



Review of Data Integrity

Project No: 426/98

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1.0 EXECUTIVE SUMMARY

The objective of the review is to provide assurance to senior management of the integrity of some of the 'national performance indicators' results in terms of its accuracy, timeliness, and reliability. The review involved visits to NHQ and five regions. The following indicators were included in the review:

Insurance: Speed of payment and Investigation and Control total savings

Income Security Programs: Percentage of client calls answered, Speed of Service for Old Age Security and Speed of Service for Canada Pension Plan

Labour: Effectiveness in settling unjust dismissal complaints

To achieve integrity, national performance indicators must meet at least the three following criteria:

- The performance indicator actually measures what it is reported to measure;
- The reported results are not significantly affected by factors unrelated to effectiveness of the program being measured or by factors outside the control of the program manager; and,
- The capture of data and the reporting of the results are timely and consistent within and across the regions.

<p>The accuracy and reliability of most of the indicators listed above can be improved. Failure to meet one or more of these criteria reduces their usefulness as management and accountability tools. No timeliness problems were identified with any of the indicators.</p>

FINDINGS

Insurance

Speed of Service

- The indicator measures the delay between the registration of a claim and the first payment instead of the delay between the deposit of the application and the first payment, which is what really matters to the client;
- Variations in the processing of claims filed without a record of employment, as well as different canceling and registering practices can artificially improve the speed of payment indicator with no corresponding gain in speed of service;

Investigation and Controls Savings

- Indirect and direct savings actually generated by insurance agents may be credited to Investigation and Control in order to achieve savings targets;
- Lack of understanding exists as to how savings generated by matching custom records to EI records are allocated between Human Resources Centres (HRCs).

Labour

Effectiveness in settling unjust dismissal complaints by inspector

- The terminology used in the description and definition of the indicator is misleading as the indicator is influenced by several factors, such as initial screening by support staff, which are not directly related to the inspector's performance in settling complaints,
- Complex reporting structure for closed cases increases the risk of errors and discrepancies.

Income Security Program

Percentage of client calls answered

- The capture and analysis of data of this indicator is entirely automated and meet all the conditions for clarity and integrity.

Speed of service - Old Age Security and Canada Pension Plan

- The indicator measures the delay between the recording of the application in the system and the rendering of the decision, rather than the delay between the receipt of the application to the decision, which are not necessarily the same, especially during peak periods.

Speed of service - Old Age Security only

- Current speed of service indicator focus on the time it takes to process an initial OAS application. In most of these cases, however, speed of service is not critical because OAS applications are often received several months before the client is entitled to receive benefits. On the other hand, there are no national speed of service indicators for some subsequent decisions that need to be processed diligently to prevent hardship or overpayments.

Recommendations:

Speed of service, Insurance and Income Security

Data integrity can be easily improved by ensuring that the same rules for recording new applications are used by all HRCs and Service Centres.

Total Savings, Investigation and Control

Data integrity can be improved by ensuring that all Regions and HRCCs adhere to the same set of rules regarding the identification and recording of savings.

Effectiveness in settling unjust dismissal complaints by inspector, Labour

If it is the intent of Labour to measure the performance of the Inspector in settling unjust dismissal complaints, then it should revise the structure of the indicator to take in consideration only those factors that are directly related to his/her performances. Labour should also simplify the reporting structure for closed cases.

Speed of service - Old Age Security only

ISP should consider the possibility measuring the speed of service for decisions that, if delayed, may cause hardship or result in overpayment, such as change of address or change in eligibility.

2.0 INTRODUCTION

The objective of the review is to provide assurance to senior management of the integrity of national performance indicators results in terms of its accuracy, timeliness, and reliability.

The selected indicators cover three of business lines of the department; Insurance, ISP and Labour. The review involved field visits to five regions including eight HRCCs, four Labour Affairs Offices, four ISP processing centers and five regional offices. A detailed list of the sites and the positions of the people who were interviewed is included in Appendix A.

