

Internal Audit and
Risk Management
Services

Audit Report

Audit of Opportunities Fund for Persons with Disabilities



Human Resources
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Canada

Audit of Opportunities Fund for Persons with Disabilities

Project No. 6571/00

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1.0 EXECUTIVE SUMMARY

The Opportunities Fund for Persons with Disabilities (known as “OF”) was created in February 1997 with a three year term in response to a Federal Task Force on Disability Issues and subsequently renewed on a permanent basis with an annual budget of \$30 million. On October 19, 2000, Treasury Board approved the renewal of the Terms and Conditions for the OF for the period of November 1, 2000 to March 31, 2002. As part of its submission to Treasury Board for this renewal, Human Resources Development Canada (HRDC) agreed to conduct an audit of the OF. The Terms and Conditions for OF have now been approved to March 31, 2004.

The objective of the OF program is to assist persons with disabilities in preparing for, obtaining, and keeping employment, or becoming self-employed, thereby increasing their economic participation and independence. The OF serves clients who do not qualify for assistance under the *Employment Insurance Act* or similar programs that are the subject of agreements with provinces, territories, or organizations under Section 63 of the *Employment Insurance Act*.

Approximately 80% of the \$30 million (\$24 million) OF budget is allocated to contribution agreements with organizations for persons with disabilities, eligible employers/co-ordinators, and eligible participants. Another 10% (\$3 million) in contribution agreement funds is transferred to and administered by the Aboriginal community under the Aboriginal Human Resources Development Strategy (AHRDS). However, this audit did not examine the contribution agreements administered by the AHRDS. The remaining 10% of the OF budget is distributed amongst HRDC’s regional offices, local offices, and national headquarters (NHQ) for operating and salary costs.

The OF program is delivered through local HRDC offices and at NHQ for centrally delivered agreements. The NHQ Labour Market Directorate of the Employment Programs Branch, in consultation with HRDC regional representatives, provides functional direction and support for the administration and delivery of the OF program.

The objective of the audit was to provide assurance that the overall OF program is appropriately managed, including assurance that participants comply with the eligibility criteria as stated in the OF Terms and Conditions. The audit objective, detailed criteria, and methodology can be found in *Appendix A*.

The audit was conducted in NHQ and in five regions from April to December 2001. The audit findings are based on documentation review, one-on-one or group interviews, eligibility testing of participants, and limited reviews of individual OF projects. To determine whether OF files were administered in accordance with appropriate legislation, program terms and conditions, and policies, in addition to our own audit work, we relied on the NHQ Performance Tracking Directorate (PTD) results of files reviewed between July 2000 and December 31, 2001. We have conducted an audit of PTD activities in the fall of 2001 and concluded that the PTD review methodology is applied fairly and consistently and a high level of reliance may be placed on the information produced. The assessment of participants’ eligibility against the Terms and Conditions of the OF was based on verifying the eligibility of a statistically valid sample of OF participants between August 2000 and July 2001.

This internal audit was conducted in accordance with both the Treasury Board Policy on Internal Audit and the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing.

Based on our audit work and the successful implementation of management's action plan to address the issues identified in this report, we conclude that the OF program is appropriately managed.

Based on the sample of OF participant files examined, we also conclude that 92.4% of OF participants meet the program eligibility criteria for the period audited. This result is accurate with a margin of error of plus or minus 5.4%, 19 times out of 20.

The following recommendations to the Labour Market Directorate and/or the Employment Programs Branch are addressing the issues identified during the course of our work. OF management should:

1. Adopt a results-based resource allocation process and link proportionately the annual operational targets and the expected results to the OF program funds received.
2. Develop and communicate a clear operational definition of the "Clients Employed" indicator to ensure results are captured and interpreted consistently.
3. Assess the effectiveness of the client information systems for capturing results measurement data and take corrective action to ensure that performance indicators are established from reliable and accurate source data.
4. Work closely with the Office of Disabilities Issues to develop an integrated communication strategy and, if required, develop promotional information to meet the needs of clients, sponsors, partners/stakeholders, and HRDC staff responsible for program delivery.
5. Provide direction on the requirement for enhanced accounting and financial expertise to support the financial monitoring of high-dollar-value and complex files.

The management responses to these recommendations are reported under Section 3.0 of this document. The Management Action Plan is also included in *Appendix B*.

2.0 INTRODUCTION

The Opportunities Fund for Persons with Disabilities (known as “OF”) was created in February 1997 with a three year term in response to a Federal Task Force on Disability Issues and subsequently renewed on a permanent basis with an annual budget of \$30 million. On October 19, 2000, Treasury Board approved the renewal of the Terms and Conditions for the OF for the period from November 1, 2000 to March 31, 2002. As part of its submission to Treasury Board for this renewal, Human Resources Development Canada (HRDC) agreed to conduct an audit of the OF and to report to the Treasury Board Secretariat (TBS) by October 2001. This audit of the management of the OF program includes the provision of assurance that eligibility criteria for participants comply with the Terms and Conditions of the OF. An interim audit report on the eligibility of participants to the OF was submitted to TBS in October 2001, and its findings are incorporated in this report. The Terms and Conditions for OF have now been approved to March 31, 2004.

OF Program Profile

History. The OF program was created on the recommendation of the Federal Task Force on Disability Issues established in May 1995 and led by Member of Parliament Andy Scott. The Scott Report noted that people with disabilities often have not been employed and are thus not qualified for assistance under the Employment Insurance (EI) program. The Report recommended that the Government of Canada find some way to give such people full access to employment opportunities. This recommendation resulted in the establishment in 1997 of the OF program, a three-year, \$30 million per year employment fund for persons with disabilities, funded under the Consolidated Revenue Fund. This program filled a gap in existing programming for persons with disabilities who were seeking employment.

Program Objective. The objective of the OF program is to assist persons with disabilities in preparing for, obtaining, and keeping employment, or becoming self-employed, thereby increasing their economic participation and independence. The OF serves clients who are not eligible to participate in the Employment Benefits established under the authority of the *Employment Insurance Act* or similar programs that are the subject of agreements with provinces, territories, or organizations under Section 63 of the *Employment Insurance Act*. Participants normally have had little or no employment and therefore do not qualify for assistance under the EI program.

Activities Supported. The objective of the OF program is achieved by working in partnership with organizations that represent persons with disabilities, including the private sector, to support innovative approaches to integrating individuals with disabilities into paid employment or self-employment and addressing barriers to an individual’s employment. Activities supported under the OF program provide employment services, such as counseling, diagnostic services, and case management. They also provide:

- employment benefits, such as wage subsidies, to employers;
- income supports for work experience activities;
- tuition and income supports for skills training; and
- income support for establishing new businesses.

Eligible costs also include accommodation, transportation, dependent care, and disability-related costs.

