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*Report of the Auditor General of Québec to the  
National Assembly  
for 2011-2012*

*Value-for-Money Audit  
Fall 2011*

**Presentation of the content of the report  
in the form of a slideshow**



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## *Chapter 1*

# *Observations of the Auditor General, Mr. Renaud Lachance*

# *Infrastructure*

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## Importance of public infrastructure

- In 2007, the maintenance deficit for infrastructure was estimated at \$27 billion (Québec's share was \$20.7 billion).
- In 2011, the *Plan québécois des infrastructures 2010-2015* provided for investments of \$44.6 billion:
  - \$28.6 billion for asset rehabilitation, including the elimination of a portion of the accumulated maintenance deficit (\$7 billion);
  - \$11.2 billion for infrastructure improvement and replacement;
  - \$4.8 billion for the completion of projects begun before 2007-2008.

## *Infrastructure (cont.)*

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Since 2004, I have carried out several infrastructure-related audit missions (e.g.: extension of the subway network to Laval, management of real estate projects (MSSS, SIQ, UQAM), watches over Montréal's University Health Centers and the Dossier de santé du Québec).

Recurring weaknesses:

- Deficient governance structure;
- Ill-defined needs, poor rationales, analyses lacking rigour, unrealistic or incomplete cost estimates (e.g.: operating budgets);
- Difficulty in integrating the scope of work, costs and deadlines.

## *Infrastructure (cont.)*

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To give parliamentarians and managers food for thought, I present in my report:

- A brief summary of project phases whose results contribute to a project's success:
  - setting priorities and strategic analysis;
  - project planning (governance, choosing an option, choosing an implementation method, acquisition process);
  - execution, putting a project into operation and monitoring;
  - managing contracts for professional services;
  - managing maintenance and repair of public infrastructures;
- My questions and concerns about each phase;
- Examples of sound management practices.

## *Chapter 2*

# *Government Actions to Combat Poverty and Social Exclusion*

### **Audited Entity:**

**Ministère de l'Emploi et de la Solidarité sociale (MESS)**

## *An Act to combat poverty and social exclusion*

- Aimed at planning and implementing actions to combat poverty, prevent its causes, reduce its effects on individuals and families, counter social exclusion and strive towards a poverty-free Québec
- Implements the *National Strategy to Combat Poverty and Social Exclusion*, whose objective is to progressively make Québec, by 2013, one of the industrialized nations having the least number of persons living in poverty
- Provides for the adoption of action plans so that MESS can ensure the implementation of the strategy

## *Context (cont.)*

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- First action plan (2004-2010):
  - 47 measures
  - Nearly \$4.5 billion in investments
  - 14 government departments and agencies involved
  
- Second action plan (2010-2015):
  - 70 measures
  - Nearly \$7 billion in investments
  - 16 government departments and agencies involved
  
- MESS is responsible for coordinating the actions of the government departments and agencies.

# *Our Audit*

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## Audit objective

- Obtain the assurance that the MESS coordinates the implementation of government plans by setting up, in collaboration with its partners, management mechanisms that make it possible to carry out and effectively follow up on actions and concretely assess results with a view to making sustainable progress.

## Scope of our work

- Work at MESS

# *Our Audit Results*

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*Good practice*



*Deficiency*



*Evidence*



*Consequence*

# *Objective Set in the National Strategy*

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- The objective of the strategy (2002) was not accompanied, from the beginning, with specific, quantifiable targets.
  - Progressively make Québec, by 2013, one of the industrialized nations having the least number of persons living in poverty.



- The objective was specified in 2010, which will make it possible to better measure the progress made.
  - Consolidate or even improve Québec's place among the main OECD countries and ensure that Québec remains one of the three best Canadian provinces with respect to its population's low-income rate.

## *Québec's Place in Terms of the 2010 Objective*

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- Proportion of the population with an income below the basic standard of living, according to the market basket measure:
  - Québec ranks 8th among the main OECD countries having the lowest proportion (8.9% according to 2004 data);
  - Québec ranks 2nd among Canadian provinces having the lowest proportion (8.5% according to 2007 data).

# *Determining Measures*

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**D**

- No directive to government departments and agencies and no specific criteria on measures to be proposed.