National performance indicators are used by HRDC to report internally and externally on the quality, effectiveness or efficiency of its operations. Performance indicators are also used as benchmarks, they often influence resource allocation and ultimately, they are an essential element of the accountability framework. To fully play these roles, they not only need to be reliable, timely and accurate but as importantly they must be viewed as such by those using them. To achieve integrity, national performance indicators must at least meet the three following criteria:

1. The performance indicator actually measure what it is reported to measure;
2. The reported results are not significantly affected by factors unrelated to effectiveness of the program being measured or by factors outside the control of the program manager; and,
3. The capture of the data that feed the indicator and the reporting of the results are timely and consistent within and across the regions.

An indicator which does not measure the first criterion does not serve its purpose, even if it is mathematically correct. One that does not meet the second and/or third criteria will show distorted results. Since the magnitude of the distortion is generally difficult to evaluate, the indicator risks being tagged as “unfair” or “unreliable”. This loss of credibility will deprive it of most of its usefulness as one will tend to attribute deviations from the standard or benchmark to the inherent unreliability of the indicator rather than to the performances achieved.

On the other hand, even the most reliable, timely and accurate national performance indicator results must be interpreted with caution because of the increasing asymmetrical nature of our internal and external environment. Economies of scale differ between regions and HRCs. Population density varies between regions; some populations are more sedentary and some are more transient. The age structure of the population, its level of education, the percentage of new immigrants with little knowledge of any of the official

languages, the nature and strength of the local labor markets, all of this have an influence on the conditions of program delivery which in turn affect the performance indicators.

3.0 EMPLOYMENT INSURANCE

3.1 Performance Indicator

The two national Employment Insurance performance indicators covered in this report play an important role in accountability and resource allocation. The first, measures the speed at which the first Employment Insurance warrant is sent to the claimant, which represents for most of them the first and often the most important quality of service issue. The second, is more of an internal administrative nature as it measures the savings resulting from Investigation and Control activities. It supports the notion that Investigation and Control operations must be self-supported.

3.1.1 Performance Result Indicators reviewed

INS-1 Speed of payment indicator - percentage of first benefits paid as early as legally possible.

Purpose: This indicator measures the time to issue the EI claimant his or her first warrant as early as legally possible (the standard is within 28 days of registration)

INS-2 Investigation and Control- Total Savings

Purpose: This indicator provides the dollar value of direct savings from detection activities and indirect savings from detection and deterrence activities.

3.2 Findings

INS-1: Speed of payment indicator - percentage of first benefits paid as early as legally possible.

<p>The indicator measures the time from when a claim is <u>registered</u> to when a cheque is issued rather than from the time the application is <u>received</u> to when the cheque is issued. The delay to register a claim can vary from office to office or within an office, over time.</p>
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Registration is a manual entry step in the processing of the EI claim. The clock begins ticking for speed of payment once the claim has been registered. An HRCC which does not register a claim immediately upon receipt will rate better on this indicator, although its speed of service may be the same, or even slower. Our auditors have seen claims which were awaiting registration that were received up to three days prior.

It may be tempting to delay claim registration when back-logs are high and it is obvious claims will not be processed for several days. To maintain internal consistency of results, some HRCs have instituted a target of 24 hours for the registration of a claim. But if Applisys was tied directly into the Support System for Agents, the claim would automatically be registered immediately, prevent any distortions caused by a late manual registration and increase the credibility and accurateness of the measure.

Recommendation:

Pursue the development of the system to tie Applisys directly into SSA, in the meantime enforce a national policy of registration within 24 hours of claim receipt.

Variations in the processing of claims filed without a valid Record of Employment influence the speed of payment indicator without necessarily reflecting a faster service to the claimant.

When there is a missing Record of Employment (ROE), the application is coded “Last Record of Employment Missing” (LREM).

There are a variety of options available for an office to choose in handling LREM applications. Each option can impact positively or negatively on the speed of payment indicator without a corresponding increase or decrease in the speed of service.

