
Report on the Social Grants Review

Cross Government

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Abbreviations

ASP	Aboriginal Service Plans
CALP	Community Adult Literacy Program
CPPM	Core Policy and Procedures Manual
CUBC	Credit Unions of BC
CVP	Community Volunteer Incentives Program
DASH BC	Directorate of School Health Agencies of BC
DRIS	Dispute Resolution Innovation Society
IAAS	Internal Audit & Advisory Services
JSB	Justice Services Branch
JWS	JW Sporta Ltd.
MCFD	Ministry of Children & Family Development
MEd	Ministry of Education
MOU	Memorandum of Understanding
PLS	People's Law School
PSI	Post-Secondary Institutions
PSO	Provincial Sport Organizations
RESD	Ministry of Regional Economic & Skills Development
STOB	Standard Object of Reporting
TUA	Transfer under Agreement
UW	United Way
VFM	value-for-money

Executive Summary

We have completed our review of Social Grants awarded across government during fiscal year 2009/10. The review included an assessment of the effectiveness of ministries' controls in ensuring that grant objectives were successfully achieved and whether value-for-money (VFM) was achieved in each of the programs. Seventeen social grant programs were selected for our review.

Overall Assessment

Overall, the ministries under review awarded grants with sufficient due diligence and in accordance with Core Policy and Procedures Manual (CPPM). We noted, however, a number of primarily minor exceptions in the award process and identified improvements to strengthen controls.

All of the grant programs had clear eligibility criteria and clear program objectives to facilitate decision making and reporting on performance. Program objectives were achieved with the exception of one program (**Literacy BC**) and performance measures were reported on through interim and final reports. We noted that all of the awards had proper authorizations. We found that appropriate conflict of interest guidelines and policy were in place for the awards. Where guidelines specific to award processes were not in place, compensating controls exist by staff having to sign the Public Services Oath.

Four of the grants were issued under formal agreements, of which, only two had payment tied to specific service deliverables for accurate reporting under STOB 80 as a Transfer under Agreement. One of these programs (**Pay Equity**) was already identified for reporting under STOB 80 and the other (**Dispute Resolution**) is recommended for same.

Four of the programs have an expectation or an entitlement to the funding due to a coupon redemption period of five years (**Passport to Education**), a unique program providing mediation services (**Dispute Resolution**), an ongoing agreement that provides for pay equity claims (**Pay Equity**), and a program that provides specialized services to vulnerable children across all school districts (**Community LINK**). However, only **Pay Equity** recipients are entitled to ongoing non-discretionary funding under the Agreement with no termination date.

Overall, the social grants reviewed provide VFM through direct services provided by the grant recipients and through partnering with other parties; however, some programs require further review for assurance.

Service Plan
Alignment

We found 2 of the 17 grant programs (***Passport to Education and Pay Equity***) do not align with the current service plan goals, objectives and strategic priorities of their ministries as required under CPPM. Further, one of the programs (***Whistler Residential***) aligned with the goal of ensuring a fair tax environment; however, may no longer sufficiently benefit the taxpayers due to changing components in the tax calculations in the taxpayer's favour. We are recommending the ministries align the programs with their ministries' strategic priorities, objectives and service plan goals to enhance program profile and oversight.

Direct Awards

We noted 7 of the 17 grant programs (***Aboriginal FIRST, Action Schools, Community LINK, Dispute Resolution, Literacy BC, Pay Equity and People's Law School***) were direct awards. The competitive process was waived as the awards were made to all school districts under prescribed funding formulas or to contractors of choice who have specialized expertise or had previously ran successful pilot projects. We were informed that one direct award recipient (***Literacy BC***) did not deliver on all service deliverables. As such, we recommend the ministry consider future funding under a contractual agreement outlining services deliverables.

Eligibility Criteria

Overall, we found that the grants had clear eligibility criteria to facilitate informed decision-making on awards. We noted three grants (***Community Adult Literacy, Community LINK and Community Volunteer Incentives***) may benefit from a further review of the criteria for ensuring that recipients are treated equitably. Two of the programs have already been identified by ministry staff and are under review.

Award Evaluation

Overall, we found that grant award processes were performed with sufficient due diligence. However, we have identified improvements in two programs. We are recommending that scoring and evaluation conclusions by committee members are sufficiently documented (***Community Adult Literacy***) and that an evaluation tool be developed in another program (***Success by 6***).

Reporting
Requirements

Overall, we found grant programs had appropriate reporting requirements to support decision-making and manage risk with the exception of one program (***Pay Equity***) that has no provision in their funding Agreement to report any changes that may identify surplus funding.

Funding
Announcements

We have also identified improvements to reporting in two other programs to reduce administration time through focused reporting and to manage risk. We are recommending school districts work with the ministry in finding an equitable reporting solution (**Community LINK**). We are also recommending the ministry require the grant recipient to report annual data rather than cumulative for performance clarity and to provide financial statements with fund accounting (**Action Schools**).

Six grant recipients from two programs (**Athlete Assistance and Community LINK**) have stated that an earlier funding announcement would better support achieving their program objectives. We recommend the ministries strive to communicate their awards earlier for these programs.

In closing, we would like to thank the staff of the participating ministries for their assistance, expertise and co-operation during this review. Their insights were invaluable.



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Introduction

Transfer payments are transfers of money from the province to an individual, an organization or another government for which the province does not receive any goods or services directly in return, does not expect to be repaid in the future, and does not expect a financial return. Transfer payments are distinct and separate in this respect from other acquisitions by government where it receives goods or services directly in exchange for a payment.

Beginning fiscal 2001/02, government transfer payments were classified in accordance with the Public Sector Accounting Board recommendations replacing the previous Grants and Contributions groupings. In 2006, the newly created Core Policy & Procedures Manual (CPPM) 4.3.14 'Transfer Payments' set out classification guidelines for Grants, Entitlements and Transfers under Agreement (TUA), while also providing the basic provisions to be considered in the terms and conditions of a TUA document.