Budget. The \$30 million OF budget is distributed in this way:

- Approximately 80% (\$24 million) is for contribution agreements with organizations for persons with disabilities, eligible employers/co-ordinators, and eligible participants. Most of this budget is allocated to and administered by Human Resource Centres of Canada. A portion is retained at National Headquarters (NHQ) for nationally delivered agreements.
- Another 10% (\$3 million) in contribution agreement funds is transferred to and administered by the Aboriginal community under the Aboriginal Human Resources Development Strategy (AHRDS). The Strategy provides Aboriginal organizations with the flexibility to manage the funds received according to the local and regional needs of Aboriginal people. The terms and conditions of the OF program funds allocated to Aboriginal programming are accounted for under the AHRDS. However, this audit did not examine the contribution agreements administered by the AHRDS.
- The remaining 10% of the budget is distributed amongst HRDC's regional offices, local offices, and NHQ for operating and salary costs.

Functional Direction. The NHQ Labour Market Directorate (LMD), Employment Programs Branch (EPB), in consultation with regional representatives, provides functional direction and support for the administration and delivery of the OF program.

Program Results. In the fiscal year 2001/02, the OF program provided services and benefits to more than 3000 Canadians with disabilities. Of these, approximately 1,800 became employed or self-employed.

Focus of the Audit

The objective of the audit was to provide assurance that the overall OF program is appropriately managed, including assurance that participants comply with the eligibility criteria as stated in the OF Terms and Conditions.

The audit covered aspects of the management control framework with a focus on accountability for results, quality of monitoring and file administration, and compliance with terms and conditions. The audit objective, detailed criteria, and methodology can be found in *Appendix A*.

The audit findings are based on documentation review, one-on-one or group interviews, eligibility testing of participants, and limited reviews of individual OF projects.

To determine whether OF files were administered in accordance with appropriate legislation, program terms and conditions, and policies, in addition to our own audit work, we relied on the NHQ Performance Tracking Directorate (PTD) results of files reviewed between July 2000 and December 31, 2001. We have conducted an audit of PTD activities in the fall of 2001 and concluded that the PTD review methodology is applied fairly and consistently and a high level of reliance may be placed on the information.

The audit was conducted at NHQ and in five regions (Ontario, Manitoba, British Columbia, Newfoundland and Labrador, and Quebec) from April to December 2001. The interviews were conducted with program officials in NHQ; HRDC employees involved in program delivery at NHQ and in the regions (director of services, program officers, and program operations consultants); and one community co-ordinator.

The assessment of participants' eligibility against the Terms and Conditions of the OF was based on verifying a statistically valid sample of OF eligible participant files between August 2000 and July 2001. The audit sample allows for generalization and is representative at the national level of overall participant compliance. More information on the sampling methodology is included in *Appendix C*.

Documentation review included a follow-up of the Program Management Initiative completed in November 2000.

This internal audit was conducted in accordance with both the Treasury Board Policy on Internal Audit and the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing.

The audit did not examine the contribution agreements administered by the Aboriginal community under the AHRDS. These contribution agreement funds (\$3 million) will be audited as part of the AHRDS audit planned for fiscal year 2003-04.

3.0 AUDIT FINDINGS

All significant audit findings are presented in this section in accordance with the audit objective(s) and criteria, which are described in detail in *Appendix A, Audit Objectives, Criteria, and Methodology*. They include assurance statements on all of the criteria regardless of whether or not the performance expectations have been met.

AUDIT OBJECTIVE:

The objective of this audit was to provide assurance that the overall OF program is appropriately managed, including assurance that participants comply with the eligible criteria as stated in the OF Terms and Conditions.

3.1 PROGRAM MANDATE/ STRATEGY

Audit Criterion No. 1.1: Program objectives are clearly stated, understood, and measurable.

Program officers and managers interviewed said that the OF objectives were clear and easy to understand. Furthermore, they stated that the terms and conditions of the OF were sufficiently flexible to tailor projects to meet the diverse needs of persons with disabilities. Information on the measurability of objectives is provided under criterion 2.2. Overall, we found that program objectives have been clearly stated and are understood.

Audit Criterion No. 1.2: Program policies, procedures, and operational guidelines are clearly defined and consistently applied.

As a key element of the six-point action plan, the Department developed a generic practical operational guide and a contribution project file for the management and delivery of contributions programs within HRDC. These procedures apply to the delivery of the OF program. The March 2001 OF Contribution Agreement (Form EMP 5233) was posted on the Grants and Contribution (Gs and Cs) Intranet site on April 5, 2001. OF Terms and Conditions were initially available on the Gs and Cs Internet site in December 2000.

At the time of the audit, interim guidelines had been prepared for program officers on how to use the revised contribution agreement form. A basic guide was also given for navigating the various stages of the OF project life cycle. However, OF program-specific guidelines were not finalized. Draft OF Operational Guidelines were distributed for review and discussion at an OF National Workshop held in November 2001. The OF specific operational guidelines were finalized and distributed to regions in July 2002.

To be eligible to participate in the OF program, an individual must not be eligible to participate in EI-funded employment programs. Detailed guidelines for verifying client eligibility were developed with the regions and distributed to regional officials in July 2000 to

address EI eligibility issues previously identified. Our work has shown that regions were aware of the issues regarding OF participant eligibility.

On the whole, we found that the policies, procedures, and guidelines were adequately defined and resulted in consistent program administration. The quality of the administration of OF files regarding policies, procedures, and operational guidelines is discussed under criterion 2.3.

Audit Criterion No. 1.3: Planning and resourcing exercises are regularly undertaken to ensure that the program meets its objectives.

As part of the annual planning exercise, NHQ and many regions distributed OF funds to Human Resource Centres of Canada (HRCC) based on the Statistics Canada 1991 post-census survey on “*Health and Activity Limitation*”. In addition, results targeted for the OF were identified for inclusion in the corporate accountability system. However, although client targets are established, the annual operational target is not linked proportionately to the expected results and the financial resources received.

The OF budget for the 2000-01 fiscal year was more than \$23 million. At year-end, 34% of the budget had not been spent. Various explanations have been given by OF managers and program officers interviewed for this high percentage of unused funds:

- uncertainty regarding the renewal of the program;
- difficulty at the local level of becoming involved in major projects with budgets that are limited;
- the difficult economic environment; and
- the intensification of the administrative measures surrounding Gs and Cs since February 2000, which affected the use of resources for processing and managing OF agreements.

For better planning and decision making, we are of the opinion that the resource allocation process for the fiscal year should also be based on a normative relation between program funds received and operational targets and expected results.

Recommendation # 1:

We recommend that the NHQ Labour Market Directorate adopt a results-based resource allocation process and link proportionately the annual operational targets and the expected results to the OF program funds received.

Management’s response:

The Audit indicated that annual client targets are not linked proportionately to the expected results and financial resources received. The existing allocation model, based on the Statistics Canada 1991 “Health and Activity Limitation” survey, has been in place since the beginning of the program in 1997 and may not reflect the current situation with regions and territories.

As the Terms and Conditions for OF have now been approved to March 31, 2004, there is an opportunity to review the current allocation model to determine its effectiveness. LMD agrees with this recommendation and supports a review in consultation with Financial and Administrative Services and regions/territories.

Audit Criterion No. 1.4: Management understands the risks facing the program, and a risk mitigation strategy is in place.

The Employment Programs Branch has a risk management plan that includes conducting risk assessment sessions at the program level. OF program-specific sessions had not been conducted at the time of the audit. However, procedures to minimize risks at the contracting and monitoring stages of contribution agreements were introduced as part of the *Grants & Contributions Operational Manual*.