- Some HRCs do not register a LREM application or close it, and register or re-register it when the ROE is received. This improves the speed of payment indicator but does not increase the speed of service;
- Other HRCs register the claim and put a priority tag on the application for when the ROE does come in. This decreases the speed of payment indicator but increase the actual speed of service to the client.
- Finally, some HRCs apply a “turn-away” policy. Claimants are turned-away if they do not have their ROE and told to come back when they have it, at which time their claim is given priority. This positively influences the performance indicator and may also improve the speed of service.

Each one of the above practices is valid but the use of different approaches result in distortions of the speed of payment indicator between and within regions.

Recommendation:

Although each HRCC should be allowed to handle claims with a missing Last Record of Employment in the way they consider the most appropriate, the registration policy should be uniform between and within regions to avoid distortions in the performance measure.

The speed of payment indicator figure can be improved without actually speeding up the service by canceling outstanding claims and re-register them just before processing.

Although they could not provide evidence of it, several managers and employees interviewed were convinced that the practice of canceling claims in situation of heavy backlogs, for the sole purpose of maintaining a favorable speed of payment indicator, was used in some HRCs. Whether or not this practice exists, the fact that many employees and managers believe it does reduces the credibility of the indicator. This practice should be investigated and eventually discouraged.

Recommendation:

Establish and enforce a clear policy on claim canceling to prevent unnecessary cancellation of claims for the sole purpose of improving the speed of service indicator.

INS-2: Investigation and Control - Total Savings

There is a possibility that indirect and direct savings actually generated by the Insurance Agents be credited to the Investigation and Control (I&C) officers.

The insurance agents effectiveness in generating savings is not nationally measured while the savings attributed to I&C is linked to performance measure and , in some cases, to resource allocation. There is therefore an incentive to record as much savings as possible under an I&C code, rather than an Insurance Agent code. As for claim canceling, it is believed but not proven that some indirect and direct savings that were or should have been generated by Insurance Agents are transferred to investigation and control. These practices could take the following forms:

- Indirect and direct savings generated by Insurance Agents may be credited to I&C.
- An I&C officer situated at the front desk reviews incoming applications and selects those where the reason for separation will likely result in a disqualification or a disentitlement, or for which a benefit period will not be established. Unless certain circumstances exist that would require an investigation, this is really the work on an Agent.

It was not possible during the review to certify the existence or measure the extent of these practices, but the fact that they are considered as common negatively affects the credibility of the indicator.

Recommendation:

Clear guidelines should be implemented to determine when and how savings should be attributed to I&C.

Confusion exists as to the way the processing of “customs match” (claimants who have been crossing an international border while on EI benefits) is allocated and where the resulting savings are allocated.
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Some of the HRC managers are not clear as to how the ‘custom matches’ are allocated by the Region or NHQ. Some of the HRCs visited believed that they were only credited the “customs match” that they handle locally. Some thought they were sent all cases for processing, while others indicated they only received the most difficult cases. In fact, IAB was told that ‘customs match’ savings are automatically allocated to the HRC where the benefit period is established, whether or not any work has been done in that HRC. In any case, there is the perception in the HRC that different allocation practices create an imbalance in the work load and the results.

Recommendation:

The allocation of work related to customs match and of the related savings should be clarified.

4.0 INCOME SECURITY PROGRAMS

The termination of the Income Security Programs Redesign project (ISPR) has resulted in the obligation for ISP to review operational practices such as the sampling and capture of data for its performance indicators.

The processing of Old Age Security and Canada Pension Plan applications is generally done at the ISP Processing Centers but in some regions, partial or even full processing is sometimes done in the Human Resource Centres. This choice has an impact on the speed of service indicators and should be taken into consideration when interpreting the results.

During the field visits, it was mentioned that there is a speed of service indicator for OAS focused on the processing of new applications. The processing time is not critical since the applications are sent almost a year before the client's date of entitlement. On the other hand, the 'through put' time of some 'account maintenance' decisions, such as recording a change of address or a change of entitlement status which must be handled diligently to prevent hardship or overpayment.