Grants (STOB 77) includes grant payments at the discretion of government to individuals, businesses, or other entities for specified purposes, for which government does not receive direct goods or services, and where there are no ongoing contractual requirements. The characteristics of grants include:

- Payment is solely at government's discretion.
- The government decides how much, to whom, and when a payment is to be made.
- In most cases, recipients have to apply for a grant.
- Legislative authority is required, but a contract is not necessary.
- The nature of the payment is *discretionary*.
- Eligibility (and conditions, if any) is set by the government.
- Meeting eligibility criteria does not guarantee a recipient will receive a grant.
- Usually, there is a ceiling on the total amount that may be transferred under a particular grant program.

The total value of grants disbursed in 2008/09 was \$1.1 billion and in 2009/10, the total to date is \$726 million. Examples of grants include research or development grants.

Given the total value of grants disbursed across government every year, and given the previous work by Internal Audit & Advisory Services (IAAS) as well as the most recent work of a committee of Deputy Ministers in identifying risks related to grants, IAAS undertook this Corporate Audit Plan engagement.

Purpose

The purpose of this engagement was to assess the effectiveness of ministries' controls in ensuring grant objectives were successfully achieved and that value-for-money (VFM) was achieved through the disbursement of grants and to provide recommendations to increase effectiveness.

Specific objectives the engagement addressed were to:

- assess the level of due diligence in awarding grants;
- determine whether VFM was achieved; and
- identify opportunities to strengthen controls.

Scope and Approach

The scope of this engagement included a representative sample of grants disbursed during the 2009/10 fiscal year and also included award, payment, financial and administrative and reporting processes.

The engagement involved interviews with ministries and recipients from 17 social grant programs. The examinations also included documentary review, analysis, and comparison to government policy in order to assess whether value for money was achieved.

The fieldwork for this review was conducted between June and September 2010.

Comments and Recommendations

1.0 Awarding Grants

Objective: To assess the level of due diligence in awarding grants.

Conclusion

Overall, the ministries under review awarded grants with sufficient due diligence and in accordance with CPPM; however, some exceptions were noted, such as one grant funded a non-profit organization's leasehold improvements contrary to CPPM. We also noted that two grants should be accurately recorded as Transfers under Agreements (STOB 80) rather than grants (STOB 77). Further, some improvements have been identified for evaluating program proposals.

Seven of the seventeen grants were direct awards to contractors of choice or to all school districts under prescribed funding formulas. All of the grant programs had clear eligibility criteria and clear program objectives to facilitate decision making and reporting on performance. Reporting on program outputs and outcomes were required and performed where appropriate. We noted that all of the awards had proper authorizations. Generally, conflict of interest guidelines and policy were in place for the awards. Where guidelines specific to award processes were not documented, compensating controls exist by staff having to sign the Public Services Oath.

In addition, we reviewed the programs for a sense of entitlement that the recipients may have for the funding. Four of the programs have an expectation or an entitlement to the funding due to a coupon redemption period of five years, unique mediation services provided to the citizens of BC, an ongoing agreement for pay equity claims, and specialized services provided to vulnerable children across all school districts.

2.0 Value for Money

Objective: To determine whether value for money was achieved.

Conclusion

The basis used for assessing VFM included the leveraging of funds from other sources, minimal resourcing for the award process, funding direct costs, fully expending funds, furthering government goals and objectives, achieving intended results, and developing partnerships.

Overall, the social grants reviewed provided VFM, with one exception. For example, a contractor with many programs and funders did not demonstrate an appropriate allocation of overhead costs to all of its programs. Program objectives were achieved and performance measures were reported on through interim and final reports. Partnering with other parties also supported VFM.

3.0 Controls

Objective: To identify opportunities to strengthen controls.

Conclusion

We identified a number of opportunities to strengthen controls in the award process such as developing an evaluation tool, training evaluation committee members for consistent practices, revising reporting requirements, reviewing eligibility criteria and improving timing of funding. We also noted that two of the programs did not align with the individual ministry's service plan goals, objectives and strategic priorities. Without an appropriate lens on the program, priorities may not be set appropriately within the ministry. Further, we identified a grant that may be better executed through a contractual agreement to ensure that service expectations are met.

Appendix A

Ministry of Attorney General

1.0 Dispute Resolution Innovation Program

The Justice Services Branch (JSB) direct awards the Dispute Resolution Innovation Society (DRIS) with an operating grant each year to provide mediation services that include training for dispute resolution professionals and creating and providing affordable dispute resolution services.

DRIS has been funded since 1998 under a Memorandum of Agreement and therefore, is considered a specialized contractor to perform these services under a direct award. As such, a sense of entitlement to this award exists due to the consistent program funding and the specialized services delivered by the society. Further, as the Agreement resembles a TUA vs. a grant by specifying service deliverables, the recording should be reclassified to STOB 80.

We noted that the program has clear objectives for delivering dispute resolution services. DRIS provides regular financial and operational reports on outputs and outcomes to demonstrate that objectives are achieved.

We also noted that the ministry's Assistant Deputy Minister and the Executive Director of Dispute Resolution of JSB both serve on the society's Board of Directors. The ministry is aware that their participation on the Board may give rise to a perceived conflict of interest. However, there are controls in place to address those concerns. For example, the Ministry of Children and Family Development (MCFD) is a party to the child protection mediations; however, the ministry ensures that MCFD is at arm's length by not being a party to the society's contractual obligations.

Further, we found the grant included \$100,000 to complete renovations of the society's office contrary to CPPM 6.3.1 (10). Funding of the leasehold improvements may be viewed as a business subsidy or creating an employer/employee relationship. Considering the economic climate, funding direct mediation services would likely have brought more value to the program. The ministry has responded that DRIS would have been forced to move and pay higher rent than the current annual rent of \$3,825 paid to government, if tenant improvements were not made.

Overall, however, the program provides value for money through mediation services that reduce the demand for court proceedings and legal services.

Recommendations

- (1) **We recommend the ministry comply with CPPM to ensure that contractors' assets are not government funded.**
- (2) **We recommend that the funding provided to DRIS be recorded as a TUA under STOB 80.**

2.0 People's Law School

JSB direct awards the People's Law School (PLS), a non-profit organization, with an operating grant each year to provide free and impartial public legal education to British Columbians through speakers, training workshops, publications, theatre, and special events.

