15 Senior Home Heating Subsidy files (40 percent) did not meet one or more key program requirements. A summary of our findings is presented in Exhibit 6. We also found that although the program allows for payment of the subsidy for a full fiscal year, many seniors were granted the subsidy for a limited period of time each year, typically from September to March. Officials told us that this was done to ensure that seniors had subsidy support in the cold winter months. We found, however, that a number of these clients had received less than their allotted subsidy and might have benefited from the additional support between April and September. We encourage the Department to consider options to ensure that recipients have the opportunity to use their full subsidy amounts.

Exhibit 6 Senior Home Heating Subsidy files: Summary of findings

In 1 of 15 files, the client's eligibility had not been fully established.

In 5 of 15 files, clients did not receive the amount of subsidy they were entitled to:

- In 1 file, the client was overpaid by about \$180.
- In 2 files, about 40 percent of clients' subsidies remained unused, because the subsidy was not provided within the correct time frame.
- In 1 file, the client had been waiting at least five months for reimbursement of 92 percent of the subsidy.
- In the remaining file, the client was underpaid by \$10.

In 15 of 15 files, the application and supporting documentation were submitted.

24. Child Care User Subsidy. We found that 7 of 10 Child Care User Subsidy files (70 percent) did not meet one or more key program requirements. A summary of our findings is presented in Exhibit 7. We found that client service officers were often unclear about the required verification process and did not meet required timelines for providing subsidy payments to clients. This resulted in payment delays to parents or child care service providers for 5 of the 10 files we reviewed. As a result, the intent of the subsidy to support parents in attaining educational goals or achieving self-reliance may have been compromised.

Exhibit 7 Child Care User Subsidy files: Summary of findings

In 5 of 10 files, eligibility requirements were not met because key documentation was missing to establish the client's need.

In 5 of 10 files, payments to clients or child care providers were delayed. These delays ranged from 30 to 60 days.

In 10 of 10 files, the Department verified child care expenses, and payments were accurate.

25. It is worth noting that while our review of income security program files found cases where applications for assistance were approved or ongoing payments to clients were made without assurance that recipients met all key program requirements, this does not automatically mean that clients were ineligible. Rather, client service officers did not obtain all the information required to confirm that benefits are properly calculated and issued.

26. In summary. Our review of files for the four income security programs found significant issues with delivery of these programs in accordance with key requirements, which are set out in the *Social*

Assistance Act, the *Student Financial Assistance Act*, and their corresponding regulations. Financial management requirements set out in the *Financial Administration Act* and Financial Administration Manual also apply to the Department's delivery of these programs. In the following sections, we report on the processes and systems the Department has in place to deliver its income security programs, and on their adequacy for supporting program delivery that is compliant with these requirements and consistent across the Northwest Territories. Our recommendations on those issues can also be found in the following sections.

Processes to support program delivery are unclear in some areas

27. We examined whether the Department had clear processes, procedures, and systems in place to guide program delivery. We found that the Department has processes and tools in place to help support the delivery of income security programs. These range from detailed policies, procedures, and guidelines to standard templates used to guide staff when they deliver these programs. For example, both the Income Assistance and Student Financial Assistance policy and procedures manuals help explain detailed requirements set out in program legislation. The Department has also developed templates to help client service officers and student case officers administer benefits consistently for their clients.

28. However, we found policies, procedures, and guidelines lacked clarity in some key areas, resulting in inconsistent interpretation of, or adherence to, some program requirements. In the case of Income Assistance, the Department is required to confirm clients' incomes when they initially apply for benefits and each month thereafter. However, the policies and procedures do not provide clear instructions about how to do so. Our review of Income Assistance files reflected this lack of clarity. Some client service officers performed thorough verification of applicants' income, while others did not. In April 2012, the Department introduced formal guidance on how and when to verify client income for the purpose of determining their eligibility. These guidelines were not operational long enough for us to assess their impact on program delivery.

29. In the case of the Senior Home Heating Subsidy, the Department's guidelines do not explain how to verify home ownership and to verify who resides in the applicant's home. Both are important factors affecting program eligibility. We also found, in some regions, that the Department had difficulty tracking how much of the subsidy some clients used. This is because, in some cases, the Department

receives one general invoice that does not specify the amount of fuel provided to each recipient of the subsidy. Without individual client invoices, it is difficult for the Department to track client usage adequately, increasing the possibility that seniors may be receiving fuel below or in excess of their approved subsidy limit.

30. We also found that the Department's policies, procedures, and guidelines for the Child Care User Subsidy do not provide clear guidance for verifying child care costs, resulting in delayed payments to subsidy recipients. Requirements for this program are set out in both the Income Assistance policies and procedures and in a separate set of guidelines developed specifically for the program. The policies and procedures require that payment for licensed child care providers be made at the beginning of the month. The program guidelines allow for this, but clients are required to verify actual costs for the previous month before the next month's payment can be made. However, this requirement for verification is not clearly stated or understood by client service officers, resulting in various interpretations and leading to significant delays in payments.

31. In the 2011–12 fiscal year, the Department analyzed the Child Care User Subsidy and changed its delivery. These changes took effect in September 2012 and included reintegrating the subsidy with the Income Assistance program, which officials told us will make program requirements clearer. We did not examine files processed under the new Child Care User Subsidy requirements, as our examination was complete by this time.

32. The lack of clarity in income security policies, procedures, and guidelines is within the Department's ability to correct, through additional clarification of existing program requirements, and may not require fundamental changes to the processes currently in place to support program delivery. Clearer program requirements, in combination with assurance that all front-line staff have an accurate and consistent understanding of these requirements, may help improve delivery of these programs.