4.1 Performance Results Measures

ISP - 1 Client Service - Percentage of ISP Telephone client demand Answered
This measure expresses the total number of calls answered in an HRCC on behalf of ISP as a percentage of the telephone demand (answered + abandoned + dropped)

ISP - 2 Speed of Service - OAS Application Through-Put Time
This measure displays, on a cumulative basis, the average time spent processing an Old Age Security application

ISP - 3 Speed of Service CCP Application Through -Put Time
This measure displays on a cumulative basis the time spent processing a Canada Pension Plan application

4.2 Findings

ISP - 1: Client Service - Percentage of ISP Telephone client demand Answered

The client service indicator ISP-1 is measured by the Meridian system. This system is fully automated. There is no evidence of any findings that would compromise the integrity of this performance indicator.

The receipt date stamped on an application is entered manually in the system. The Through-Put Time indicator measures the time from that date to the decision. If the date

stamped on the application and entered in the system is after the actual date the application was received, the indicator will not accurately measure the speed of service from the client point of view.

OAS applications are date stamped on arrival into the mailroom of the processing centers. The speed of service indicator is not sensitive to the date stamp. The clock starts ticking once the application is recorded in the System. There could be significant delays from the date of the application to the time the application is entered that are not taken into account in the measurement of the speed of service.

Some CPP applications are stamped only once, others are date stamped each time they are received in one location, such as the HRCC or the mail room. The speed of service starts being measured according to the date stamp that is entered into the system. If there is more than one date stamped on the application, it is not certain that the older date will be used.

There is a “three day rule” applied. When an application is received during the first three days of the month they will backdate the application to the previous month.

Recommendation:

ISP Managers should enforce a policy that only the oldest date on the application is the one recorded in the system in all HRC and processing centers.

Inconsistencies in the methodologies used to select the sample of files used for measuring the speed of service influences the performance indicator .

The through-put time indicator is measured from a sample of files manually selected from time to time. There is a variety of arbitrarily determined methods employed to select those files to be used in the sample. Some use random methods, while other perform various forms of selection. As well, the time when the sample is taken varies from one processing center to another. Some conduct their sampling throughout the whole month. Others take a sample at the end of the month based on the last two weeks or from completed files awaiting filing. In the CPP sample, the mix of files selected influences the speed of service since some applications, such as disability, take much more time to process.

ISP authorities have recognized the problem related to the sampling and plan to implement a census approach in the Fall of 1998. For that reason, we make no recommendation with regard to sampling. However, the reliability of the new approach will depend on the consistency in recording the date of receipt of the file into the system.

Performance indicator for OAS concentrates on through-put time for new OAS applications, quick processing in these cases is generally not required. The indicator puts a focus on an activity where speed of service is not critical for the client and does not require a lot of time to process.

Blank presumptive applications for OAS benefits are sent to seniors when they reach sixty four years of age (those who are in the ISP database). The applications are generally completed and returned several months before the client is entitled to benefits. It does not make much difference if the application is processed in 30 or 40 days. (This observation also applies to CPP Retirement presumptive applications at age 65)

On the other hand, many maintenance decisions must be made as quickly as possible to avoid problems or inconvenience to the beneficiary or his/her family. This is the case for any changes in the status or situation that have an impact on the entitlement of the person. If not handled rapidly, these can lead to overpayments.

At least one processing center has developed a system to sort and prioritize maintenance cases, and keep statistics on the speed of handling. This indicator is considered more crucial than the traditional through-put time for new OAS applications.

Recommendation:

The through-put time indicators should take into account the speed of handling of maintenance cases that require quick action in order to prevent inconvenience and/or overpayment to the clients.

5.0 LABOUR

Contrary to Insurance, and ISP, Labour activities are not characterized by a high volume of transactions or direct payment to clients, but by interactions with groups or individuals on sometimes complex Labour issues. It is probably for this reason that a key national performance indicator in Labour is described as a measure of the effectiveness of Labour inspectors.