**C**

- The action plans contain a large number of measures that are not always harmonized.

**E**

- Some entities believed that they should limit themselves to new measures, while others proposed to MSSS measures already in effect.

**E**

- Important measures known to have a significant effect on poverty were omitted (e.g., drug insurance and \$7-a-day childcare).

## *Estimates of Investments Related to the Measures*

**D**

- The MESS did not specify how to determine the sums to be included in the investment calculations related to the measures.

**C**

- Lack of harmonization and impossibility to have an accurate picture of the situation

**E**

- Some investments related to additional sums earmarked for people living in poverty versus others for which the total cost of pre-existing measures was calculated.

**E**

- The accounting of investments did not correspond to the measures announced in the action plans:
  - It was practically impossible to establish a link between government investments and the measures.

## *Follow-Up on Measures and Assessment of Results*

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- D** ■ Annual activity reports incomplete and lack clarity
- C** – Difficult to measure the progress made with respect to measures and estimate what remains to be done
- D** ■ Assessment incomplete and not carried at in a timely manner
  - E** – No planning of follow-ups and assessments for the measures as a whole
  - Assessments made only of the main measures in terms of investments (ex.: Child Assistance, Work Premium)

# Meeting Deadlines



Several deadlines prescribed by law were not met.

| Report or opinion  | Deadline                   | Date of the event      |
|--|----------------------------|------------------------|
| Government action plan (section 13)  | Before May 2003            | April 2004             |
| Report and recommendations on child support income (section 61)  | Before March 2005          | July 2006              |
| Opinion and recommendations of the advisory committee on revenue improvement targets and a minimum benefit paid (section 59)       | Before October 2007        | March 2009             |
| Minister's report and recommendations on revenue improvement targets and a minimum benefit paid (section 60)                       | Before October 2008        | June 2011              |
| Minister's report on the results obtained following the actions implemented within the scope of the national strategy (section 58) | No later than October 2010 | Action not carried out |

# *Conclusion*

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- Government planning efforts should have been carried out in a more rigorous application framework.
- The foundation for a follow-up on measures and especially for an assessment of results is insufficient.

# *Recommendations*

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1. Set specific criteria for choosing the measures to be included in a future action plan related to the *National Strategy to Combat Poverty and Social Exclusion*.
2. Ensure that targets and deadlines are set for the proposed measures.
3. Implement the management mechanisms needed so that for a future action plan, the investments considered are harmonized with each other and with the plan's various measures.

## *Recommendations (cont.)*

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4. Ensure that a follow-up on the measures included in the action plan and a regular assessment of the results associated with the measures are made.
5. Make better reporting by improving the contents of the annual activity report.
6. Take the steps needed to ensure that the deadlines prescribed by law are met.

## *Entity's Response*

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The Ministère de l'Emploi et de la Solidarité sociale  
accepted all our recommendations.

## *Chapter 3*

# *Food Services in the Health and Social Services Network*

## Food services in the network

- Service responsible for producing and distributing meals
- In 2009-2010, expenditures of \$571.4 million
- Number of meals: 91.1 million (250,000 a day)
  - 80% for people hospitalized or in residential care
  - 20% sold to employees and visitors or to other organizations
- Average cost of \$6.27 per meal, according to the MSSS data.

## *Context (cont.)*

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### Several ways are possible

Management practices: public, private or public-private

Production methods:

- Choice between preparing all meals or purchasing from third parties some ready-to-serve or partially transformed meals
- Preparation of meals in the traditional way (hot holding): prepared food, kept hot for serving
- Preparation in cold holding: food prepared then refrigerated or frozen and reheated before serving
- Five-weekday production schedule: food brought to right temperature before serving

## *Context (cont.)*

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### Clinical nutrition services

- In 2009-2010, expenditures of \$72.5 million (mainly salaries)
- Services offered to institution users, whether hospitalized, or in residential or in home care
- Offered notably by dieticians
- Nutritional care:
  - Personalized (nutritional assessment, treatment plan and follow-up)
  - Standardized (for a specific pathology, for example)

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## Objectives

Obtain the assurance that:

- The audited entities assume their roles and responsibilities regarding food and clinical nutrition services and carry out a performance assessment of these services.
  