We also found that risks and risk mitigation strategies were identified within the Program Management Initiative (PMI) exercise conducted in November 2000. The PMI's objectives were to enhance the management of existing Gs and Cs programs and to ensure the effectiveness of such programs. A status report obtained during the audit indicates that most mitigation strategies were completed or ongoing.

The Department has yet to resolve the risk of using the OF participant's social insurance number (SIN) as a way of identifying a participant. The lack of an appropriate participant identifier puts the measurement of the program performance at risk. However, this risk is not exclusive to the OF program. Department-wide efforts are ongoing to develop approaches that are consistent with TBS policy on the use of the SIN.

In general, we found that management understood and addressed the risks facing the program. However, a more systematic approach to risk management is needed to help ensure the program objectives are met. As a condition for the renewal of terms and conditions for contributions programs, the TBS requires departments to develop a risk-based audit framework (RBAF). The RBAF includes an explicit understanding of the key risks of the program. Therefore, it is expected that the LMD will identify risks and mitigation strategies on a periodic basis.

3.2 ACCOUNTABILITY FOR RESULTS

Audit Criterion No. 2.1: The roles and responsibilities are clearly defined and transparent.

HRDC works with project sponsors at the national, regional, and community levels to deliver the OF program. The term "project sponsor" includes community groups, private sector companies, worker associations, not-for-profit organizations, the voluntary sector, and other levels of government. Whether the programs are delivered nationally or at the regional/local level, OF program officers and managers said that the roles and responsibilities were clear

and understood. Based on the interviews conducted during the audit, we concluded that roles and responsibilities are clearly defined and transparent.

Audit Criterion No. 2.2: Performance indicators and mechanisms (including data-capture infrastructures) are in place to measure and report on project and program performance and outcomes.

Treasury Board approved the renewal of revised Terms and Conditions for the OF program with the condition that, among other things, HRDC completes a results-based accountability framework for the program. The accountability framework takes a results-based approach to measuring success, which includes primary and secondary performance indicators.

The accountability framework identifies two key outcomes:

1. Persons with disabilities have enhanced employability.
2. Persons with disabilities obtained employment.

The only performance indicator captured for the year 2001-2002 is the number of clients who have found employment during the fiscal year. The LMD plans to introduce the “improved employability” indicator within the course of year 2002-2003.

Project sponsors are expected to maintain records of “interventions” (action steps with eligible OF participants) planned and completed for each OF participant (case action plan). The measurement of the key performance indicators is dependent upon the data collected through two client information systems (Contact IV, and the Client Adjustment Tracking System (CATS) used in the Newfoundland and Labrador Region) and one National Employment Services System (NESS).

Implementation of the accountability framework for the OF program has begun, but there are issues that remain to be resolved. For example, there is no precise definition of persons with disabilities who obtained employment. Although the program is measured under the “Clients Employed” indicator, the Department needs to clearly define the parameters of a person deemed to be employed for the purpose of the OF program.

The timing of the measure is also not defined. For instance, as a general rule, when a participant is unemployed at completion of their action plan, the participant is to be contacted 12 weeks later to determine whether he or she obtained employment. However, if a person is deemed to be employed at the end of an OF intervention, no follow-up call is made. Thus it may not be appropriate to compare or aggregate OF results of participants who are employed at the completion of their action plans. This is because these participants could be unemployed less than 12 weeks after the end of the intervention, while other participants are determined to be employed at the end of the 12-week period. In our opinion, the “Clients Employed” indicator should be clearly defined to allow for the consistent capture of outcome data across all points of capture.

Throughout the testing of participant eligibility discussed under criterion 4.2, many issues were identified regarding the quality of participant information found in HRDC’s systems.

For example, participants' records for at least 19 of the 92 selected participants (21%) could not be traced to an HRDC electronic data source. This confirms that HRDC does not have reliable electronic participant information, which compromises the effectiveness of measuring and monitoring OF interventions.

Comments made by program officers and program operation consultants (POC) suggest that sponsor organizations found Contact IV complicated and resource intensive to use; the CATS appeared to better satisfy users. We have noted that the Contact IV and NESS programs were enhanced to better identify clients as OF participants, that training was provided, and that communications conveyed the need for full and effective use of the information systems. Nevertheless, in one region visited, the client information system (Contact IV) was still not being used. While we recognize that HRDC has no direct control over the service providers who are responsible for entering OF data into the client information systems (Contact IV and CATS), we are of the opinion that the LMD must address the problem of the accuracy and consistency of the data.

On a monthly basis, each region receives *Key Performance Results* and *Client and Participant Data* reports. HRDC staff interviewed mentioned that they had concerns about the quality of data in these reports. *Clients Employed Analysis* reports, including recalculations because of known factors affecting the integrity of data, have been published and made available to the regions in August 2001. We have been informed that since September 2001, the LMD Accountability Planning and Reporting Unit has sent to the OF Regional Coordinators a monthly Performance Indicator Report which includes the following information:

- New Start Participants Documented in Canada Job Strategy II (CJS-II) with no Action Plan in NESS or Standard Data File
- Total OF Clients Served
- Total New Start Interventions

We observed progress in implementing the results-based accountability framework and the reporting of results and outcome information. But it is our opinion that the inadequacies in tracking participants' information compromise the effectiveness of measuring OF interventions. At the time of the audit, managers could not report confidently on the program performance, and, therefore, subsequent decision making was at risk.

Recommendation # 2:

We recommend that the Labour Market Directorate develop and communicate a clear operational definition of the "Clients Employed" indicator to ensure that results are captured and interpreted consistently.

Management's response:

The Audit Report determined that there were some inconsistencies in the capture of outcome data. The report points out that, although the program is measured in terms of "Clients Employed", the methods of collecting this information may not have given an accurate representation of program outcomes. In November 2002, a policy containing the criteria to be used for accounting a "Client Employed" result for the Opportunities Fund program was

distributed, in the context of the call letter for performance targets for the OF program. This policy was a result of a comprehensive consultation with Regional consultants, NHQ program staff, and senior management

As well, another key indicator “Client has Enhanced Employability” is being implemented in 2002-03. The definition was also developed and distributed simultaneously with the criteria for “Client Employed” and the request for targets..

The revised Accountability Framework also includes a medium term outcome - “persons with disabilities have maintained employment”. This outcome will be measured as part of a summative evaluation to be submitted to Treasury Board in fiscal 2004/05.

Recommendation # 3:

We recommend that the Labour Market Directorate assess the effectiveness of the client information systems for capturing results measurement data and take corrective action to ensure that performance indicators are established from reliable and accurate source data.

Management’s response:

The Audit identified issues regarding the quality of participant information found in HRDC’s systems which, in turn, has compromised the effectiveness of measuring and monitoring OF interventions. Some of these issues are attributable to client information systems developed for service providers (Contact IV and CATS) while others relate to miscoding of client information. LMD agrees with the recommendation and will continue to address these issues to ensure the reliability of source data.

LMD continues to monitor the number of EI insured (active and former claimants) accessing OF. As well, a list of clients receiving direct assistance who have been coded in the CJS-II system without action plans is sent to regions on a monthly basis so that necessary corrections can be made.