PLS has been funded under a Memorandum of Understanding (MOU) for approximately 15 years and is considered a specialized contractor for these services. The grant has been reduced from \$10,000 in 2009/10 to \$5,000 in 2010/11; as such, the minimal grant does not support a sense of entitlement to this funding.

We noted the grant has clear objectives to deliver on advancing the public's knowledge of the justice system. Also, PLS provides regular financial and operational reports on outputs and outcomes as required under the terms of the MOU. Overall, we found the ministry controls for the program funding were appropriate and sufficient.

Further, we noted the program provided value for money by educating the public on legal responsibilities and rights without having to first seek legal advice from a professional and utilizing the justice system without cause.

Appendix B

Ministry of Regional Economic & Skills Development

1.0 Aboriginal Service Plans

Aboriginal Service Plans (ASP) are three year pilot projects delivered by eleven public post-secondary institutions in collaboration with Aboriginal communities to increase participation of Aboriginal students in post secondary education. The program is in the final year of funding.

Post secondary institutions were selected based on the quality of the plan and the institutional and demographic data. We reviewed the selection process performed at the beginning of the pilot project and found the awarding of grants was performed with due diligence. ASPs have clear objectives for increasing access, retention, completion and transition opportunities for Aboriginal learners at post-secondary institutions. The institutions regularly report on successful performance in meeting their set objectives.

There is not a sense of entitlement to the funding, as this is the final year of funding. The ministry has communicated to institutions that continuous funding will be based on available funds and a post external evaluation.

Further, we found the ASPs have achieved VFM through increasing the number of Aboriginal learners at post-secondary institutions and strengthening community partnerships over a three year period.

2.0 Community Adult Literacy Programs

The ministry provides funding to non-profit organizations in partnership with post-secondary education institutions to provide literacy education programs to adults. Currently, the ministry is in the process of reviewing the Community Adult Literacy Program (CALP) grants. The review will consist of a range of issues, including improvements to the current program design, application process, and payment and reporting requirements.

The ministry awards \$2.4 million in CALP funding to literacy service providers, of which \$250,000 is directly awarded to Literacy BC, an organization that provides training and resource support to literacy service providers. The federal government funded Literacy BC for many years prior to the program transitioning to the province. We were informed by the ministry that Literacy BC did not deliver on all of the expected service deliverables, most notably training service providers on community literacy benchmarks. Funding by a contract would help to ensure that stated service obligations are met.

Due to budget constraints, a call for proposal was not performed for funding in 2009/10 but rather a renewal application process was initiated and approved by the Assistant Deputy Minister. An internal review committee was established to evaluate the applications. We sampled renewal applications and noted that the eligibility criteria were met. We found, however, the review committee members did not always complete the scoring sheets to appropriately document the successful awards in a consistent manner.

We noted that CALP has clear objectives and goals for increasing the level of literacy and numeracy for adult learners. The grant recipients provide interim and final financial and operational reports on outputs and outcomes to support objectives being achieved.

Part of the eligibility criteria for funding is that programs are required to have an established partnership with a public post secondary institution to provide oversight. Some of the institutions charge an administrative fee for their services; however, some established service providers have questioned the value of the services, such as not providing feedback on their proposals. The ministry plans to review the inequitable charging of the fee in the next round of funding.

The sense of entitlement to this funding is managed through the annual application process and the availability of funds; however, established literacy providers would likely expect funding due to the growing need for literacy services.

Overall, we found that CALP grants provide VFM through increasing literacy, empowering job suitability and training tutors but could be further strengthened by reviewing the necessity to tie funding to a post secondary institution partnership for established proponents.

Recommendations

- (3) We recommend the ministry fund Literacy BC by contract to ensure service deliverables are met.**
- (4) We recommend that the ministry sufficiently train the evaluation committee members to ensure consistent practices.**
- (5) We recommend that the ministry consider revising requirements for established proponents to have institutional partnership.**

3.0 Passport to Education and Scholarships

The Passport to Education and Scholarship programs award the educational achievements of students in Grades 10 to 12. There are three award programs; Provincial Scholarship Program, Dogwood District/Authority Program and the Passport to Education Program. The awards are used to further students' post-secondary education and job training.

We noted the Passport to Education and Scholarships program of \$17.6 million does not align with the Ministry of Education (MEd) or the Ministry of Regional Economic & Skills Development (RESK) service plan goals, objectives and strategic priorities, as required under CPPM 4.3.14.3 for transfer payments. Doing so would strengthen the program profile for incenting students to attend post-secondary institutions.

We found that the award programs have clear objectives for recognizing high school students' academic achievement and furthering students' education at the post-secondary level. There is no reporting required by the students other than having to provide documentation to support attendance at a qualifying institution.

The school districts under MEd are responsible for identifying and tracking successful award recipients. Grants are awarded as coupons. Once coupons are redeemed, RESK verifies institutional documentation and ensures the coupon is redeemed within five years. As such, a sense of entitlement to this funding by students and families exists due to the redemption period of five years and the number of years the program has been in place. Overall, we found the ministry controls for the program funding were appropriate and sufficient.

We found the Passport to Education and Scholarships program does achieve value for money demonstrated by the high redemption rate of coupons that exceed 80% each year for students accessing post-secondary education and in funding students' direct educational costs.

Recommendation

- (6) We recommend that the Passport to Education and Scholarships program aligns with the ministry's service plan goals, objectives, and strategic priorities to comply with CPPM and strengthen program awareness.**

Appendix C

Ministry of Children and Family Development

1.0 Success by 6

Success by 6 is a joint initiative funded by the United Way (UW), Credit Unions of BC (CUBC), and the province since 2003. Success by 6 is an early childhood development initiative focused on children ages 0 to 6 to develop their emotional, social, cognitive, and physical skills they need as they enter school.

Success by 6 regions throughout BC is overseen by a Council of Partners comprised of representatives from UW, CUBC, the ministry, and other community partners. We were informed that a call for proposal is not performed due to its lack of success in attracting appropriate proponents for projects that are not intended for annual funding. Rather, regional coordinators work with interested organizations to support them in completing the proposal template.