- The audited institutions:
  - manage their food and clinical nutrition services in a manner that promotes an economic and efficient use of resources as well as protect the environment, in accordance with the regulations
  
  - implement clinical nutrition measures that facilitate health maintenance or health recovery and improve the well-being of care centres residents

## *Our Audit (cont.)*

### Audited entities

- Ministère de la Santé et des Services sociaux
- 3 health and social services agencies
  - Bas-Saint-Laurent
  - Chaudière-Appalaches
  - Montréal
- 3 centres\* each of which has several sites (service points):
  - CSSS de Beauce
  - CSSS de Rimouski-Neigette
  - CSSS du Sud-Ouest-Verdun

\* Note that the section related to the management of food services concerns hospitals and residential care centres, while the section concerning the nourishment of residential users concerns only the residential care centres.

# *Our Audit Results*

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*Good practice*



*Deficiency*







*Evidence*



*Consequence*

# *Food Services Management for the Three Audited CSSS*

## Management and production methods

- 
  - Few analyses of food services management practices (public, private, public-private) and production methods are carried out by the audited CSSS.
- 
  - The audited CSSS do not know whether their methods are optimal with respect to the various performance components (economy, efficiency, effectiveness, quality).
- 
  - Management and production have not undergone major changes since 2004, year when the CSSS were created.
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  - Each institution carries out its own production, and there is little integration of activities (production, procurement, menus, recipes) and functions (department heads, employees).

# *Food Services Management for the Three Audited CSSS (cont.)*

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## Cost of food services

- D** ■ In 2009-2010, the three audited CSSS had a higher unit cost than the average for comparable institutions.
- E** ■ The difference is \$1.6 million when compared with the average for comparable institutions.
- D** ■ No analysis of the differences makes it possible to determine the causes and avenues for improvement in the performance.

## *Food Service Management at the Three Audited CSSS (cont.)*

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- In 2009-2010, in the network's institutions, the average direct cost of a meal (salaries, food products and supplies) varied from \$3.92 to \$13.79.

### Meals sale

- D** ■ Taking into account only the direct cost, the CSSS de Beauce lost more than \$235,000 in 2009-2010 on meals sale to users other than unionized employees.
- C** ■ The CSSS has a large budget deficit of \$651,117 in 2010-2011.

## *Respect of Hygiene and Food Safety Standards*

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- Risk level assigned to the institutions of the three audited CSSS: medium-low or low, which is acceptable.



- However, none of the audited CSSS has a systematic control mechanism, such as a quality assurance program to ensure that hygiene and food safety rules are followed.

# *Nourishment of Residential Users*




## Clinical nutrition services in residential care centres

- D** ■ The audited CSSS have no assurance that users suffering from undernutrition are diagnosed and treated rapidly.
- E** ■ There is no formal procedure to ensure that users suffering from undernutrition are systematically identified upon arrival at a residential care centre and periodically thereafter.
- E** ■ There is no overall picture of the nutritional state of all users.
- D** ■ The number of dietitians is low (compared with the standards in Ontario), and the number varies from one CSSS to another.

# *Nourishment of Residential Users* *(cont.)*

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## Food quality

-  The three audited CSSS have developed food policies that include most of the elements provided for in the MSSS reference framework, and their implementation is under way.
-  However, the three CSSS must take certain actions for the MSSS guidelines to be integrated into their practices, in particular:
  -  Review menus regularly
  - Systematically control quality and nutritional value
  - Regularly assess users satisfaction.