A number of other performance indicators are also included in this report sent to Regions on a monthly basis, such as: number and % of OF clients who have obtained employment, number of OF clients who have completed an intervention designed to enhance employability ,number and % of OF clients who have completed action plans, total OF clients served, and number of new start interventions (in total and by type)

This report is monitored consistently and irregularities are followed-up and corrected as required. The content and format of the report, which was created based on the previous Results-Based Management and Accountability Framework (RMAF), will be revised and updated before the end of the 2002-03 fiscal year in order to reflect the most recent version of the RMAF, as well as to address any outstanding performance indicators that can be reported from the existing systems.

As part of a broader strategy to address issues around data quality and availability and the case management process, the revised Results-based Management and Accountability

Framework (March, 2002) includes an assessment of the performance measurement strategy. This assessment, to be carried out by Evaluation and Data Development (EDD) every six months prior to the summative evaluation (2004-05), will report on the quality and availability of program data, of which the accuracy and completeness is essential for an assessment of all the output and outcome performance indicators. This assessment will be used by program management to ensure data integrity.

In the longer term, the Grants & Contributions Common System (CSGC), currently under development, will amalgamate data from all sources, resulting in improved data integrity over the next few years. The contract module will be fully implemented by September, 2002 while the client module will not be available until April 2003. Issues relating to third party access to the CSGC, including adequate training to ensure that data is properly captured, will also be addressed in fiscal 2003/04.

Audit Criterion No. 2.3: Appropriate administrative and financial controls have been designed and implemented.

To measure whether OF files were administered in accordance with appropriate legislation, program terms and conditions, and policies, in addition to our own audit work, we relied on the NHQ Performance Tracking Directorate (PTD) results of files reviewed between July 2000 and December 31, 2001. We have conducted an audit of PTD activities in the fall of 2001 and concluded that the PTD review methodology is applied fairly and consistently and a high level of reliance may be placed on the information produced.

As of December 31, 2001, PTD had reviewed 27 OF program contribution agreements. This review consisted of a detailed examination of the files that covered all phases of the project life cycle. Overall, there was a high level of compliance in all areas of the project life cycle except in the area of assessment. The results of PTD reviews are validated through management responses, including plans for corrective action, provided by the individual responsibility centres. PTD also reports to Senior program management on a semi-annual basis highlighting areas of non-compliance requiring appropriate corrective action. *Appendix D* details the results of the 27 OF files reviewed. Due to the low number of files reviewed, the results cannot be considered statistically valid.

Our audit methodology also provided for the review of individual OF projects, if appropriate. As part of the audit, we identified administrative and financial control issues with respect to one OF project sponsor. Further to an in-depth review of the financial management of the specific OF agreements, a corrective action plan for this project has been implemented.

We also completed a follow-up of three centrally delivered contribution agreement audits conducted by external auditors in December 2000 and January 2001. We found that the actions taken to address the issues identified by the external auditors were appropriate.

During our visits to regional and local offices, we were informed that quality assurance mechanisms had been implemented in most offices and that the contribution project file forms were used. Several program officers interviewed noted, however, the high administrative

requirements for developing OF contribution agreements, in particular for low-dollar-value projects.

Based on PTD results and the audit work completed, we are of the opinion that the overall administrative and financial controls of the OF contribution agreements are adequate.

Audit Criterion No. 2.4: There are processes in place to clarify policies, resolve issues, and ensure good communications with partners and stakeholders.

The OF is mostly delivered from the local responsibility centres. These centres work closely with the provincial governments and community partners involved in providing assistance to persons with disabilities. A number of program officers interviewed mentioned developing their own OF promotional strategies, often in partnership with the community players. They also spoke of the need for more and better OF information, such as an employer orientation package to the OF program. Because of limited budgets and the uncertainty regarding the renewal of the program they sometimes hesitated to promote the program, not wanting to create expectations that might not be met.

The OF program is promoted through the Internet and through information products such as the *Sponsors Information Kit* or within Government of Canada publications. The OF is a component of the “Disability Strategy for the Government of Canada.” Therefore, we expected to find a coherent communication strategy and close ties with the Office of Disabilities Issues. Instead we found that there is no explicit communication strategy for the OF program. And we also found that information relating to persons with disabilities can be published by the Office of Disabilities Issues without consultation or co-ordination with OF program management.

The logic model appended to the OF Results-Based Accountability Framework identifies “OF promotion” as a core activity of the program. In our view, the LMD needs to improve the promotion of the OF program, because it is key to providing assurance that eligible clients have equal access to the program.

Recommendation # 4:

We recommend that the Labour Market Directorate work closely with the Office of Disability Issues to develop an integrated communication strategy for the OF program and, if required, develop promotional information to meet the needs of clients, sponsors, partners/stakeholders, and HRDC staff responsible for program delivery.

Management's response:

The renewal of the OF program Terms and Conditions on a yearly basis since fiscal year 2001/2002 has put a strain on program operations. Local offices are limited to short-term planning based on the expiration date of program Terms and Conditions. As a result, marketing and promotion have been limited by this short planning horizon. Also as noted in the Report, the limited OF budget allocations to individual HRCCs have also reduced HRCC's ability to actively market the program at the local level.

HRDC's Office for Disability Issues (ODI) has an overall responsibility for the horizontal management of the disability file for the Department. Its website and office are often the first points of contact for organizations of and for persons with disabilities, other government Departments, and the public at large when seeking information on disability issues. In response to this recommendation, LMD has initiated discussions with ODI on the development and implementation of a more comprehensive communication strategy for persons with disabilities.

3.3 SUPPORTING PROGRAM CAPABILITY

Audit Criterion No. 3.1: The program staff has access to needed resources, information, skills, tools, and training to ensure successful delivery.

OF information regarding procedures and operational guidelines and OF resourcing have been discussed under criterion 1.2 and 1.3 respectively.

Most but not all program officers interviewed during the audit had received the mandatory Gs and Cs training. Overall, there was a sense that more training is required to deepen knowledge of the delivery of contribution agreements or to gain program-specific knowledge such as OF. In addition, some program officers stated that sensitivity training would be useful for those officers dealing with persons with disabilities.

While conducting an in-depth review of the financial management of a complex high-dollar-value OF file, we found that program officers had insufficient financial and accounting knowledge to ensure adequate financial monitoring. We recognize that high-dollar value agreements are not typical of the OF program. Nevertheless, because of the risk for large financial losses, we are of the opinion that the provision of internal or external financial expertise is necessary to support program officers in the financial management aspects of those specific projects. Furthermore, because of the likelihood that similar situations exist in other Gs and Cs programs, we are of the opinion that the provision of internal or external financial expertise for complex high-dollar value projects should be addressed for all Gs and Cs programs.

Recommendation #5:

We recommend that the Employment Programs Branch provide direction on the requirement for enhanced accounting and financial expertise to support the financial monitoring of high-dollar-value and complex files.

Management's response:

The report recommends that EPB provide the necessary internal/external expertise to train and support program officers in the financial management of complex files. As identification of risk, particularly for high value agreements, is an integral part of project management, the LMD concurs with this recommendation. The LMD's Employment Programs Learning and Development unit is also reviewing and updating its training material to ensure that this issue is thoroughly addressed.