The proposal application is completed and reviewed by the region's Allocation Committee on a case by case basis and submitted to the Council of Partners for approval. We noted, however, there is no tool to assist the Allocation Committee members to perform the proposal evaluation. Weighting the criteria by components, for example, may assist in the selection process and improve consistency.

We found sponsorship program organizations (organizations that receive minimal funding) are notified of successful funding by email or telephone. Notification through a documented Letter of Acceptance would be helpful for improving accountability and tracking.

We noted the program has clear objectives for supporting early childhood development. Also, grant recipients provide regular financial and operational reports on outputs and outcomes for achieving objectives. As recipient awards are not intended for annual funding, there is not a sense of entitlement to funding.

We found the program achieves value for money through partnering with the United Way and CUBC for strengthening early childhood development and for building capacity of parents and communities throughout BC.

Recommendations

- (7) **We recommend that an evaluation tool be developed to assist the Allocation Committee in selecting proposals.**
- (8) **We recommend sending a Letter of Acceptance for sponsorship program awards to improve tracking and enhance accountability.**

Appendix D

Ministry of Community, Sport and Cultural Development

1.0 Whistler Residential Property Assistance

The Whistler Residential Property Assistance program provides relief from School Property Taxes and to allow the Homeowners Grant for Whistler residents that have grossly inflated assessed property values. The Resort Municipality of Whistler oversees the administration of the assistance program on behalf of the province.

We noted the program has clear objectives for providing relief on school and property taxes to Whistler residents. The applications used to apply for program funds were carefully verified against eligibility criteria and accurately calculated. The Resort Municipality of Whistler reports the actual amounts payable to recipients to support ministry budget decision making.

Since the program's implementation in 2003, the threshold amounts for the assessed property values have increased allowing more residents to claim the Homeowners Grant for properties over \$1 million through regular channels. As such, program funding has been declining from \$600,000 awarded in 2003 to \$230,000 in 2010 with the majority of the individual grants being less than \$100 and an average grant payment of \$170. Performing the grant calculations is labour intensive. The Whistler Municipal office must hire someone for three months to process the applications and as well, pay a 10% administration fee to the ministry.

Even though the grant must be applied for annually, a sense of entitlement for the funding may exist for some residents, particularly those receiving higher awards. As 2010 is the final year of the funding agreement, the ministry may wish to review the program for validity, relevancy, and VFM prior to renewal.

Recommendation

- (9) We recommend the ministry review the program for relevance as the intended targeted recipients are declining with the increase in homeowner grant threshold and reduction to school tax.**

2.0 Aboriginal FIRST – Junior Eagle

The grant is a direct award to Aboriginal FIRST, a non-profit organization that contracts directly with two individuals who have unique scuba dive and swim expertise to conduct the scuba dive, swim and first aid certification camps across BC for Aboriginal youth.

For 2009/10, scuba dive and swim camps for Aboriginal youths were not held due to the lack of resources. However, a grant of \$20,000 was awarded to Pearson College in March 2010 for the use of their facility to conduct camps in fiscal 2010/11.

\$80,000 was later provided to British Columbia Recreation and Parks Association to conduct the camps beginning in June 2010.

We noted the program has clear objectives for training and development of Aboriginal youth. In previous years, the contractors provided the ministry with financial and operational reports to support the quality and success of the programs delivered.

A sense of entitlement to the award does not exist given that a camp was not held in 2009/10 due to the economic climate and resource constraints. However, we conclude that value for money has been achieved with the Junior Eagle program for 2008/09 as the final summary report highlights that 125 scuba certifications and 95 aquatic certifications at various levels were achieved by Aboriginal youth. Also, a number of participants have obtained employment as a result of their dive and aquatic certifications.

3.0 BC Athlete Assistance Program

The BC Athlete Assistance Program provides financial assistance to recognize high performance athletes who are participating in programs offered through Provincial Sport Organizations (PSO) and Post-Secondary Institutions (PSI).

The program has clear objectives for assisting BC athletes to reach their athletic potential. Screening eligibility for approximately 2,000 athletes is performed by PSOs and PSIs followed with a detailed summary report of athletes to be funded. There are no reporting requirements from the athletes on outcomes.

We noted there are compensating controls to ensure athletes meet eligibility requirements such as qualifying at competitions and staff having access to and the ability to check websites for BC athletic standings. Also, athletes cannot breach National College Athletic Association rules that may impact their athletic careers. The PSIs are also accountable for academic eligibility and the ministry staff performs spot check audits on funded athletes, such as proof of residency, level three coaches, etc. Further, ministry staff becomes familiar with the funded athletes as they excel and fulfill their potential over a period of time.

No exceptions have been noted per our audit criteria in the awards process. One of the post secondary institutions, however, reported that the timing of the funding announcement is not beneficial for attracting elite BC athletes in a timely manner. Earlier announcements would support athletes staying in BC.

The reduction in 2009/10 funding from \$1.4 million to \$800,000 does not support a strong sense of entitlement for this funding each year; however, athletes training may take 3 to 4 years to complete.

The program has achieved VFM as funds are provided directly to athletes. PSOs and PSIs do not take a fee for administering the program and the funds enable PSOs and PSIs to attract and retain elite athletes to compete at the highest level representing the Province of BC.

Recommendation

- (10) We recommend the ministry review the timing of funding announcements to support PSIs in attracting and retaining elite athletes in BC.**

Appendix E

Ministry of Education

1.0 Community LINK

The Community LINK program came to MEd from MCFD in 2004 to support vulnerable students in academic achievement and social functioning.

Currently, a funding formula is used to allocate funding to all school districts. The direct award funding formula developed by the MCFD is 50% historically based and 50% based on socio-economic factors. The historic portion is based on school meals, inner city schools, community schools, healthy schools and school based support services, many of which existed from the 1970's. The ministry has recognized that the formula is no longer equitable to the school districts and is working towards developing a new formula.

We noted that each of the school districts develop programs with clear objectives for supporting vulnerable students and provide regular reports on the program outputs and outcomes achieved. Overall, we found the ministry calculates the direct awards according to formula with due diligence. We were informed, however, by two of the school districts that the funding announcement could be earlier (i.e. month of May) for effective staff planning of youth and family counselors.