33. Recommendation. The Department of Education, Culture and Employment should clarify policies, procedures, and guidelines outlining income security program delivery requirements and how to meet them. It should ensure staff understand and are following these procedures and guidelines.

The Department's response. Agreed. The Department of Education, Culture and Employment continually seeks to ensure compliance with standard policy, procedures, and guidelines. The Department has recently developed three manuals in a new format that simplifies and clarifies the process for administering policies and procedures. These manuals are the verification manual, the Income Assistance policy manual, and a client service officer resources manual. These manuals were completed by October 2012.

34. Recommendation. As the Department of Education, Culture and Employment introduces its revised Child Care User Subsidy, it should develop clear guidelines that are consistent with program requirements and clearly communicate these requirements to front-line staff and potential applicants.

The Department's response. Agreed. The Department of Education, Culture and Employment introduced a revised Child Care User Subsidy in September 2012. Clear policies were developed and a communication plan was implemented to ensure staff and stakeholders are aware of the changes. Training for front-line staff was provided through Go-To-Meetings. This is a web-based training tool that the Department has recently adopted to deliver cost-effective training to front-line staff.

Lack of oversight increases risk in use of the client management and administration system

35. The Department uses a client management and administration system to support program delivery. This database contains a section for each income security program, and has standard parameters for each program, to guide staff in assessing client applications and in determining how much each client should receive. For example, in the case of Income Assistance, client service officers enter information related to the client's monthly income and expenses into the system. The system then calculates the client's level of entitlement for that month. The system builds in standard allowances for food and clothing tailored to each community, which assists client service officers in making accurate payments to clients.

36. We found that, while the database contains some controls to prevent errors, the system is built on the assumption that client service officers verify client information before it is entered to calculate client entitlement, and that they enter the information correctly. Our review of client files found that errors do occur, client service officers are not verifying client information in all files as required, and they do not always understand or apply program requirements in the same ways.

37. In the case of Income Assistance, client service officers also use the database to issue monthly payments to clients. (Payments under the other three programs are issued out of the government's financial system—the System for Accountability and Management). According to Department officials, officers do this to avoid delays in paying clients and to meet urgent client needs when necessary. In the Department's community service centres, client service officers can both commit and release payments through the database without any sign-off by a second party. This results in a lack of oversight and segregation of duties. An external review of the database in 2009 raised this lack of oversight and segregation of duties and made several recommendations to improve the system. The Department developed an action plan in response to the 2009 review findings, but no action had been taken on this issue as of September 2012. There is a risk the Department may not have the appropriate controls in place to help mitigate against errors in payments to income security clients or potential fraud.

Monitoring of program delivery in service centres is inconsistent across regions

38. Managers are responsible for ensuring that their staff members deliver income security programs according to requirements. We examined whether the Department monitors regional and community service centres as part of its processes to support compliant and consistent program delivery. We also examined whether the Department monitors delivery of the Student Financial Assistance program at its headquarters.

39. Effective and consistent monitoring of program delivery across the Northwest Territories would assist the Department in ensuring that residents receive the benefits, supports, and services to which they are entitled. The Department has identified the risk of providing inappropriate levels of benefits as having a significant impact on program budgets. Furthermore, providing insufficient benefits directly affects the well-being of residents and families. The results of departmental monitoring could also help the Department to identify errors and systemic issues affecting program delivery, as well as training needs for front-line staff.

40. We found significant inconsistencies in the Department's monitoring activities of income security programs delivered by regional and community service centres. While managers in some regions periodically visited community service centres to monitor general program delivery and spending, in most regions, they did not monitor files in detail. For example, they did not determine whether clients

were assessed and benefits were paid in compliance with program requirements, or whether requirements, such as participation in productive choices, were being properly met. This is of particular concern given that many client service officers work in isolation in communities and often have contact with the regional service centres only by telephone or email. Officials told us that the cost of travel, staff shortages, and workloads affect the ability of managers to undertake this work.

41. We also found inconsistencies in the way productive choice requirements were set by regional and community service centres. While the Department has developed an extensive list of activities clients can participate in to meet productive choice requirements, it does not require a standard number of hours per month for all Income Assistance clients. Officials told us that the number of required hours depends on each client's situation as well as available productive choices in the client's region. We found, however, that officers in some regions thought that 25 hours of activity per month was required, regardless of individual client circumstances or available activities. In other regions, we were told that no set hours had been established. Officials also told us that in some smaller communities, client service officers enforce a standard number of required productive choice hours to avoid perceptions of inconsistent treatment of Income Assistance clients. This means that different regions are setting different requirements; consequently, income security clients may be held to higher or lower required hours of activity, depending on the region in which they are receiving benefits.

42. We did find some examples of good monitoring practices in some regions. In one region, the manager periodically reviews random client files and documents the results to ensure that client service officers verified information properly and that the file complies with program requirements. The manager then presents findings from the file review to relevant client service officers in a summary report, which stresses compliance requirements and highlights areas in need of attention, such as missing documentation, verification of assets, and organization. This practice helps find errors that may affect either the Department's budget or the amount of benefits paid to clients. Another region implemented a "buddy system" to assist in following departmental requirements for addressing potential conflicts of interest when delivering these programs. This system matches client service officers with a designated staff member to whom they transfer responsibility for files involving family members or friends, helping to avoid conflicts of interest, particularly in smaller communities. If all regions adopted

such practices, they could help the Department monitor delivery of income security benefits more effectively, and could support more compliant and consistent delivery of these benefits.