# *Involvement of the Department and the agencies*

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## Food services

-  ■ No leadership from the Department and two of the three audited agencies (Chaudière-Appalaches and Montréal) with respect to food production
-  ■ No picture of the operating mode of food services and no position on methods to favour
-  ■ No performance follow-up on food services by the MSSS nor by the Montréal agency
-  ■ Institutions not encouraged to change their methods in order to become more efficient

# *Involvement of the Department and the agencies (cont.)*

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## Food quality

- **GP** Actions taken by the Department and the audited agencies concerning food quality in the network
- **E** Publication by the Department in 2009 of the guidelines included in a reference framework
- **E** Monitoring by the MSSS and the audited agencies of the food policies adopted by the institutions
- **E** Food policy established by 78% of the institutions in April 2011

# *Main Recommendations*

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## Recommendations made to the audited institutions

1. Periodically review their food service management and production methods and take the appropriate measures needed to ensure that they are effective.
2. Regularly carry out analyses of their financial performance and the productivity of their employee's so as to identify the causes of the differences between the performance of their service points and the differences between their performance and those of the other institutions.
3. Improve the practices related to standardized recipes.
4. Maximize acquisitions from purchasing groups.
6. Set the selling price of meals by taking into account the overall cost (except for the price set in the collective agreement for unionized employees).

## *Main Recommendations (cont.)*

7. Increase the computerization of their food services activities and functions and establish links between the various systems.
8. Implement systematic mechanisms to monitor the main elements regarding hygiene and food safety.
9. Ensure that the users in residential care centres who have undernutrition problems are rapidly identified and treated.
11. Ensure that the residential care centres offer professional clinical nutrition services that meet residents care centres needs.
13. Ensure that a variety of foods are offered in residential care centres and review menus regularly.
14. Assure systematic control of the quality of the food served and compliance with therapeutic indications.

## *Main Recommendations (cont.)*

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### Recommendation to the MSSS

16. Take measures to ensure that the institutions optimize resources provided to food and clinical nutrition services and that they adopt a plan to carry out the changes deemed necessary.

### Recommendations to the MSSS and the audited agencies

17. Monitor the institutions' performance in regard to food and clinical nutrition services and take measures to motivate them to make improvements in this regard.
18. Provide support to the institutions and ensure their coordination in terms of food and clinical nutrition services.

## *Entities' Response*

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The audited entities accepted  
all our recommendations.

## *Chapter 4*

### *Collection of Tax Debts*

**Audited Entity:**

**Revenu Québec**

**(Centre de perception fiscale)**

## *Context*

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- Tax debts: \$7.6 billion as at March 31, 2011
- Amount before adjustments to take into account provisions that Revenu Québec may associate with certain types of debts
- The Centre de perception fiscale (CPF) is responsible for collecting tax debts.

## *Context (cont.)*

- Collection actions are generally progressive:
  - 1st step: Letter sent automatically (collection notice) to the debtor
  - 2nd step: Telephone call to the debtor
  - 3rd step: File assigned to a collection agent, who can, in particular, apply administrative or judicial recourse such as:
    - Seizure of a bank account
    - Register a hypothec against property of the debtor
    - Criminal proceedings

## Context (cont.)

- Several avenues are available for processing debt collection.
- CPF activity sectors on March 31, 2011:

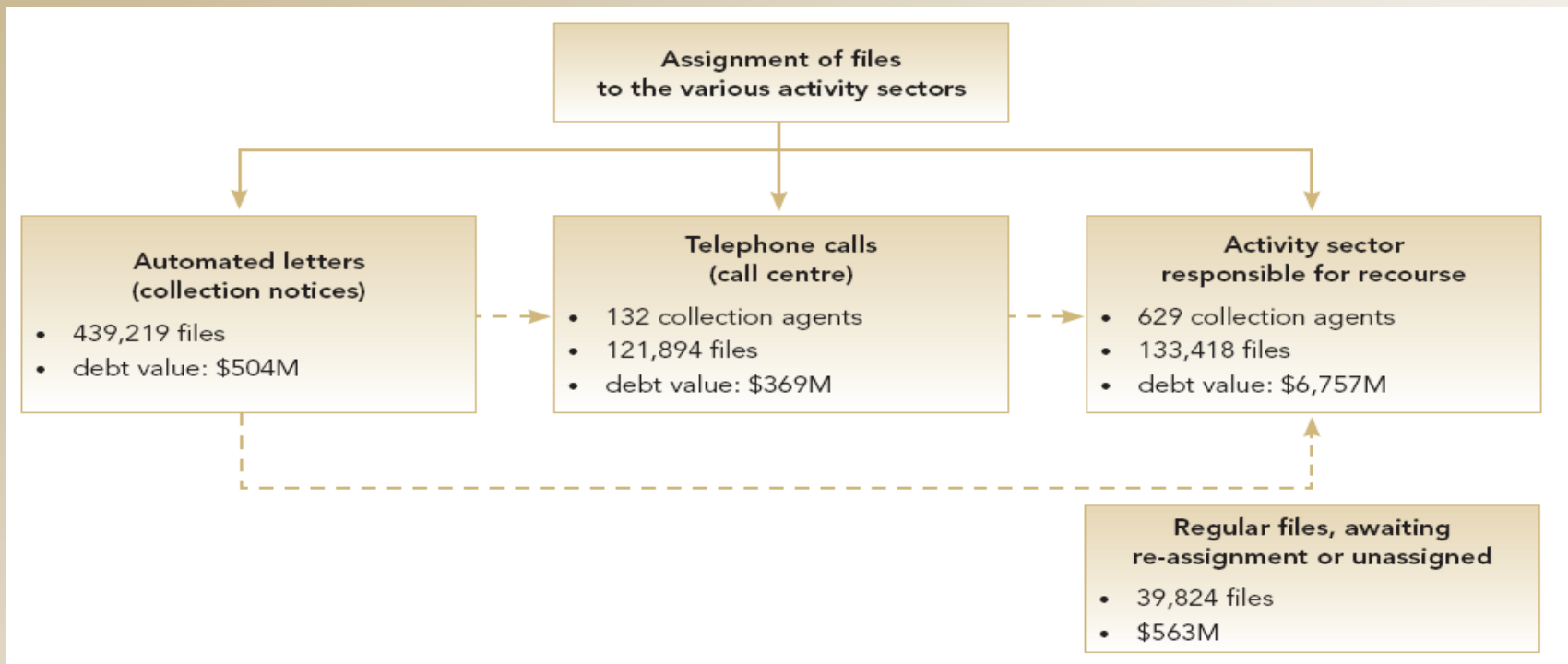


Figure 1, Table 3

## *Context (cont.)*

### Tax debts processed in the call centre and the activity sector responsible for recourse

|                               | March 31, 2008 | March 31, 2009 | March 31, 2010 | March 31, 2011 | Variation 2008-2011 |
|-------------------------------|----------------|----------------|----------------|----------------|---------------------|
| Number of files in process    | 270,043        | 229,824        | 241,172        | 255,312        | -5%                 |
| Total debt value (\$ million) | 5,341.9        | 5,276.5        | 5,371.0        | 7,126.1        | 33%                 |
| Average debt per file (\$)    | 19,782         | 22,959         | 22,270         | 27,911         | 41%                 |

## Audit objectives

Obtain the assurance that Revenu Québec:

- Has an adequate strategy for collecting tax debts;
- Manages collection files effectively, efficiently and fairly;
- Assesses the performance of collection activities and makes adequate accountability reports.

## *Our Audit (cont.)*

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### Scope of our work

Work carried out mainly at the CPF

Period covered: April 1, 2007 to April 30, 2011

Random selection of 83 collection files among those that were active on December 31, 2009

The following activities were excluded:

- Collection of support payments;
- Processing of failures to remit taxes or deductions at source;
- Processing of files in the process of cancellation and files where the debtor is in bankruptcy or insolvent.

# *Our Audit Results*

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*Good practice*



*Deficiency*



*Evidence*



*Consequence*

# *Collection Strategy*

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- To reduce the debt increase observed from 2005 to 2007, the CPF adopted a collection strategy in May 2007.

## **Some of the measures included in the strategy:**

- Allocation of resources between the various activity sectors;
- Review of the collection procedure;
- Determination of the risk level for each file.

## *Collection Strategy (cont.)*

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- **In spite of the strategy, tax debts continued to increase.**

**(up 33% for the period 2008-2011)**



- Large increase in company debts (up 66% from 2008 to 2011)



- Increase in the value of debts aged from two to five years (up 109% from 2008 to 2011)

## *Collection Strategy (cont.)*

### On March 31, 2011



- More and more regular files awaiting processing: 41% of files.
  - Unassigned files: 22,835;
  - Files awaiting re-assignment: 16,089.