The school districts indicated that the ministry has plans to make future reporting requirements more robust in detail, including the students' Personal Education Number, which they believe will be onerous to perform. Also, the school districts question the value of the proposed requirements; as currently, feedback is not provided on the reports submitted. Working together with school districts to find an equitable reporting solution for key performance indicators will help to ensure administrative workloads are minimized and reporting has value for both the ministry and the districts.

We noted there is a strong sense of entitlement by the school districts to this funding as the need to support vulnerable children is growing. We found VFM is achieved through supporting vulnerable students to successfully engage in academic studies and social functioning through the provision of school meals, youth and family counselling, tutoring, etc.

Recommendations

- (11) **We recommend the ministry review the proposed reporting requirements together with the school districts for identifying key performance indicators for efficient and effective reporting.**
- (12) **We recommend the ministry continue its work in developing an equitable formula that will enhance support to vulnerable students.**

2.0 Pay Equity

A Letter of Agreement signed by the Government of BC, the BC Public School Employers' Association and Canadian Union of Public Employees (CUPE) in 2005 was established to resolve all outstanding K-12 support staff pay equity claims and liabilities. The school districts must distribute monies to CUPE support staff members and other K-12 support staff union members consistent with the terms and conditions of the local school district pay equity plans as approved by the Public Sector Employers' Council.

We noted the Pay Equity funding of \$50 million does not currently align with the ministry's service plan goals, objectives and strategic priorities as required under CPPM 4.13.14.3. The ministry believes that the funding aligns similarly to a public school operating grant. Clear alignment will raise the program profile within the ministry.

The Pay Equity funding under a Letter of Agreement with no termination date resembles a TUA rather than a grant. The ministry has appropriately reclassified the funding as a TUA STOB 80 for 2010/11.

The program has clear objectives to resolve pay equity claims for K-12 support positions and was agreed to by all parties; however, the Agreement made no provision for school districts to report any changes on the support positions being funded. As such, Pay Equity may not achieve full value for money (i.e. the positions identified in 2005 may no longer exist in 2010 due to school closures, job loss, and retirements). Identifying surplus funding provides the ministry with options such as repayment or redirecting the monies elsewhere.

Due diligence is performed in allocating the monies to the school districts each month required on an ongoing basis under the Agreement.

Recommendations

- (13) **We recommend that the Pay Equity initiative aligns with the ministry's service plan goals, objectives and strategic priorities to support compliance with CPPM and enhance program awareness.**
- (14) **We recommend the ministry consider a review of the Agreement for potentially including a provision for reporting by school district to identify excess funding.**

Appendix F

Ministry of Energy

1.0 LiveSmart BC

LiveSmart BC is an energy efficiency incentive grant rebate program developed by the ministry and in partnership with Federal counterparts. The program has clear objectives for helping British Columbians reduce their carbon footprint and energy costs through upgrades to 30,000 homes with a target of reducing carbon dioxide by 200,000 tons by 2012.

Natural Resource Canada is responsible for first determining and documenting federal government eligibility through the licensing and monitoring of Energy Advisors responsible for assessing eligibility. The ministry is responsible for determining and documenting the additional eligibility criteria required for BC residents. The ministry has developed a rebate application that has audit indicators and manual audit verification built in to provide assurances that sufficient due diligence is performed in awarding grants accurately.

We randomly sampled 11 fiscal 2009/10 client files from the LiveSmart rebate application and found the rebate application process ensures payments were made accurately to eligible recipients based on the federal counterpart's data. Grant recipients are not required to report out after receiving grants as they only need to keep receipts and photos of all purchases and improvements made, in case of an audit. A home renovation post completion report, however, is completed by federally certified Energy Advisors as part of the eligibility process.

We noted that a sense of entitlement to this grant does not exist as the ministry has communicated to potential recipients that the program is based on the existing level of funding.

LiveSmart BC has achieved value for money as demonstrated through their partnerships with federal counterparts who perform the majority of eligibility processing and a ministry developed rebate application that facilitates effective processing of grants and evaluating outputs and outcomes of the program. Also, financial savings to the government have been achieved through the reduction in natural resources used to run efficient green homes (i.e. 25,181 homes in BC have received rebates resulting in a reduction of greenhouse emission for 2009/10 of 46,000 tons).

Appendix G

Ministry of Health Services

1.0 Action Schools!BC Physical Activity

The Action Schools!BC Physical Activity program is intended to increase physical activity throughout the day in BC classrooms by providing each classroom and teacher with an activity bin (jump ropes, balls, etc.) and training on physical activities.

In 2004/05, JW Sporta Limited (JWS) was awarded the contract to develop the pilot program for Action Schools. As such, the competitive process was waived and 2010 Legacies Now direct awarded \$873,000 (\$938,000 less \$65,000 administration fee) in fiscal 2009/10. JWS is also funded to deliver the Healthy Eating program (not under review). A new managing organization for the program will be transitioning from 2010 Legacies to the Directorate of School Health Agencies of BC (DASH BC) effective July 1, 2010.

We noted the program has clear objectives to increase the physical activity level and promote healthy living in school age children. JWS routinely provides operational reports using cumulative data since 2004. Annual data, however, would better serve the ministry with performance indicators to clearly identify program growth and trends. There is likely a sense of entitlement for funding from the remaining 9% of unregistered schools as all schools are able to register for this program.

We found that VFM may not be fully realized/achieved for this program. The funding includes a service fee of \$531,000 for JWS to operate the Physical Activity program and \$342,000 for their overhead, direct costs and accounting costs for the activity bins, in addition to the administrative services provided by 2010 Legacies. JWS has many other programs and sources of funding. For example, Physical Activity and the Healthy Living Programs together pay \$42,500 for rent. It is not evident that the contractor's allocation of overhead costs is appropriate for this program, because 2010 Legacies requires only a statement of the contractor's use of funds rather than complete financial statements with fund accounting.

JWS has significantly under spent funds by approximately \$164,000 for the programs Physical Activity and Healthy Eating in 2009/10. As well, JWS set up \$172,612 of the funding in deferred revenue for 2009/10. The Agreement has a repayment clause for unspent funds; however, 2010 Legacies has chosen not to request repayment and has not formally specified a use for the funds going forward. However, we have been informed that DASH BC is currently negotiating with JWS to identify an appropriate expenditure for the unspent funds as part of the 2010/11 Service Agreement.