43. For the Student Financial Assistance program, applications and benefits are delivered out of the Department's headquarters, and a program supervisor oversees delivery of the program. We found that monitoring of this program is informal. While student case officers consult with the program supervisor or other staff on client files, the Department does not have standard processes for monitoring the activity of student case officers and does not perform periodic reviews of client files to ensure applications were processed in compliance with requirements.

44. Recommendation. The Department of Education, Culture and Employment should ensure that regional managers and supervisors formally monitor client files. This monitoring should include regularly scheduled reviews of client files as well as the use of standard templates in all regions to help ensure a consistent approach. In cases where monitoring uncovers deficiencies or other issues, regional managers and supervisors should follow up formally.

The Department's response. Agreed. The Department of Education, Culture and Employment had not yet finalized its audit tool at the time of the audit. This tool will include a comment and follow-up section for tracking purposes and will be used by regional managers to complete file reviews. The tool is expected to be complete by January 2013. In November 2012, the Department also consulted with the regional superintendents regarding file monitoring. These discussions focused specifically on setting standards for compliance reviews, developing a formula for determining the acceptable proportion of files subject to review, and the process for reporting to the Director of Income Security on progress.

45. Recommendation. The Department of Education, Culture and Employment should clarify program requirements for productive choices in its guidance to client service officers and clearly communicate them. Regional managers should also monitor compliance with productive choice requirements and take corrective action where necessary.

The Department's response. Agreed. In March 2013, the Department of Education, Culture and Employment's Income Security Division will begin using a SharePoint site that will include a quarterly newsletter and frequently asked questions section, and will provide a forum for client service officer discussions. As of January 2013, regional managers will include monitoring

of productive choices as part of their file reviews. Results will be reported to the Director of Income Security.

Processes to identify and address inaccurate payments have not been followed

46. Compliance reviews. The Department's policies, procedures, and guidelines for each of the four income security programs require it to perform compliance reviews of selected files to ensure clients receive benefits to which they are entitled. We found that the Department had not developed a strategy or framework to identify files for compliance review, and that it reviewed client files only after staff members had identified a problem or risk. During our audit, Department officials told us it was in the process of developing an audit tool, which had not yet been implemented at the time of our examination.

47. The Department completed 72 reviews during the 2009–10 to 2011–12 fiscal years, mostly on Income Assistance files where a problem had been identified. No reviews of Senior Home Heating Subsidy or Child Care User Subsidy files were performed, and only three Student Financial Assistance files were subject to review in this time period. We also noted a range in the scope of the Department's reviews. For instance, some reviews were limited to specific transactions, whereas others included a more detailed review of the client's file. These reviews often discovered income that clients had not reported, which meant their benefits had been overpaid. The reviews also noted several files that lacked documentation or in which staff had not properly verified information.

48. Recommendation. In accordance with its program requirements, the Department of Education, Culture and Employment should review a selection of income security files periodically, to ensure that clients receive benefits to which they are entitled. The Department should establish a framework to identify files to audit, based on predetermined criteria. Results should be reported to the Director of Income Security annually.

The Department's response. Agreed. The Department of Education, Culture and Employment has revised the program auditor job description and has developed an audit manual for use by the program auditor. The manual includes a framework for conducting audits, including criteria for sampling and the audit selection process. The Department has also developed an audit travel plan for the 2012–13 fiscal year and will conduct an audit of one community in each region by March 2013. A travel plan approved by the Director of Income Security will be developed each year to conduct audits in each region.

49. Collection procedures. The Government of the Northwest Territories' Financial Administration Manual requires that debts due to a department undergo a series of collection procedures (which include issuing invoices and written notifications) over a 90-day period. If these collection procedures are unsuccessful, a department is required to forward the debts to the Department of Finance for collection. We found that the Department has not been following these procedures in its administration of overpayments made under the Income Assistance program. Overpayments may occur for a number of reasons, including errors in calculating monthly payments, failure to verify client eligibility, or failure of the client to report income. The Department has a list of 1,620 clients who have received overpayments under the Income Assistance program over the last 10 years or more. These overpayments total approximately \$2 million, of which approximately \$888,000 had been collected by the Department as of the end of our examination period.

50. More specifically, we found that none of those overpayments underwent the Government of the Northwest Territories' required collection procedures, and the Department did not forward files to the Department of Finance. Rather, the Department follows a standard practice of deducting \$25 a month from benefits it pays to clients in subsequent months. As well, it does not collect overpayments from clients no longer accessing the program. This is despite program legislation that allows for collection regardless of whether the client has ceased to seek support. While a portion of overpayments has been collected using this approach, we found that of the 1,620 clients who received an overpayment, 26 percent faced no collection activity in six years or more. Under the six-year statute of limitations the Department of Finance established for collection of debts, these debts could be losses for the Department. We also found the Department does not report these debts in its annual financial statements.

51. Officials told us the Department does not follow the required debt-collection procedures, because its database does not have a trigger to set this process into motion. While the database will notify a client service officer of an existing overpayment balance, it does not track the age of the debt. It also allows officers the discretion to override collection of monthly payments. The Department's approach results in the collection of payment from those residents who may still be in need, but not from those who no longer apply for income security support and may be in a better position to repay these debts to the Department. The Department has developed an overpayment work

plan aimed at adjusting its approach to managing overpayments. Officials told us they are working on implementing this plan.