A working group on Project Based Risk Management, one of the priorities under the Modernizing Services for Canadians initiative, has been formed. The group is investigating the integration of risk assessment and management principles throughout the project life cycle. A possible option is the development of agreements specific to low and high risk projects. This initiative is currently ongoing.

Audit Criterion No. 3.2: There is sufficient internal communication to ensure that program employees have consistent and current information within and across programs.

In our interviews with program officers and others involved in delivering OF, concerns about the level of direction and support provided by the LMD/OF team surfaced. There was a sense that the support received from NHQ was reactive and that the loss of program memory and experience caused by the high turnover of NHQ OF directors and officers was detrimental to effective internal communication and support. However, since May 2001, the national OF team has been holding regular conference calls with the regions to provide information and discuss relevant issues.

In general, the staff interviewed said that the mechanism for sharing information between the regional and local office was effective. The regional OF co-ordinators were key to this sharing of information.

We have mentioned under criterion 2.4 that information relating to persons with disabilities can come from various sources, such as the Office for Disability Issues, without appropriate linkages or co-ordination with the OF program. The potential for overlap between OF and the "Employment Assistance for People with Disabilities" program is also known by OF management. We are of the opinion that unrelated information about programs to assist persons with disabilities can be confusing for program officers and stakeholders who have to make a distinction between programs and initiatives for persons with disabilities.

It is our opinion that closer collaboration among programs or initiatives for persons with disabilities would have a positive impact on the effective use of funds for persons with disabilities. We have already recommended under criterion 2.4 (recommendation # 4) that the LMD work closely with the Office of Disability Issues to improve communication with stakeholders and across programs. We have also noted some improvement in the LMD communication with the regions. Based on our observations and the successful implementation of an integrated communication strategy, we conclude that the internal communication within the program is adequate.

3.4 PROGRAM MONITORING

Audit Criterion No. 4.1: The contribution agreements are being effectively monitored as part of the Quality Control Framework to ensure that funds are spent according to the terms and conditions of the contract.

HRDC has developed a Quality Assurance Framework to strengthen the management of all its grant and contribution programs. At the time of the audit, the framework included a series of steps, such as:

- i. monitoring 100% of files by the program officers
- ii. quality assurance conducted in the local offices by program officers and the program operations consultant (POC) (At the time of the audit, the POC were required to review 15% of Gs and Cs files. This is no longer required.)
- iii. post-audit and program compliance conducted by the regional post-audit officer and the program staff.

A number of responsibility centres visited during the audit had implemented the quality assurance framework. In those offices, POCs were in place to review grant and contribution agreements. The identification of agreements for review was based on random selection techniques and professional judgement. OF agreements were included in the file selection process. Responsibility centres that did not have a quality assurance process were expecting to adopt one shortly.

Also, prior to signature, various HRDC stakeholders, such as the office manager, the supervisor, or the POC, normally reviewed the agreements. Some local offices had their corporate services group conduct the on-site financial monitoring, while the POC would conduct the monitoring activity. Based on our discussions with staff and on the PTD summary results reported under criterion 2.3, we found that, for the most part, the local offices are carrying out monitoring activities in an appropriate way.

Audit Criterion No. 4.2: Participants meet program eligibility criteria.

To provide assurance that participants meet OF program eligibility criteria, we have verified the eligibility of a statistically valid sample of files of participants in the OF program between August 2000 and July 2001. The audit sample allows for generalization and is representative

at the national level of overall participant compliance. The sampling methodology is detailed in *Appendix C*.

According to the OF program's Terms and Conditions, an "eligible participant" means an unemployed person with disability who is legally entitled to work in Canada and who needs help to prepare for employment, to obtain employment, or to become self-employed. In addition, this person is not eligible for employment benefits offered by the Employment Insurance Commission as described in Part II of the *Employment Insurance Act* or similar programs entered under agreement with provinces, territories, or organizations as described in Section 63 of the *Employment Insurance Act*.

For the purpose of the audit, we have defined a "non-eligible OF participant" as a person who was eligible for EI and who had been accepted as being eligible for the OF program. This definition does not require that the participant benefited or not from the OF. This approach was favoured because it was sometimes impossible to determine with certainty from HRDC files whether the participant had in fact received help from the OF. Because the data regarding help received from the OF are often kept by the sponsor at the premises where the project took place, we would have had to make field visits to review them. Unfortunately, due to resources constraints, it was not possible to undertake these field visits.

Moreover, the audit was not meant to evaluate if the participants were in fact persons with disabilities, since the program is managed on the basis of self-identification.

The audit tests identified 7 cases out of 92 that were EI eligible and therefore not eligible for the OF program. Based on the sample examined, we can conclude that 92.4% of OF participants meet the program eligibility criteria for the period audited. This result is accurate with a margin of error of plus or minus 5.4%, 19 times out of 20.

In November 2000, the LMD carried out monitoring of non-eligible OF participants including follow-up corrective action for the period August 1 to October 31, 2000. We also noted that, as of September 2001, the LMD has been following up with individual regions on EI-eligible OF participants based on the monthly reports produced by the Accountability Planning and Reporting Unit.

Meeting the eligibility requirements for participants was initially identified as a high risk to the OF program. However, the audit test results indicate an improvement over the results released in a draft summative evaluation report indicating that between 8 and 13% of OF participants were identified as falling outside the program eligibility criteria. Our audit results indicate that 7.6% of participants were not eligible for the OF program. Amendments to broaden the eligibility requirements stated under the OF program's Terms and Conditions, which were approved on December 12, 2001, have further minimized the potential likelihood and impact of this risk.

We strongly encourage the LMD to continue to closely monitor the eligibility of participants to the OF program and to react promptly when required.

4.0 CONCLUSION

Based on our audit work and the successful implementation of management's action plan to address the issues identified in this report, we conclude that the OF program is appropriately managed.

Based on the sample of OF participant files examined, we also conclude that 92.4% of OF participants meet the program eligibility criteria for the period audited. This result is accurate with a margin of error of plus or minus 5.4%, 19 times out of 20.

In our professional judgement, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the conclusions reached and contained in this report. The conclusions were based on a comparison of the situations as they existed at the time against the audit criteria. The conclusions are only applicable for the OF program examined. This internal audit was conducted in accordance with the Treasury Board Policy on Internal Audit and the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing.

Management's overall response:

The Labour Market Directorate of Human Resources Development Canada has reviewed the audit of the Opportunities Fund for Persons with Disabilities and is pleased that the report is generally favourable. OF objectives, policies, procedures and guidelines are considered to be clearly stated and understood, resulting in consistent program administration. Financial and administrative controls are in place to ensure successful program delivery and monitoring activities are being carried out in an appropriate manner.

Of important note is the revision of the Terms and Conditions of the program in response to the issue raised regarding the criteria for eligible participants. In some cases it was apparent that the client was best served under OF regardless of their EI status and resulting potential to access EI (or similar) programming. So it was decided to request a change to the definition of an eligible participant in the Terms and Conditions of the program. This flexibility now allows some EI clients to be served by OF in exceptional circumstances where the client does not have access to comparable programming. There is close monitoring for participants who have been identified as insured for assistance under the Employment Insurance (EI) program, and guidelines on approving EI insured clients as eligible participants were developed and distributed.