- More than 40% of unassigned files (\$90.7 million) awaiting assignment for more than 3 months.



- One third of files awaiting re-assignment had been in that situation for more than 4 months.

## *Collection Strategy (cont.)*

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- Large increase in the number of files awaiting assignment or re-assignment:



- For Revenu Québec: increased risk of non-collection as the age of a debt increases



- For the debtor: the longer repayment is delayed, the higher the debt's accumulated interest

# *Processing of Files*

## Revenu Québec's powers

The *Tax Administration Act* provides that in some circumstances, costs can be billed to the debtor. For example, since July 1, 2009, the CPF imposes a sum of \$95 when a file is assigned. Where recourse is exercised, other fees may be added to the balance of the debt. They are divided into two categories:

- Fees are required when a hypothec is registered or cancelled. They vary between \$20 and \$189.
- Collection fees of 10% (minimum, \$50; maximum, \$10,000) are added to the balance of the tax debt where administrative or judicial recourse is made.

## Processing of Files (cont.)

- The additional fees may have significant effects on a taxpayer's debt.
- Comparison between Revenu Québec and the Canada Revenue Agency:

|   | Revenu Québec<br>(\$) | Canada Revenue<br>Agency (\$) |
|---|-----------------------|-------------------------------|
| Balance owing as at April 30  | 5,000                 | 5,000                         |
| Interest from May to September  | 126                   | 104                           |
| <b>Subtotal</b>   | <b>5,126</b>          | <b>5,104</b>                  |
| Assignment fee charged when final notice sent, on October 10                              | 95                    | –                             |
| <b>Subtotal</b>   | <b>5,221</b>          | <b>5,104</b>                  |
| Interest for October  | 27                    | 22                            |
| <b>Subtotal</b>   | <b>5,248</b>          | <b>5,126</b>                  |
| Collection fee (10%) charged on October 31 following seizure of the debtor's bank account | 525                   | –                             |
| <b>Subtotal</b>   | <b>5,773</b>          | <b>5,126</b>                  |
| Interest from November 1 to 15  | 14                    | 11                            |
| <b>Debt as at November 15, when repayment agreement made</b>                              | <b>5,787</b>          | <b>5,137</b>                  |
| Monthly payment to settle the debt in 12 months   | 498.01                | 439.77                        |
| Interest on the debt during the agreement period  | 190                   | 140                           |
| <b>Total amount paid</b>  | <b>5,977</b>          | <b>5,277</b>                  |
| <b>Additional fees charged to the taxpayer with respect to the initial debt (%)</b>       | <b>20</b>             | <b>6</b>                      |

## *Processing of Files (cont.)*



- The written communications sent to debtors and third parties are sometimes hard to understand or not explicit enough.



- The following is an excerpt from a notice sent to a taxpayer who neglected to file tax returns for 2007, 2008 and 2009: [translation] “...we have not received certain documents or declarations required under one or several taxation laws.”



- Such a lack of clarity can result in delays in the processing of a file.

## *Processing of Files (cont.)*



- Collection agents have limited knowledge of a debtor's financial profile:



- The summary analysis of the debtor's financial situation was missing in almost all the files examined (49 files out of 61);






- A complete analysis of the debtor's budget was missing in 41% of the files where it was required;



- Information searches were poorly documented, insufficiently exhaustive or not carried out in a timely manner (55 files out of 83).

## *Processing of Files (cont.)*

- Possible cancellation of some of the tax debt (penalties and interest) at the request of the taxpayer, if certain specific conditions are met.
-  Taxpayers not well informed of this possibility.
-  Where the situation justifies, the collection agent does not always inform the debtor (as the agent should), in accordance with the steps planned.
-  Risks related to processing uniformity (fairness) among taxpayers.

## *Processing of Files (cont.)*

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### **Recourse required to obtain payment**

- Under the collection procedure, the collection agent can exercise recourse in some circumstances:
  - Where the debtor does not comply with a final notice;
  - Where the debtor refuses to communicate or co-operate with the agent;
  - Where the conditions of an agreement with the debtor are not met;
  - Where there is imminent risk that the debt may not be collected and immediate action is required.