52. Recommendation. When the Department of Education, Culture and Employment identifies Income Assistance overpayments, it should comply with the Financial Administration Manual requirements for collecting them. It should follow collection procedures by issuing invoices and written notifications, per the required schedule, and forward outstanding debts to the Department of Finance for collection when required.

The Department's response. Agreed. In March 2012, a full-time staff member was seconded to begin working on the overpayment project for Income Assistance. The scope of this project includes many aspects, including a determination of the true value of overpayments that exist in the Client Management and Administration System (CMAS), developing a process for entering these overpayments into the System for Accountability and Management (SAM), and developing a process to have payments applied against invoices from monthly Income Assistance assessments. The Department will complete this work by December 2013.

The Department has processes in place to administer client appeals

53. Program requirements obligate the Department to provide all income security program applicants and beneficiaries with the option to appeal decisions about their eligibility or the amount of benefits they received. We examined whether the Department had the appropriate processes in place to administer appeals for each of the four income security programs in our audit scope.

54. We found that before 2010, the Department had not been following program requirements for administering Income Assistance appeals. The Department had been using an internal review board to address client appeals rather than establishing independent appeal committees and boards as required. Since 2010, the Department has established these appeal committees and boards for the Income Assistance program. We also found that the Department had been following the required appeal processes for the Student Financial Assistance program. In addition, the Department has hired an appeals coordinator to organize appeals for all income security programs and assist clients in the process. These processes provide income security clients with the opportunity to verify they are receiving the appropriate benefits and that front-line staff are assessing them in accordance with program requirements.

55. During the period we audited, there were no appeals submitted about either the Senior Home Heating Subsidy or Child Care User Subsidy decisions. Income Assistance recipients submitted 78 appeals, and Student Financial Assistance recipients submitted 58 appeals. We reviewed proceedings from 36 of these appeals and found that appeals committees and boards generally conducted them in an appropriate and timely manner.

Processes for managing remissible and repayable loans are incomplete

56. The Department provides financial assistance to students through a combination of grants and loans. Loans provided under the program are either repayable once studies are completed, or remissible, which means students are forgiven a portion of their debt if they reside in the Northwest Territories for a specific period of time after completing their studies. The amount of a loan that can be forgiven depends on where the student returns to live and ranges between \$1,000 and \$2,000 for every three months of residency. According to the Department's data, as of 31 March 2012, there were \$29.7 million in repayable loans due to the Department, and \$6.4 million in remissible loans. The Department's data also indicates that the default rate for repayable loans was approximately 31 percent in 2012.

57. We examined whether the Department had adequate processes in place to manage remissible and repayable loans. We found that while the Department has a number of monitoring processes for remissible and repayable loans, these rely on officials manually reviewing program reports periodically, and on the student or educational institution notifying the Department that loans are due for repayment. Using manual rather than automatic processes creates a risk that loans due for repayment may be missed.

58. **Recommendation.** The Department of Education, Culture and Employment should modify its management of student loans to ensure that identification of student loans due for repayment does not rely solely on student notification or manual review by officials.

The Department's response. Agreed. Currently a report is generated from the Client Management and Administration System (CMAS) that is used to determine which loans are eligible for repayment or remission. This report is examined three times a year, after the end of academic semesters. The Department will explore options to determine an enhanced process for automating the identification of student loans due for repayment over the course of the 2013–14 fiscal year.

Front-line staff do not receive sufficient training

59. According to income security program requirements, the Department must provide staff members with the training and education they need to fulfill their duties. This commitment is also included in its 2005–2015 Strategic Plan. We examined whether the Department identified and provided appropriate training for staff to deliver its income security programs. Training staff adequately is important to ensure that they gain the skills and competencies necessary to implement income security programs consistently and well.

60. The Department requires all client service officers to participate in a two-week training course to receive their statutory designation under the *Social Assistance Act*. This designation gives them the authority to assess client eligibility, evaluate their financial needs, and issue payments. We found that client service officers had completed the two-week training course and have received the required designation. In addition, the Department organizes an annual conference for client service officers, where they discuss ways to improve skills and receive information relevant to their duties, such as how to respond to legal aid or access to information requests.

61. However, we found that the Department does not have an ongoing training and development program for client service officers. Once they have completed their statutory training, client service officers do not receive any systematic or scheduled development training. Department officials told us that statutory training alone does not prepare front-line staff adequately to deliver income security benefits, and said additional “on the ground training” and periodic refresher courses would be useful. Student case officers with the Student Financial Assistance program receive a training binder, including applicable policies and procedures, but the Department has no formal training on how they should deliver this program.

62. We found that the Department has not fully assessed the training needs of client service officers or student case officers. We were told that it identifies training needs through discussions with managers. We found, however, that the Department does not formally assess training needs or define objectives specifically for client service officers. The Department has drafted a competency model for client service officers that outlines the skills they need to perform their roles, but this document is not yet final. We were told that once the model is final, the Department will complete a competency assessment for all client service officers to identify training and professional development needs.

63. Developing an ongoing training and development program to meet the needs of client service officers would benefit income security clients and improve program delivery. Better training may help ensure that front-line staff understand and comply with program requirements. As client service officers develop their skills and competencies, they may also improve the level of service they provide to their clients.

64. Recommendation. The Department of Education, Culture and Employment should formalize current and future competency-based training programs for client service officers and student case officers. It should identify and provide core training so they can attain and maintain the competencies their job requires. The Department should also ensure that staff members receive regular training updates, to ensure that they fully understand income security program requirements.