Also, continued progress has been noted in the implementation of the Results-Based Accountability Framework and the reporting of results and outcome information.

Changes in design and delivery have been recommended in the report, particularly in the areas of financial administration, accountability and communication. LMD will continue to work with Internal Audit and Risk Management Services (IARMS) to ensure that periodic assessments are being conducted and risk-mitigating strategies are in place.

OF continues to serve a broad spectrum of persons with varying disabilities. In fiscal 2001/02 the OF program provided service to 3,671 participants. During the same year, 1837 found employment. Although OF represents only a small portion of the Government of Canada's Disability Strategy, it continues to address real needs in the disabled community.

The Management Action Plan is included under *Appendix B*.

APPENDIX A

AUDIT OBJECTIVES, CRITERIA AND METHODOLOGY

AUDIT OBJECTIVE

The objective of the audit was to provide assurance that the overall program is appropriately managed, including assurance that participants comply with the eligibility criteria as stated in the Opportunities Fund for Persons with Disabilities (known as “OF”) Terms and Conditions.

The audit covered aspects of the management control framework with a focus on accountability for results, quality of monitoring and file administration, and compliance with terms and conditions.

AUDIT CRITERIA:

The audit assessed the following elements:

1.0 Program Mandate/ Strategy

- 1.1 Program objectives are clearly stated, understood, and measurable.
- 1.2 Program policies, procedures, and operational guidelines are clearly defined and consistently applied.
- 1.3 Planning and resourcing exercises are regularly undertaken to ensure that the program meets its objectives.
- 1.4 Management understands the risks facing the program, and a risk mitigation strategy is in place.

2.0 Accountability for Results

- 2.1 The roles and responsibilities are clearly defined and transparent.
- 2.2 Performance indicators and mechanisms (including data-capture infrastructures) are in place to measure and report on project and program performance and outcomes.
- 2.3 Appropriate administrative and financial controls have been designed and implemented.
- 2.4 There are processes in place to clarify policies, resolve issues, and ensure good communications with partners and stakeholders.

3.0 Supporting Program Capability

- 3.1 The program staff has access to needed resources, information, skills, tools, and training to ensure successful delivery.
- 3.2 There is sufficient internal communication to ensure that program employees have consistent and current information within and across programs.

4.0 Program Monitoring

- 4.1 The contribution agreements are being effectively monitored as part of the Quality Control Framework to ensure that funds are spent according to the terms and conditions of the contract.
- 4.2 Participants meet program eligibility criteria.

AUDIT METHODOLOGY

The OF Management Framework was assessed by documentation review, one-on-one or group interviews, participant eligibility testing, and limited reviews of individual OF projects.

The assessment of participants' eligibility against the Terms and Conditions of the OF was based on verifying a statistically valid sample of OF eligible participant files. The audit sample allows for generalization and is representative at the national level of overall participant compliance. More information on the sampling methodology is included in *Appendix C*.

Documentation review included a follow-up of the Program Management Initiative completed in November 2000 and of three audits of centrally delivered agreements completed in December 2000 and January 2001.

To determine whether OF files were administered in accordance with appropriate legislation, program terms and conditions, and policies, in addition to our own audit work, we relied on the NHQ Performance Tracking Directorate (PTD) results of files reviewed between July 2000 and December 31, 2001. PTD is responsible for assessing the overall program integrity of grant and contribution activities in HRDC by performing quality assurance reviews and on-site financial verifications of sponsors receiving HRDC Gs and Cs funding.

AUDIT SCOPE

The audit was conducted from April to December 2001 at national headquarters (NHQ) and in five out of 10 regions: Ontario, Manitoba, British Columbia, Newfoundland and Labrador, and Quebec. The interviews were conducted with program officials in (NHQ, HRDC employees involved in program delivery at NHQ and in the regions (director of services, program officers, and program operations consultants), and one community coordinator.

The assessment of participants' eligibility against the Terms and Conditions of the OF was based on verifying a statistically valid sample of OF eligible participant files between August 2000 and July 2001.

The audit did not examine the contribution agreements administered by the Aboriginal community under the Aboriginal Human Resources Development Strategy (AHRDS). The \$3 million contribution agreement funds will be audited as part of the AHRDS audit planned for fiscal year 2003/04.

This internal audit was conducted in accordance with both the Treasury Board Policy on Internal Audit and the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing.

APPENDIX B

MANAGEMENT ACTION PLAN

Audit of the Opportunities Fund for Persons with Disabilities 2001/02

IARMS Recommendations	Management Plan	Expected Completion Date	Responsibility
<p>(1) The NHQ Labour Market Directorate (LMD) adopt a results-based resource allocation process and link proportionately the annual operational targets and the expected results to the OF program funds received.</p>	<p>Complete comparative analysis of costs per participant in regionally and nationally OF funded activities.</p>	<p>October, 2002</p>	<p>Director, Labour Market Operations and Initiatives (LMOI), LMD</p>
	<p>Discuss analysis, review existing allocation model and annual operational targets at the OF National Workshop with a view to improving the linkage between resource allocations and expected results.</p>	<p>October, 2002</p>	<p>Director, LMOI, LMD</p>
	<p>Review new Participation and Activity Limitation Survey data as a possible basis for a new allocation model.</p>	<p>Quarter (Q)1/Q2, 2003</p>	<p>Director, LMOI, LMD</p>
<p>(2) The LMD develop a clear operational definition of the “Clients Employed” indicator to ensure that results are captured and interpreted consistently.</p>	<p>Review existing practices for follow up and data capture of “employed” results with regions.</p>	<p>October, 2002</p>	<p>Director, LMOI, LMD</p>
	<p>Based on this review, propose and communicate consistent criteria for determining employment status of persons with disabilities after participation in an OF intervention.</p>	<p>December, 2002</p>	<p>Director, Policy & Design, LMD</p>

IARMS Recommendations	Management Plan	Expected Completion Date	Responsibility
	<p>Consult with regions on criteria for the follow up process.</p> <p>Develop a clear operational definition of “employed” and incorporate into the OF Operational Guidelines.</p>	<p>November, 2002</p> <p>March, 2003</p>	<p>Director, LMOI, LMD</p> <p>Director, LMOI, LMD</p>
<p>3) LMD assess the effectiveness of client information systems for capturing results measurement data and take corrective action to ensure performance indicators are established from reliable and accurate source data.</p>	<p>Continue to monitor source data and take corrective action as required, including:</p> <ul style="list-style-type: none"> - the number of EI insured (active and former claimants) served and - the number of new start participants documented in CJSII with no Action Plan in NESS or the Standard Data File. <p>Continue to work with the Common System for Grants and Contributions (CSGC) team to ensure that data integrity issues relative to OF will be addressed in the CSGC. OF management is currently providing input for the Client Module.</p> <p>As part of the CSGC case management function, issues relating to 3rd party access will also be addressed. This could include the development of operational guidelines as well as training of 3rd parties.</p> <p>An Employment Programs Branch (EPB)</p>	<p>Ongoing - Quarterly</p> <p>Ongoing. The Client Module, which includes case management functionality, will be implemented in 2003.</p> <p>Fiscal 2003/04</p> <p>Monthly, starting in</p>	<p>Director, LMOI, LMD</p> <p>Director, Accountability, Planning & Reporting, Strategic Integration, LMD</p> <p>Director, Systems Support Strategic Integration, LMD</p> <p>Director, LMOI, LMD</p>