5.1 Performance Result Indicator

LAB-1 Percentage of Unjust Dismissal Complaints Settled by Inspectors (Based on closed assignments)

Purpose: To measure the effectiveness of the inspectors ability to provide an inexpensive and expeditious method or resolving Unjust Dismissal complaints compared to adjudication.

5.2 Findings

The method used to calculate the Performance Indicator does not take into account any variation in the actual effectiveness of the work put forward by the investigator in solving the unjustified dismissal case. Terminology used in the description and definition of the indicator is misleading for a person who relies on the official description of the indicator.

The intent of the indicator is to measure the effectiveness of the inspector in solving unjustified dismissal cases. This is misleading given the method of calculating the performance result. The performance indicator is in the form of a ratio which measures the total number of cases not sent to adjudication over the total number of cases received. There are several reasons why a case does not go to adjudication which are not related to the effectiveness of the work of the investigator. For example, the quality and extent of the screening of incoming applications by support staff has a direct impact on the ratio.

Recommendation:

If it is the intent of Labour to measure the performance of the Inspector in settling unjust dismissal complaints, then it should revise the structure of the indicator to take in consideration only those factors that are directly related to his/her performances. Labour should also simplify the reporting structure for closed cases.

The Performance Indicator uses the term “Settled” and the word “Resolved” is used in the defining units of business. Using these two terms introduces a level of uncertainty into what is actually to be measured.

Recommendation:

A clarification between the use of the terms “Settled” and “Resolved” would help in setting a base line for consensus as to the interpretation and purpose of this indicator.

The reporting structure for closed files is highly complex and has no effect on the performance indicator. As well there is a duplication in numbers used in the result and status codes causing confusion between reporting on closed assignments and reporting on the status of assignments.

The Assignment Result Table lists numerous options for closing an assignment. The choice of these options do not have any influence on the performance indicator itself except for indicating if a file has been sent to adjudication.

There are a number of assignment result codes to choose from, all of which will have the same effect on the performance measure; except one which indicates the file has been sent to adjudication. These codes are very detailed and as such do not provide significant latitude for coding all potential outcomes.

As a result a general use code “99 Assignment Completed - Other” is being used. There is also a duplication in the use of the numbers 98 & 99 representing codes, both of which are found in the Assignment Result Table and the Assignment Status Table, this can cause confusion when coding a file.

Recommendation:

Simplifying and re focusing the reporting structure for unjust dismissal assignments will encourage consistent and accurate reporting of results from the investigators.

REGIONS, LOCATIONS VISITED

- I. Nova Scotia Region**
 - New Glasgow HRCC
 - Sydney HRCC
 - RHQ, Halifax
 - ISP Processing Center

- II. Ontario**
 - Richmond Hill, HRCC
 - Kitchner, HRCC
 - ISP Processing Center, Scarborough
 - Regional Office, Toronto

- III. Quebec**
 - Quebec City HRCC
 - Quebec RHQ
 - Quebec Labour Program
 - ISP Processing Center

- IV. Alberta**
 - Edmonton West, HRCC
 - Edmonton South, HRCC
 - ISP Processing Center, Edmonton
 - Regional Office, Canada Place - Labour
 - Regional Office

- V. British Columbia**
 - Victoria, HRCC
 - Surrey, HRCC
 - Labour, Surrey
 - ISP Processing Center, Victoria
 - Regional Office

INTERVIEWS CONDUCTED

Agent de Plannification et evaluation
Agents I, II and Universal Agents
Audit Co-ordinators

Directeur Services d'Enquetes (Québec)
Director Consolidated Services
Director General
Director Informatics Finance and Administration
Director ISP
E&I Officers
HRCC Managers
HRCC/Area Directors
I&C Officers
ISP Delivery agents
ISP Processing Agents
Labour affairs Officer
Labour Standards Officer
Labour Technical Advisor
LOIS Clerk
Mail Room Clerks
Manager Customer service
Manager I&C
Manager Insurance
Manager ISP Mail Center
Manager ISP Processing Centers
Manager ISP Telecenter
Manager Labour Programs
Manager Operations
Manager Pay & Benefits
Service Delivery Manager
Service Delivery Managers