The Department's response. Agreed. The Department Education, Culture and Employment's Income Security Division has one full-time trainer on staff. Training is essential in ensuring that staff has the knowledge, skills, and abilities to carry out their duties. In the 2013–14 fiscal year, the Department will continue to work toward finalizing a competency-based training program for client service officers, likely with the help of expertise external to the Department. The Department recently consulted with client services officers during the annual conference in November 2012 regarding their training needs. This consultation will guide future training. The Department has also recently begun using Go-To-Meetings to deliver training and has found this to be an effective tool to deliver additional training.

Measuring progress on objectives

The Department regularly solicits input from clients on program performance

65. Performance information enables managers to make informed decisions about income security programs and to better understand their impact. It also assists the Department of Education, Culture and Employment, in reporting to the Legislative Assembly and to residents on program results. One way of obtaining this information is through client feedback. We examined whether the Department solicits input from income security clients and stakeholders about program performance, and whether it uses the information to improve programs.

66. We found that the Department regularly solicits input from income security clients about the services it provides through its income security programs. Regional and community service centres have client feedback cards to obtain feedback from residents about its income security programs. In 2008, 2010, and 2011, the Department conducted client satisfaction surveys for both the Income Assistance and Student Financial Assistance programs. The surveys included

questions about the application process, preferred methods of payment, and the level of service and response times of staff. The results of surveys for both programs were positive overall.

67. A departmental analysis of the Income Assistance survey results did note a slight decrease in the overall level of client satisfaction between 2008 and 2011. Officials told us that the results of these surveys were used to support improvements in other areas, such as referring clients to other relevant programs or services offered by the government.

There is limited assessment of program performance

68. The objective of the Department's income security programs is to provide adequate financial assistance, in combination with supports and services, to help people achieve self-reliance. We examined whether the Department routinely collects and uses program information to assess whether programs are meeting this objective. We also looked to see if it was using this information to modify programs as necessary.

69. We found that the Department collects some relevant information about the performance of its programs through its client administration and management system. Information collected through this database includes client characteristics, such as age, gender, and household composition. It also includes information on the number of program recipients on a monthly and annual basis, the amount of program spending, and variances in program use and spending by region and community. However, we found that the Department collects little information on the results these programs are achieving.

70. We also found that the Department has not established any targets or outcome measures for three of its income security programs, despite the fact that it had committed to doing so in its 2005–2015 Strategic Plan. For the Income Assistance program, the Department had set a target of reducing the number of recipients in the 19 to 29 age category by providing supports for education and training activities to help them move off of assistance. The Department has analyzed information on the Income Assistance program use, by age and by category, and identified a recent decrease in use by people aged 19 to 29. Officials told us these figures indicate that their efforts to provide clients with links to career development opportunities are working.

71. We found, however, that some other information the Department collects could be more effectively used to measure whether income security program objectives are being met. For example, the Department could analyze some of the information it collects while processing monthly Income Assistance benefits to determine the number of returning clients, the length of time clients receive benefits, or the number of clients participating in a productive choice. This information could help the Department to determine if Income Assistance clients are achieving self-reliance—a program objective. The Department could also use information from its Student Financial Assistance program to help determine the number of graduates.

72. We also found that the Department has not formally evaluated the four programs to assess their overall performance. This finding is significant as these are long-standing programs that are critical in assisting residents in efforts to become self-reliant and to participate more fully in their communities.

73. We did find, however, that the Department conducted an internal review of the Student Financial Assistance program in 2010 and commissioned an external review of the program in 2012. The reviews assessed whether the Student Financial Assistance payment levels were sufficient to assist students in their post-secondary education as well as whether the program contributes to the territory's goal of developing a healthy, educated workforce. These reviews recommended an increase in assistance for students as well as improvements to the Department's collection and use of information to measure program performance. Officials told us that the Department is considering options to increase funding levels for students, but a decision had not yet been made.

74. We further note that, in the five years since the start of the government's initiative to better align income security programs with the goal of building self-reliance, the Department has yet to formally evaluate its success in meeting this objective. The Department maintains it is too early to perform such an assessment. However, this means the Department cannot demonstrate whether reforms are having their intended impact.

75. Recommendation. The Department of Education, Culture and Employment should

- establish targets and outcome measures that align with the overall objective for its income security programs;
- review the data it currently collects on income security programs, to ensure it has the data required to measure whether targets and outcomes are being met; and
- develop a plan to identify when it will evaluate its programs, to determine if the objective of its income security programs is being met.

The Department's response. Agreed. The Department of Education, Culture and Employment will establish targets and outcome measures that align with the overall objectives for income security programs. The Department will also review data currently collected on income security measures and ensure that processes are in place for the collection of required data to measure whether targets and outcomes are being met, and will develop targets and outcome measures for inclusion in the 2014–15 business plan. This work will be completed by May 2013. In the 2013–14 fiscal year, the Department will also develop a plan to identify and complete income security program evaluations to ensure objectives are being met. The government is currently developing an Anti-Poverty Strategy that may have an impact on the objectives of income security programs.

Supporting front-line staff

Front-line staff are concerned about workloads and safety

76. Throughout the course of the audit, we held numerous interviews with front-line staff who were responsible for delivering income security programs. Two areas that were often raised as concerns for staff delivering income security programs were workloads and personal safety.