IARMS Recommendations	Management Plan	Expected Completion Date	Responsibility
	<p>Director of Operations Committee, which will replace the Operational Committee, will meet on a regular basis to discuss cross-cutting issues related to the delivery of grants and contributions.</p> <p>EPB will recommend to the committee that the monitoring procedure be amended to include a section related to the verification of client data capture system (Contact IV).</p>	<p>September 2002</p> <p>November, 2002</p>	<p>EPB Director of Operations Committee</p> <p>Director, LMOI, LMD</p>
<p>(4) The LMD work closely with the Office of Disability Issues (ODI) to develop an integrated strategy for the OF program and, if required, develop promotional information to meet the needs of clients, sponsors, partners/stakeholders, and HRDC staff responsible for program delivery.</p>	<p>Initiate discussions with ODI on an appropriate communication strategy for our respective programs.</p> <p>Review existing OF promotional material and develop new material as required (ie. employer guidelines).</p> <p>Review revised material with OF regional coordinators at OF Workshop.</p> <p>Develop an appropriate communication strategy with the Office for Disability Issues.</p>	<p>October, 2002</p> <p>October, 2002</p> <p>October, 2002</p> <p>December, 2002</p>	<p>Director General, LMD</p> <p>Director, LMOI, LMD</p> <p>Director, LMOI, LMD</p> <p>Director General, Office of Disability Issues (ODI)</p>
<p>(5) IARMS recommends that the Employment Programs Branch provide direction on the requirement for enhanced accounting and financial</p>	<p>Determine criteria for high value, high risk OF Projects and implement interim guidelines.</p>	<p>November, 2002</p>	<p>Director, LMOI, LMD</p>

IARMS Recommendations	Management Plan	Expected Completion Date	Responsibility
expertise to support the financial monitoring of high-dollar value and complex files.	Review existing and proposed risk mitigating strategies for the financial management of high value projects in EPB. Consultation with Financial and Administrative Services and Learning and Development.	March, 2003	EPB Director of Operations Committee
	Review training module for Program Officers to ensure appropriate direction is being provided in this area.	June, 2003	Director, Strategic Integration, LMD

APPENDIX C**SAMPLING METHODOLOGY FOR ELIGIBILITY OF PARTICIPANTS**

1. Estimated Population

The population represents the number of participants who initiated an intervention with the OF, on or after August 1, 2000.

The participants' population was estimated at 1845 based on participants' information available in HRDC's systems (National Employment Services System (NESS), Standard Data File, and Canada Job Strategy II (CJS-II)). This number may be underestimated, however, because it is based on data that the audit found to be unreliable.

OF files administered under the Aboriginal Human Resources Development Strategy agreements were excluded from this sample.

2. Sample Size

The size of the population was determined according to the following parameters:

- 95% confidence level, or 19 times in 20;
- plus or minus 10% margin of error;
- participants' proportion with the characteristic of interest of 50%, i.e., $p = 50\%$;
- population size of 1845 participants.

When we applied the basic random sampling formula, where each element of the population can be equally chosen, we got a sample of 91 participants. However, as the sample size may be underestimated, we decided to add one more participant for our final sample, thus bringing it to 92 participants. This ensured compliance with our parameters as long as the population remained under 2907 participants.

3. Participants' Selection by Region

Our audit methodology was designed to allow for extrapolation of results at the national level. We used two variables to determine the number of participants by region.

Variable 1: Number of Participants in HRDC's Systems

This variable allocates a relative weight to a region based on its proportional number of participants contained in HRDC's systems.

Variable 2: OF Program Spending for fiscal year 2000-2001

This variable allocates a relative weight to a region by dividing the actual program spending of this region by the total actual spending of all regions.

In order to have national representation, we ensured that at least one participant was selected for each region. Thus, even if relative shares of variables 1 and 2 were less than 1% from a particular region, one participant from this region was selected by default to be included in the sample. This only affected Prince Edward Island. Table 1 provides a breakdown of participants for each region.

Table 1 – Calculation of Participant Sample by Region

		Nfld	NS	NB	PEI	Que	Ont	Man	Sask	Alta	BC-Ykn	NHQ	Total
Minimum one participant for each region	[A]	0	0	0	1	0	0	0	0	0	0	0	
Variable 1 – Participants August 1, 2000 to March 31, 2001 (92 - 1 = 91)	[B]	1.67	4.45	0.75	0.28	16.14	31.27	4.04	3.36	3.82	17.71	8.00	
Variable 2 – 2000-2001 program funds (92 - 1 = 91)	[C]	1.06	2.88	1.77	0.36	28.53	20.42	4.01	2.28	4.11	6.63	19.00	
Number of participants by region = [A] + 50% [B] + 50% [C] rounded to nearest integer		1	4	1	1	22	26	4	3	4	12	14	92

4. Sampling Process

The sampling methodology was achieved by:

- 1) random sampling of active files as of, or after, August 1, 2000, extracted from Corporate Management System (CMS), Human Resources Investment Fund (HRIF), and CJS-II in March and April 2000;
- 2) regional offices or respective responsibility centres contacting project sponsors and obtaining lists of new participants that had started the OF program on or after August 1, 2000 for each selected file;
- 3) selecting a random sample of 92 participants from the participant population that was established from the lists received from OF sponsors (item # 2 above);
- 4) verifying Employment Insurance (EI) eligibility by checking NESS and On Line Insurance System (OLIS) query screens (EN05, PHSAE, and CAPD);
- 5) asking responsibility centres to confirm or disprove cases in which EI eligibility and OF assistance appeared to exist and to provide explanations where appropriate; and
- 6) collecting evidence on the type, amount of assistance, and intervention date for all EI eligible cases found in the sample.

As HRDC's systems (NESS, CJS-II, and Benefit and Overpayment System (BNOP)) do not contain complete and reliable participant information, the participant population is based on information received from the respective responsibility centres (see item #2 above). These data contain limitations with respect to type of program intervention, date of intervention, and actual receipt of assistance.

The audit sample allows for generalization and is representative at the national level of overall participant compliance.