Recommendations

- (15) We recommend the ministry review the level of funding to identify any surplus funding to this program.**
- (16) We recommend the ministry require that DASH BC request complete financial statements using fund accounting from the contractor (JWS) to ensure that only overhead costs relevant to this program are funded.**
- (17) We recommend the ministry require that DASH BC request the contractor (JWS) to provide performance reporting based on annual data to support program evaluation.**

Appendix H

Ministry of Social Development

1.0 Community Gaming Grants

Community Gaming grants allow eligible organizations to apply for gaming revenues to support a broad range of programs and services. Sectors supported through gaming grants to community organizations include human and social services, youth, arts and culture, fairs, festivals and museums, public safety, and students' extra-curricular activities. There are three types of grant programs; Community Gaming Grant, Parents Advisory Council Grant and the Major Capital Project Grant with each having their own established eligibility criteria.

Grants by sector have annual application timelines and notification dates. The grant analysts review the applications for complete documentation, make recommendations, and forward to the Director for approval. We found no exceptions from the random sampling of ten grants disbursed in 2009/10. We found that due diligence was performed and results were documented in the grant award process.

Further, the program has clear objectives for the grants with their achievements being demonstrated through the submission of financial statements, budgets, community letters of support, summary reports, etc. with the annual application.

We noted some recipients of the grant are recurring; however, the annual application process does not support a strong sense of entitlement for this funding each year.

VFM has been achieved as the grant funds eligible costs essential to direct delivery of the program. Also, gaming grants can only fund up to 75% of the total program cost (i.e. there is an expectation for funds from other sources).

2.0 Community Volunteer Incentives

The Community Volunteer Incentives program (CVP) supplements eligible income assistance clients who volunteer a minimum of ten hours per month with a non-profit agency. The supplement assists clients with transportation, clothing or other volunteer-related expenses.

The program has clear objectives to support volunteering for recipients who have no employment-related obligations but who wish to pursue a volunteer placement with a non-profit community agency.

We noted eligibility requirements are clearly outlined in policy. The supplement application process involves potential grant recipients completing the Request for Community Volunteer Supplement form and also having the volunteer agency sign the form for the ministry. However, we found confirmation of volunteer hours was often performed by email, letter or telephone and not in a timely manner due to staff workloads.

We sampled 23 grant recipients from three regions and found 5 exceptions where eligibility requirements were not met; one grant recipient had been overpaid for 18 months and is now on a repayment schedule, 2 grant recipients have not met the criteria of volunteering 10 or more hours, one of the recipients received a prorated incentive (i.e. \$80 for eight hours of volunteer service even though there is no proration policy) and one grant recipient has not been contacted in over a year to verify if they are still meeting eligibility requirements. Complying with policy will help to support fairness for access to this supplement.

The sense of entitlement to this funding is managed through budget restrictions. The ministry has limited resources for this program requiring that those interested must be waitlisted (longer than a year) until such time budget money becomes available. VFM could be enhanced by shortening the waitlists resulting in charitable organizations receiving more volunteer services and recipients improving their quality of life through volunteering.

Recommendation

- (18) We recommend the ministry comply with program policy in ensuring recipients meet eligibility and potentially shorten the waitlist.**

Appendix I

Ministry of Public Safety and Solicitor General

1.0 Sexual Assault Medical Payments

The ministry will pay for medical forensic exams of sexual assault victims, for the collection of evidence and the legal report when the victim/patient has consented to evidence collection, but has not involved the police within 90 days. If the police are involved in less than 90 days, the medical invoice is sent to the local police or RCMP detachment for payment.

We noted the program has clear objectives to encourage all sexual assault victims to pursue criminal charges for sexual assault. Ensuring that the victim has not involved police within 90 days of assault is verified by staff. The onus is on the physician/hospital to verify eligibility. No exceptions per our audit criteria have been noted in the awards process.

The funding provides value for money as the funds are used directly for forensic evidence; the collection of medical forensic evidence is essential to police investigations for sexual assault charges.

2.0 Victim Travel Assistance

The ministry provides travel assistance to victims of serious crime and their family members to attend justice-related proceedings, if funds are not provided through the Crime Victim Assistance Program or other sources.

We noted the program has clear objectives to facilitate victim or immediate family member attendance and participation in criminal justice proceedings. Victims of serious crimes and their families may have a sense of entitlement to this award due to the importance of attending proceedings to provide victim impact statements for purposes of sentencing.

We found Victim Services Division has clear eligibility criteria for awarding grants. Awards are processed and verified through an application process. Receipts from grant recipients are provided where necessary, and verified by the ministry for reimbursement. No exceptions were noted in the process.

The awards to a family cannot exceed \$3,000; however, we were told tracking the payments for each family member can be cumbersome through the database currently being used by staff. Using an Excel spreadsheet may better manage payments to family members.

We found the program has achieved value for money as funds are provided to recipients who have exhausted all other means of funding and funding is used directly for meals, accommodation and the most economical form of travel.

Recommendation

- (19) **We recommend the ministry use an Excel spreadsheet to track payments to family members for ensuring that the maximum program award is not exceeded.**

Appendix J

Ministry	Grants	Eligibility Criteria	Clear Objectives	Proper Approval	Reporting Required	Award Process	COI Mitigated	Control Opportunities	Value for Money	Terms of Payment
RESD	Passports to Education and Scholarships	Yes	Yes	Yes	No ¹	Yes	Yes	Yes	Yes	Grant
	Aboriginal Service Plans/Success Plans	Yes	Yes	Yes	Yes	Yes	N/A	No	Yes	Grant
	Community Adult Literacy Programs (CALP)	Yes	Yes	Yes	Yes	Yes except for Literacy BC Direct Award ⁷	Yes	Yes	Yes	Grant
AG	BC Dispute Resolution Innovation Society - Operating Grant	Yes	Yes	Yes	Yes	Direct Award ⁸	Yes	Yes	Yes/No ³	STOB 80 TUA
	People's Law School - Operating Grant	Yes	Yes	Yes	Yes	Direct Award ⁸	Yes	No	Yes	Grant
CFD	Success by Six	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Grant
CSCD	Whistler Residential Property Assistance	Yes	Yes	Yes	No ¹	Yes	N/A	Yes	Review ⁴	Grant
MED	Pay Equity	Yes	Yes	Yes	No ²	Direct Award ⁹	N/A	Yes	Review ⁵	STOB 80 TUA
	Community Link	Yes	Yes	Yes	Yes	Direct Award ⁹	N/A	Yes	Yes	Grant
CSCD	Athlete Assistance Program	Yes	Yes	Yes	Yes	Yes	N/A	Yes	Yes	Grant
	Aboriginal FIRST - Junior Eagle	Yes	Yes	Yes	Yes	Direct Award ⁸	Yes	No	Yes	Grant