77. Client service officer caseloads. Although the Department of Education, Culture and Employment has not officially identified a standard for monthly caseloads for client service officers, we heard from departmental officials that some workloads were too heavy. Staff told us that the number of cases managed by client service officers each month has a negative impact on program delivery, and leaves them little time to work with clients who need more attention, or to provide additional services to clients, such as career planning. We reviewed the Department's caseload data for Income Assistance files in 2011 and found that client service officers handled an average of 34 files a month. However, in some communities, client service officers

are administering anywhere between 65 and 119 files a month. We further note that these figures do not take into account workloads associated with delivering the Senior Home Heating Subsidy or Child Care User Subsidy.

78. Safety concerns. In our interviews, some front-line staff expressed concern for their personal safety when administering income security benefits to clients. For some clients, discussions can be stressful and emotional, causing them to react in a hostile manner at times. Front-line employees told us they often did not feel protected adequately from volatile or hostile clients. The Department has provided client service officers with some guidance on issues that can contribute to unpredictable behaviour by clients, as well as workplace protocol to ensure that staff are less vulnerable when facing this type of behaviour. The Department has also made efforts to help ensure the safety of client service officers in some offices, for example, installing glass partitions and designing offices to allow for staff to exit quickly if necessary. However, we note that given the size and location of more remote centres, these types of adjustments may be more difficult to make.

Conclusion

79. We found that the Department of Education, Culture and Employment did not deliver its income security programs according to key elements of applicable legislation and policies. It has not assessed whether its income security programs are meeting the objective of providing adequate financial support, in combination with supports and services, to help people achieve self-reliance.

80. We found that, while the Department does provide reasonable access to its income security programs, processes to support program delivery are weak in some areas, which contributes to the Department's lack of success in administering these programs according to requirements. Weaknesses include unclear program guidance in some areas, inconsistent monitoring of program delivery in regional and community service centres, insufficient training for front-line staff, and failure to consistently follow prescribed processes for program delivery.

About the Audit

All of the audit work in this report was conducted in accordance with the standards for assurance engagements set by The Canadian Institute of Chartered Accountants. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.

Objectives

The audit objectives were

- to determine whether the Department of Education, Culture and Employment delivers its income security programs in accordance with key elements of applicable legislation and policies; and
- to determine whether the Department of Education, Culture and Employment assesses if its income security programs meet their objectives.

We define “key elements” as selected specific requirements from legislation, policies, procedural manuals, and guidelines for each program. The audit team identified these key requirements and the Department of Education, Culture and Employment agreed to them. As such, the audit team assessed whether the Department

- provided residents with reasonable access to income security programs across the Northwest Territories;
- ensured its clients were eligible and received the correct form and amount of assistance in a timely manner;
- put controls in place to deal with fraud as well as overpayment and underpayment of benefits;
- provided applicants and clients with the option to appeal decisions about eligibility or amount of benefits received;
- where applicable, coordinated delivery of income security programs with other Department programs aimed at encouraging self-reliance for territory residents and coordinated delivery of income security programs, where warranted, with other territorial government programs that affect residents receiving income security benefits;
- provided adequate training for staff delivering income security programs;
- managed repayment and remission of loans under the Student Financial Assistance program adequately; and
- delivered income security programs consistently across the territory and in compliance with legislative and regulatory requirements (including having clear processes and procedures, guidelines, templates, and directives in place to guide program delivery).

Scope and approach

To determine whether the Department of Education, Culture and Employment has delivered its income security programs according to key elements of legislation and policies, we examined

- what processes and procedures the Department had in place to deliver each of the four programs across the Northwest Territories,
- whether there were quality control and assurance processes in place to help ensure compliant and consistent program delivery,
- whether there were processes to monitor and address overpayments and potential fraud,
- how the Department provided access to income security programs for all Northwest Territories residents, and
- whether appropriate training was provided to departmental staff responsible for front-line delivery of the programs.

Our audit also examined a random selection of client files for each of the four programs, to determine whether the Department assessed applications and delivered benefits according to the requirements of applicable program legislation, regulations, and policies.

- For the Income Assistance program, Child Care User Subsidy, and Senior Home Heating Subsidy, sample files were randomly drawn from communities that accounted for three percent or more of program usage within the Beaufort Delta and North Slave regions as well as from high, medium, and low dollar value categories of benefits received.
- For the Student Financial Assistance program, sample files were randomly drawn from each of the four main categories of assistance provided by the Department under this program (basic, supplementary, remissible, and repayable loans) as well as from high, medium, and low dollar value categories of benefits provided to clients.

To determine whether the Department of Education, Culture and Employment assessed its income security programs against their objectives, we examined the Department's collection and use of performance information. We looked at the type of performance information the Department collected, including whether it solicits feedback from clients and stakeholders, and the extent to which it considers other programs that affect the results its income security programs achieve. We examined whether the Department uses performance information and the results of periodic evaluations to determine if its income security programs help Northwest Territories residents sufficiently to meet their basic needs and become more self-reliant, and whether the Department modifies its income security programs when necessary based on this information.

We conducted audit work in two of the Department's regional service centres as well as at its headquarters in Yellowknife. We met officials from the Department's headquarters, from each of the five regional service centres, and from some of the Department's community service centres. We also met with a selection of stakeholders who interact with clients in receipt of income security benefits.

We did not assess the adequacy of quality assurance mechanisms for data collection. We also did not interview income security clients in receipt of benefits. In addition, while we interviewed its officials, the Department of Finance was not included in our audit scope.