APPENDIX D

**SUMMARY OF RESULTS - NATIONAL GRANTS AND CONTRIBUTIONS PERFORMANCE TRACKING
DIRECTORATE**

**Opportunities Funds for Persons with Disabilities
Files reviewed between July 2000 and December 2001**

	Yes	No	N/A	Total
Application				
Application for funding from sponsor is on file.	27	0	0	27
Application includes sponsor information as required by the contribution project file.	4	0	6	10
Application includes completed declaration of amounts owing in default to the federal government.	6	0	4	10
Application was signed by representative of submitting organization.	27	0	0	27
Application includes objectives, activities, and targeted participants.	25	2	0	27
Application includes a budget.	24	3	0	27
Application includes description of expected results.	26	1	0	27
Assessment				
Written assessment demonstrates that the approved activity supports program objectives.	22	5	0	27
Assessment documentation indicates that proposed costs were evaluated.	19	8	0	27
All elements of the contribution agreement review checklist have been considered in assessment.	1	0	6	7
Sponsor was checked for outstanding debt to HRDC.	25	2	0	27
There is formal confirmation of essential funding from other sources.	1	3	23	27
MP notification is on file, if required by program.	4	0	23	27
MP concurrence is on file, if mandatory.	0	0	27	27
All other mandatory consultation and concurrence are on file.	0	0	27	27
Environmental assessment pre-screening form is in file.	9	1	0	10
Environmental assessment has been carried out, if required.	0	0	10	10
Environmental assessment is on file.	0	0	10	10
Mitigation steps have been identified and form part of the Agreement.	0	0	10	10
Environmental assessment process has been addressed adequately in file.	24	3	0	27

Recommendation and Approval				
Recommendation rationale for funding is on file.	25	2	0	27
Recommendation rationale on file is complete.	13	2	2	17
Approval is on file.	7	0	0	7
Approval is signed with correct delegation of authority.	27	0	0	27
Approval is signed on or prior to project start date.	23	4	0	27
Contracting				
Agreement is on file.	27	0	0	27
Objectives include measurable timelines/milestones.	10	1	16	27
Objectives include measurable statement of quantity.	26	1	0	27
Expected results are described clearly.	27	0	0	27
Services and/or activities are described clearly.	26	1	0	27
Nature of authorized expenses is clear.	26	1	0	27
Agreement specifies what capital assets will be acquired, and method of disposal.	0	0	10	10
Agreement reflects all approval conditions.	0	0	27	27
The schedule and basis of payment are clear in the Agreement.	20	7	0	27
Agreement contains a clause stating that HRDC may do an audit of costs claimed.	27	0	0	27
Agreement contains a clause stating that HRDC funds are not to be used to pay for persons assisting the recipient in obtaining HRDC contribution funding.	5	0	5	10
Agreement includes the required declaration regarding registration of lobbyists.	5	0	5	10
Agreement provides for repayment should total government assistance exceed the amount anticipated.	3	0	7	10
Agreement requires recipient to declare amounts owing to the federal government and states that HRDC funding may be offset against amounts owing.	4	0	6	10
Where recipient further distributes contribution amounts, agreement includes all provisions as stated in Appendix C of the TB payment policy.	1	0	9	10
Agreement includes provisions for Agreement termination with cause and Agreement termination without cause.	24	3	0	27
Agreement states the requirement for the recipient to repay overpayments, unexpended balances, and disallowed expenses.	27	0	0	27
Text of the Agreement matches the program used.	26	1	0	27
All necessary schedules are included and properly prepared.	24	2	1	27
Duration of Agreement is stated.	27	0	0	27

Agreement includes statement regarding disposition of project revenue.	3	0	24	27
Agreement contains a clause satisfying HRDC policy re sole sourcing by sponsor.	0	0	10	10
Agreement stands on its own in terms of purpose and objectives.	10	0	0	10
Agreement value is equal to or less than approval amount.	27	0	0	27
Forecast of cash flow is on file if necessary, appropriate to contracted activities, prepared by sponsor, and in agreement with HRDC contracted total.	11	0	16	27
Agreement has been signed on or after project approval date.	27	0	0	27
Agreement has been signed on or prior to Agreement start date.	20	7	0	27
Commitment has been completed prior to HRDC signing Agreement.	22	5	0	27
Agreement has been signed in all required places by HRDC official with correct delegation of authority.	27	0	0	27
Agreement has been signed or counter-signed as required by five-point directive of February 4, 2000.	4	1	2	7
Reason for amendment is clear.	5	0	22	27
Approval for increase amendments was signed with correct delegation of authority.	4	0	23	27
In the case of financial increase amendments, commitment certification was completed prior to HRDC signing amendment.	2	2	23	27
Forecast of cash flow has been amended for financial amendments, where required.	1	0	26	27
Amendments have been signed with correct delegation of authority.	5	0	22	27
Payments				
If advance was issued, sponsor was eligible for advance.	7	1	19	27
Advance amounts are compliant with Treasury Board and Financial and Administrative Services policy.	8	0	19	27
Only April forecasted expenditures are paid out of previous year funds.	2	0	25	27
All required claim forms are on file.	25	2	0	27
Claims are accompanied by activity report and supporting financial documentation if required by Agreement.	17	0	10	27
Reimbursed expenses are allowable according to HRDC policy, program terms and conditions, and the Agreement.	16	1	0	17
Proper expenditure coding has been applied.	10	0	0	10
Claim amounts for April support the advance amount issued from the previous fiscal year.	1	0	26	27
Math is correct on all processed claim forms.	16	0	1	17
Claim forms are correctly signed by sponsor.	26	0	1	27
Budget forecast has been amended as required.	1	1	25	27
There is correct delegation of authority according to Section 34.	17	0	0	17
Advance and payment claims are signed or counter-signed as required by five-point directive of				

February 4, 2000.	4	0	3	7
At least two people have initialled/signed/input/approved payment requisition.	26	0	1	27
Monitoring				
A Risk Assessment and Monitoring Plan, completed prior to Agreement start, is on file.	12	4	1	17
If plan has been completed, monitoring has been done according to plan or rationale is on file.	18	2	7	27
Monitoring frequency satisfies HRDC requirements.	7	0	3	10
Monitoring report(s) is on file.	16	0	11	27
Project activities were monitored for compliance with Agreement.	15	1	11	27
Financial visit has been completed if required.	2	0	5	7
Financial visits' documentation is thorough and accurate.	8	0	19	27
Contributions from other partners were verified on financial visit.	1	0	26	27
Issues requiring follow-up have been identified.	8	1	18	27
Follow-up has been initiated or completed.	8	0	19	27
Closeout				
Procedures for disposal of assets are clear.	1	0	16	17
Assets were disposed of in accordance with agreement.	0	1	26	27
The final contribution was paid after receipt of the final claim form, unless early payment was justified on file and allowable by T's & Cs.	13	0	14	27
Overpayment has been recorded as a receivable, and recovery procedures have been initiated.	2	0	25	27
Closeout summary, including evaluation report prepared by HRDC, is on file.	4	0	6	10
Closeout report, including a summary of outcomes, is on file.	14	1	12	27
Compliance with Terms and Conditions				
Project activities meet program terms and conditions.	27	0	0	27
Agreement is in accordance with all other terms and conditions for selected program.	17	0	0	17
Participants meet program eligibility criteria.	23	1	3	27

General Administration				
On wage subsidy and grant files, a life cycle file review checklist is completed and on file.	26	0	1	27
All pertinent national forms created for the Contributions Project File have been used, as per ADM directive issued September 8, 2000.	6	0	4	10
Participant data are captured for the Accountability Framework.	21	3	3	27
HRDC is exercising inappropriate supervisory control and employer/employee relationship may be a problem.	0	27	0	27
There are risks related to contravention of Public Service Employment Act.	0	27	0	27
There are risks related to improper use of contribution funds, because the project is supplying goods or services to HRDC.	0	27	0	27
There are risks related to liability and public perception.	0	27	0	27