Ministry	Grants	Eligibility Criteria	Clear Objectives	Proper Approval	Reporting Required	Award Process	COI Mitigated	Control Opportunities	Value for Money	Terms of Payment
HS	Action Schools: BC Physical Activity	Yes	Yes	Yes	Yes	Direct Award ¹⁰	Yes	Yes	Yes	Grant
SD	Community Gaming Grants	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Grant
	Community Volunteer Incentives	Yes	Yes	Yes	No ¹	Yes	Yes	Yes	Review ⁶	Grant
PSSG	Victim Travel Assistance	Yes	Yes	Yes	No ¹	Yes	N/A	Yes	Yes	Grant
	Sexual Assault Medical Forensic Payments	Yes	Yes	Yes	No ¹	Yes	N/A	No	Yes	Grant
MOE	LiveSmart BC: Efficiency Incentive Program	Yes	Yes	Yes	No ¹	Yes	Yes	No	Yes	Grant

Notes:

1. Reporting is not relevant or appropriate for evaluation.
2. Reporting may identify excess funding.
3. Ministry provided funding to renovate contractor's office vs. direct mediation services.
4. Ministry may wish to review program for relevance due to decline in targeted recipients.
5. Excess funding may occur due to positions that no longer exist due to school closures, job loss, and retirements.
6. Complying with policy may help to shorten waitlists for recipients who wish to volunteer their services.
7. Literacy BC direct awarded by Federal Government prior to transitioning to the Province.
8. Competition process waived due to unique and specialized services provided by contractor.
9. All school districts receive award based on funding formulas.
10. Competition process waived due to a successful pilot project completed by contractor.

Detailed Action Plan – Report on the Social Grants Review

Rec. #	Recommendations	Management Comments to be Included in Report (Action Planned or Taken)	Assigned To	Target Date
Ministry of Attorney General				
1.0 Dispute Resolution Innovation Program				
1.	We recommend the ministry comply with CPPM to ensure that contractors' assets are not government funded.	<ul style="list-style-type: none"> This recommendation has been duly noted by the branch, which will endeavour to comply with the CPPM. 	JSB Director Finance and Executive Director, Dispute Resolution Office	Ongoing
2.	We recommend that the funding provided to DRIS be recorded as a TUA under STOB 80.	<ul style="list-style-type: none"> ADM has directed staff to pursue this shift if possible. At this time, it is not clear whether this type of switching between STOBs will be allowed in this budget cycle. In order to implement, the ministry will require TB approval to switch this item to STOB 80. JSB Director of Finance will pursue with Management Services Branch. 	JSB Director Finance, Executive Director and Sr. Policy Analyst, DRO and Mgmt Services Branch	December 2010. December 2010. TBD. Ongoing
Ministry of Regional Economic & Skills Development				
2.0 Community Adult Literacy Programs				
3.	We recommend the ministry fund Literacy BC by contract to ensure service deliverables are met.	<ul style="list-style-type: none"> As of November, 2010 the Ministry has initiated a thorough, independent review of CALP which include the articulation of accountable funding processes for Literacy BC that are consistent with generally accepted best practices. 	Debbie Azaransky, Director	April 2011
4.	We recommend that the ministry sufficiently train the evaluation committee members to ensure consistent practices.	<ul style="list-style-type: none"> Within the context of the independent review of CALP, the Ministry will evaluate options for the development of new mechanisms for the grant award and evaluation process that are consistent with high standards of accountability and consistency. 	Debbie Azaransky, Director	April 2011

Rec. #	Recommendations	Management Comments to be Included in Report (Action Planned or Taken)	Assigned To	Target Date
5.	We recommend that the ministry consider revising requirements for established proponents to have institutional partnership.	<ul style="list-style-type: none"> As part of the independent CALP review, the Ministry will examine roles and responsibilities of relevant parties and assess the added value of institutional partnerships. 	Debbie Azaransky, Director	April 2011
3.0 Passport to Education and Scholarships				
6.	We recommend that the Passport to Education and Scholarships program aligns with the ministry's service plan goals, objectives, and strategic priorities to comply with CPPM and strengthen program awareness.	<ul style="list-style-type: none"> As part of the Ministry's new integrated planning process, a review and alignment of the Passports to Education and Scholarships Program goals with those of the Ministry as a whole will be undertaken. 	Jacqui Stewart, Executive Director	February 2011
Ministry of Children and Family Development				
1.0 Success by 6				
7.	We recommend that an evaluation tool be developed to assist the Allocation Committee in selecting proposals.	<ul style="list-style-type: none"> SB6 BC is administered within a community based decision making model. As such there are variations in how funds are granted at the regional level. All SB6 regional initiatives have developed strategic plans with identified priorities to guide their Council of Partners in selecting proposals to be approved for funding. The SB6 provincial team will work with the regional coordinators to ensure an appropriate proposal evaluation tool is in place for grants to community initiatives. 	SB6 Regional Coordinators with support from the SB6 Provincial team	March 31, 2011
8.	We recommend sending a Letter of Acceptance for sponsorship program awards to improve tracking and enhance accountability.	<ul style="list-style-type: none"> All SB6 regions will be informed that a Letter of Acceptance for sponsorship program awards is to be included as part of the process in granting funds within their region. 	SB6 Regional Coordinators	March 31, 2011