Criteria

Criteria	Sources
<p>To determine whether the Department of Education, Culture and Employment delivers its income security programs in accordance with key elements of applicable legislation and policies, we used the following criteria:</p>	
<p>The Department of Education, Culture and Employment has adequate processes in place to deliver its income security programs in compliance with key legislative and policy requirements and in a consistent manner across the Northwest Territories.</p>	<ul style="list-style-type: none"> • <i>Financial Administration Act</i> (Northwest Territories) • Financial Administration Manual, Government of the Northwest Territories • <i>Social Assistance Act</i> (Northwest Territories) • <i>Income Assistance Regulations</i> (Northwest Territories) • Income Assistance Policy and Procedures Manual, Department of Education, Culture and Employment • Child Care User Subsidy Guidelines, Department of Education, Culture and Employment • Senior Home Heating Subsidy Guidelines, Department of Education, Culture and Employment • <i>Student Financial Assistance Act</i> and Regulations (Northwest Territories) • Student Financial Assistance policies and procedures • Building on Our Success: Strategic Plan 2005–2015, Department of Education, Culture and Employment, 2005 • Income Security Policy Framework for Personal Self-Reliance, Government of the Northwest Territories, 2005 • Education, Culture and Employment Establishment Policy, Government of the Northwest Territories • Education, Culture and Employment Income Security Philosophy, Vision and Guiding Principles
<p>The Department of Education, Culture and Employment assesses applicants and delivers benefits for its income security programs in accordance with key elements of its program legislation, regulations, policies, and procedures.</p>	<ul style="list-style-type: none"> • Education, Culture and Employment Establishment Policy, Government of the Northwest Territories • <i>Student Financial Assistance Act</i> and Regulations (Northwest Territories) • Student Financial Assistance policies and procedures • <i>Social Assistance Act</i> (Northwest Territories) • <i>Income Assistance Regulations</i> (Northwest Territories) • Income Assistance Policy and Procedures Manual, Department of Education, Culture and Employment • Child Care User Subsidy Guidelines, Department of Education, Culture and Employment • Senior Home Heating Subsidy Guidelines, Department of Education, Culture and Employment

Criteria	Sources
To determine whether the Department of Education, Culture and Employment delivers its income security programs in accordance with key elements of applicable legislation and policies, we used the following criteria: (continued)	
The Department of Education, Culture and Employment provides reasonable access to income security programs for all residents of the Northwest Territories.	<ul style="list-style-type: none"> • Education, Culture and Employment Establishment Policy, Government of the Northwest Territories • Building on Our Success: Strategic Plan 2005–2015, Department of Education, Culture and Employment, 2005
The Department of Education, Culture and Employment identifies and provides appropriate training for its staff to deliver income security programs.	<ul style="list-style-type: none"> • <i>Social Assistance Act and Welfare Services Regulations</i> (Northwest Territories) • Building on Our Success: Strategic Plan 2005–2015, Department of Education, Culture and Employment, 2005
To determine whether the Department of Education, Culture and Employment assesses if its income security programs are meeting their objectives, we used the following criteria:	
The Department of Education, Culture and Employment solicits input from income security clients and stakeholders to identify program needs and to obtain feedback on program performance.	<ul style="list-style-type: none"> • Education, Culture and Employment Establishment Policy, Government of the Northwest Territories • Building on Our Success: Strategic Plan 2005–2015, Department of Education, Culture and Employment, 2005
The Department of Education, Culture and Employment routinely collects relevant performance information for income security programs.	<ul style="list-style-type: none"> • Financial Management Board Handbook, Government of the Northwest Territories • Building on Our Success: Strategic Plan 2005–2015, Department of Education, Culture and Employment, 2005
The Department of Education, Culture and Employment uses ongoing performance information and results of periodic evaluations to determine whether its income security programs are meeting their objectives and to modify these programs as necessary.	<ul style="list-style-type: none"> • Financial Management Board Handbook, Government of the Northwest Territories • Building on Our Success: Strategic Plan 2005–2015, Department of Education, Culture and Employment, 2005 • Education, Culture, and Employment Income Security Philosophy, Vision and Guiding Principles • Income Security Policy Framework for Personal Self-Reliance, Government of the Northwest Territories, 2005

Management reviewed and accepted the suitability of the criteria used in the audit.

Period covered by the audit

The audit covered different periods of time as required to meet the audit objective. The audit examined the Department’s management of income security programs over a period of three and a half years (from April 2009 to September 2012.) This included an examination of a selection of income security client files (from April 2009 to June 2012) to determine if applicants were assessed and benefits were paid according to program requirements. Our examination of the Department’s efforts to assess program performance covered the period between January 2007 and September 2012.

Audit work for this report was completed on 30 September 2012.

Audit team

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Appendix List of recommendations

The following is a list of recommendations found in the report. The number in front of the recommendation indicates the paragraph where it appears in the report. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Response
Delivering and managing programs	
<p>33. The Department of Education, Culture and Employment should clarify policies, procedures, and guidelines outlining income security program delivery requirements and how to meet them. It should ensure staff understand and are following these procedures and guidelines. (17–32)</p>	<p>Agreed. The Department of Education, Culture and Employment continually seeks to ensure compliance with standard policy, procedures, and guidelines. The Department has recently developed three manuals in a new format that simplifies and clarifies the process for administering policies and procedures. These manuals are the verification manual, the Income Assistance policy manual, and a client service officer resources manual. These manuals were completed by October 2012.</p>
<p>34. As the Department of Education, Culture and Employment introduces its revised Child Care User Subsidy, it should develop clear guidelines that are consistent with program requirements and clearly communicate these requirements to front-line staff and potential applicants. (17–32)</p>	<p>Agreed. The Department of Education, Culture and Employment introduced a revised Child Care User Subsidy in September 2012. Clear policies were developed and a communication plan was implemented to ensure staff and stakeholders are aware of the changes. Training for front-line staff was provided through Go-To-Meetings. This is a web-based training tool that the Department has recently adopted to deliver cost-effective training to front-line staff.</p>
<p>44. The Department of Education, Culture and Employment should ensure that regional managers and supervisors formally monitor client files. This monitoring should include regularly scheduled reviews of client files as well as the use of standard templates in all regions to help ensure a consistent approach. In cases where monitoring uncovers deficiencies or other issues, regional managers and supervisors should follow up formally. (38–43)</p>	<p>Agreed. The Department of Education, Culture and Employment had not yet finalized its audit tool at the time of the audit. This tool will include a comment and follow-up section for tracking purposes and will be used by regional managers to complete file reviews. The tool is expected to be complete by January 2013. In November 2012, the Department also consulted with the regional superintendents regarding file monitoring. These discussions focused specifically on setting standards for compliance reviews, developing a formula for determining the acceptable proportion of files subject to review, and the process for reporting to the Director of Income Security on progress.</p>

Recommendation	Response
<p>45. The Department of Education, Culture and Employment should clarify program requirements for productive choices in its guidance to client service officers and clearly communicate them. Regional managers should also monitor compliance with productive choice requirements and take corrective action where necessary. (38–43)</p>	<p>Agreed. In March 2013, the Department of Education, Culture and Employment’s Income Security Division will begin using a SharePoint site that will include a quarterly newsletter and frequently asked questions section, and will provide a forum for client service officer discussions. As of January 2013, regional managers will include monitoring of productive choices as part of their file reviews. Results will be reported to the Director of Income Security.</p>
<p>48. In accordance with its program requirements, the Department of Education, Culture and Employment should review a selection of income security files periodically, to ensure that clients receive benefits to which they are entitled. The Department should establish a framework to identify files to audit, based on predetermined criteria. Results should be reported to the Director of Income Security annually. (46–47)</p>	<p>Agreed. The Department of Education, Culture and Employment has revised the program auditor job description and has developed an audit manual for use by the program auditor. The manual includes a framework for conducting audits, including criteria for sampling and the audit selection process. The Department has also developed an audit travel plan for the 2012–13 fiscal year and will conduct an audit of one community in each region by March 2013. A travel plan approved by the Director of Income Security will be developed each year to conduct audits in each region.</p>
<p>52. When the Department of Education, Culture and Employment identifies Income Assistance overpayments, it should comply with the Financial Administration Manual requirements for collecting them. It should follow collection procedures by issuing invoices and written notifications, per the required schedule, and forward outstanding debts to the Department of Finance for collection when required. (49–51)</p>	<p>Agreed. In March 2012, a full-time staff member was seconded to begin working on the overpayment project for Income Assistance. The scope of this project includes many aspects, including a determination of the true value of overpayments that exist in the Client Management and Administration System (CMAS), developing a process for entering these overpayments into the System for Accountability and Management (SAM), and developing a process to have payments applied against invoices from monthly Income Assistance assessments. The Department will complete this work by December 2013.</p>
<p>58. The Department of Education, Culture and Employment should modify its management of student loans to ensure that identification of student loans due for repayment does not rely solely on student notification or manual review by officials. (56–57)</p>	<p>Agreed. Currently a report is generated from the Client Management and Administration System (CMAS) that is used to determine which loans are eligible for repayment or remission. This report is examined three times a year, after the end of academic semesters. The Department will explore options to determine an enhanced process for automating the identification of student loans due for repayment over the course of the 2013–14 fiscal year.</p>

Recommendation	Response
<p>64. The Department of Education, Culture and Employment should formalize current and future competency-based training programs for client service officers and student case officers. It should identify and provide core training so they can attain and maintain the competencies their job requires. The Department should also ensure that staff members receive regular training updates, to ensure that they fully understand income security program requirements. (59–63)</p>	<p>Agreed. The Department of Education, Culture and Employment’s Income Security Division has one full-time trainer on staff. Training is essential in ensuring that staff has the knowledge, skills, and abilities to carry out their duties. In the 2013–14 fiscal year, the Department will continue to work toward finalizing a competency-based training program for client service officers, likely with the help of expertise external to the Department. The Department recently consulted with client services officers during the annual conference in November 2012 regarding their training needs. This consultation will guide future training. The Department has also recently begun using Go-To-Meetings to deliver training and has found this to be an effective tool to deliver additional training.</p>
<p>Measuring progress on objectives</p>	
<p>75. The Department of Education, Culture and Employment should</p> <ul style="list-style-type: none"> • establish targets and outcome measures that align with the overall objective for its income security programs; • review the data it currently collects on income security programs, to ensure it has the data required to measure whether targets and outcomes are being met; and • develop a plan to identify when it will evaluate its programs, to determine if the objective of its income security programs is being met. (68–74) 	<p>Agreed. The Department of Education, Culture and Employment will establish targets and outcome measures that align with the overall objectives for income security programs. The Department will also review data currently collected on income security measures and ensure that processes are in place for the collection of required data to measure whether targets and outcomes are being met, and will develop targets and outcome measures for inclusion in the 2014–15 business plan. This work will be completed by May 2013. In the 2013–14 fiscal year, the Department will also develop a plan to identify and complete income security program evaluations to ensure objectives are being met. The government is currently developing an Anti-Poverty Strategy that may have an impact on the objectives of income security programs.</p>