Rec. #	Recommendations	Management Comments to be Included in Report (Action Planned or Taken)	Assigned To	Target Date
Ministry of Community, Sport and Cultural Development				
1.0 Whistler Residential Property Assistance				
9.	We recommend the ministry review the program for relevance as the intended targeted recipients are declining with the increase in homeowner grant threshold and reduction to school tax.	<ul style="list-style-type: none"> MCSCD has shared this recommendation with the Ministry of Finance, which has the policy responsibility for the program. The Minister of Finance has proposed extending the term of the program for one year to Whistler but Whistler has not yet responded to the proposal. 		
3.0 BC Athlete Assistance Program				
10.	We recommend the ministry review the timing of funding announcements to support PSIs in attracting and retaining elite athletes in BC.	<ul style="list-style-type: none"> The Ministry agrees in principle with this recommendation and will explore options to implement. Funding is always subject to annual appropriation and to grant approval timelines. These timelines do not always coincide with post secondary institution planning timeframes. 	Margo Ross	March 31, 2011
Ministry of Education				
1.0 Community LINK				
11.	We recommend the ministry review the proposed reporting requirements together with the school districts for identifying key performance indicators for efficient and effective reporting.	<ul style="list-style-type: none"> In consultation with the Community LINK Advisory Committee, develop an evaluation framework that will lead to the identification of key performance indicators, enabling the robust evaluation of Community LINK programs and services. 	Cross-Sector Strategic Initiatives Branch, Ministry of Education	Phase 1: Develop Framework by December 31, 2010. Phase 2: Implement framework 3 – 5 years (i.e. by 2015/16)
12.	We recommend the ministry continue its work in developing an equitable formula that will enhance support to vulnerable students.	<ul style="list-style-type: none"> Cross-Sector Strategic Initiatives Branch has identified the implementation of a new equitable funding formula as a priority, has completed consultations with school districts, and will recommend the adoption of a new funding formula. 	Cross-Sector Strategic Initiatives Branch, Ministry of Education	December 31, 2011

Rec. #	Recommendations	Management Comments to be Included in Report (Action Planned or Taken)	Assigned To	Target Date
2.0 Pay Equity				
13.	We recommend that the Pay Equity initiative aligns with the ministry's service plan goals, objectives and strategic priorities to support compliance with CPPM and enhance program awareness.	<ul style="list-style-type: none"> • Pay equity transfer payments enable Boards of Education to achieve fairness and equity in compensation practices for all workers in the K-12 sector. This supports the provincial government's commitment to eliminate gender based wage discrimination as outlined in the Public Sector Employers' Council pay equity principles and guidelines – approved by PSEC June 19, 1995. • Pay Equity funding supports the delegated delivery of education to the K-12 sector, which aligns with the purpose of the Ministry of Education. The funding is directly consistent to providing operating funding to boards of education to directly deliver education programming. 		
14.	We recommend the ministry consider a review of the Agreement for potentially including a provision for reporting by school district to identify excess funding.	<ul style="list-style-type: none"> • The ministry is reviewing the Letter of Agreement between the government of British Columbia, the BC Public School Employers' Association and the Canadian Union of Public Employees. • Reopening negotiations of the K-12 Pay Equity letter of agreement or not fulfilling the obligations of the letter of agreement exposes the government to increased risk of legal challenges regarding pay equity. • A fulsome and thorough legal review of the current letter of agreement is required before recommending changes to the allocation under the current agreement. 		Ongoing
Ministry of Health Services				
1.0 Action Schools!BC Physical Activity				
15.	We recommend the ministry review the level of funding to identify any surplus funding to this program.			Complete

Rec. #	Recommendations	Management Comments to be Included in Report (Action Planned or Taken)	Assigned To	Target Date
16.	We recommend the ministry require that DASH BC request complete financial statements using fund accounting from the contractor (JWS) to ensure that only overhead costs relevant to this program are funded.	<ul style="list-style-type: none"> As part of the transfer of program management responsibility from 2010 Legacies Now (Grant recipients in 2009/10) to DASH BC (Grant recipients from 2010/11 onwards), the Ministry has worked with DASH BC to establish a mechanism to stage payments to JW Sporta (Action Schools! BC contractors) which will be informed by the monthly review of Action Schools! BC Program financial statements and cash flow at Management Committee meetings to monitor expenditures against agreed upon budget allocation. 		Complete
17.	We recommend the ministry require that DASH BC request the contractor (JWS) to provide performance reporting based on annual data to support program evaluation.	<ul style="list-style-type: none"> The Ministry has worked with DASH BC to establish a Services Agreement with JW Sporta (Action Schools! BC Contractor), rather than a Contribution Agreement, effective July 1, 2010, to contract JW Sporta's services for the 2010/11 school year. It is specified in the Services Contract that JW Sporta shall work on behalf of DASH BC to "ensure that the Services and Deliverables are delivered in compliance with the requirements set out in the Provincial Program Terms [the license arrangement between DASH BC and the Province], Ministry of Health Services policies and such other requirements as the Province may specify..."; <p>Further, the existing performance indicators which monitor program implementation and identify areas for growth have been reviewed and confirmed.</p> <p>The Ministry, DASH BC and the Ministry of Education have collaborated to improve the accuracy and effectiveness of implementation metrics and the use of real time data. These metrics are being utilized for decision making, program monitoring and evaluation purposes by the Ministry.</p>		Complete

Rec. #	Recommendations	Management Comments to be Included in Report (Action Planned or Taken)	Assigned To	Target Date
Ministry of Social Development				
2.0 Community Volunteer Incentives				
18.	We recommend the ministry comply with program policy in ensuring recipients meet eligibility and potentially shorten the waitlist.	<ul style="list-style-type: none"> The ministry concurs with the recommendation and will comply as staff resources are available. In the longer term, the ministry will be reviewing the program to ensure that it aligns with the ministry's policy goals to assist clients to reach their full potential through increasing employability and community inclusion. 	Regional Services Division	Sept 2011
Ministry of Public Safety and Solicitor General				
2.0 Victim Travel Assistance				
19.	We recommend the ministry use an Excel spreadsheet to track payments to family members for ensuring that the maximum program award is not exceeded.	<ul style="list-style-type: none"> The Ministry has implemented the recommendation and are now tracking all travel fund files using an excel spreadsheet. 		Complete