## *Processing of Files (cont.)*

### Recourse required to obtain payment (cont.)



- Guidelines not specific enough as to the time for exercising or not exercising recourse



- The analysis of the files in our sample showed that:
  - In 34 files, recourse was exercised in a period between 20 and 284 days;
  - In 4 files, there was no recourse although the situation justified recourse;
  - In similar situations, different actions were taken: no intervention, recourse exercised or communication with the debtor.



- Risk of a lack of fairness in processing among taxpayers

## *Processing of Files (cont.)*

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### Quality assurance



- Continuous improvement and quality assurance policy adopted in 2007: not yet completely implemented at the time of our audit.



- In the absence of a well established quality assurance process, the CPF cannot intervene effectively to make required changes to the processing of files.

## *Processing of Files (cont.)*

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### Productivity



- Absence of in-depth analyses to assess the efficiency of collection activities.



- Significant differences in the productivity of the regional branch offices.

## Processing of Files (cont.)

### Indicators, by regional office, for 2010-2011

|  | Capitale-<br>Nationale and<br>other regions | Laval,<br>Laurentides<br>and Lanaudière | Montréal | Montréal | Outaouais |
|--|---|---|----------|----------|-----------|
| <b>Indicators</b>  |   |   |          |          |           |
| Number of files assigned in the year,<br>by FTE [full-time equivalent] | 216   | 228                                     | 122      | 195      | 153       |
| Receipts, by FTE (\$)  | 1,120,851                                   | 1,115,251                               | 992,584  | 659,686  | 1,043,232 |
| Average settlement time, by file<br>(in days)                          | 954   | 1,104                                   | 1,217    | 900      | 1,314     |
| <b>Other variables</b>   |   |   |          |          |           |
| Average debt, by assigned file (\$)                                    | 25,398                                      | 27,648                                  | 33,459   | 41,479   | 38,799    |
| Debts aged on average more<br>than two years (%)                       | 22  | 27                                      | 34       | 32       | 32        |

Source: Revenu Québec.

# *Accountability Reporting*

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- Revenu Québec's 2009-2012 Strategic Plan has two performance indicators related to the collection of tax debts, but they do not have targets.



- Targets are included in Revenu Québec's annual management reports, but they vary from one year to the next, without any explanation.

# *Recommendations*

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1. Adapt its collection strategy so as to manage all tax debts and meet new challenges in that regard, with a concern for effectiveness, efficiency and fairness.

## *Recommendations (cont.)*

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2. Implement the measures needed so that the collection procedure is carried out well, that it has the expected results, particularly in terms of fairness, and that it is revised as needed.
3. Review communications so that they are clear and understandable for taxpayers, third parties and mandataries and send them in a timely manner.

## *Recommendations (cont.)*

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4. Implement an effective quality assurance process for all its collection activities.
5. Ensure that control points are appropriate and that they meet users' needs.

## *Recommendations (cont.)*

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6. Carry out regular follow-ups on the most pertinent indicators so as to assess and compare the performance of the regional branch offices and activity sectors.
  
7. Analyze the reasons for differences observed in the follow-ups on indicators and apply corrective measures that arise from the analysis.

## *Recommendations (cont.)*

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8. Improve the accountability reporting included in the annual management report with respect to its tax debt collection activities so that its performance can be better assessed.

## *Entity's Response*

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Revenu Québec accepted all our recommendations.

## *Chapter 5*

### *Educational Childcare Services: Quality, Performance and Reporting*

#### **Audited Entity:**

**Ministère de la Famille et des Aînés (MFA)**

## Some key steps in the implementation of the family policy

|      |  |
|------|--|
| 1997 | Beginning of the implementation of a childcare network with 200,000 reduced-contribution spaces (RCS) throughout Québec, which should have been completed at the latest in 2005-2006 |
| 2004 | Increase in the parental contribution from \$5 to \$7 a day  |
| 2006 | Creation of home childcare coordinating offices  |
| 2008 | Announcement that the number of RCS would be increased from 200,000 to 220,000 in 2012   |
| 2011 | Budgetary authorization for the development of 15,000 RCS to bring their number up to 235,000 by 2016  |

## Context (cont.)

### Network of providers of educational childcare services on March 31, 2011

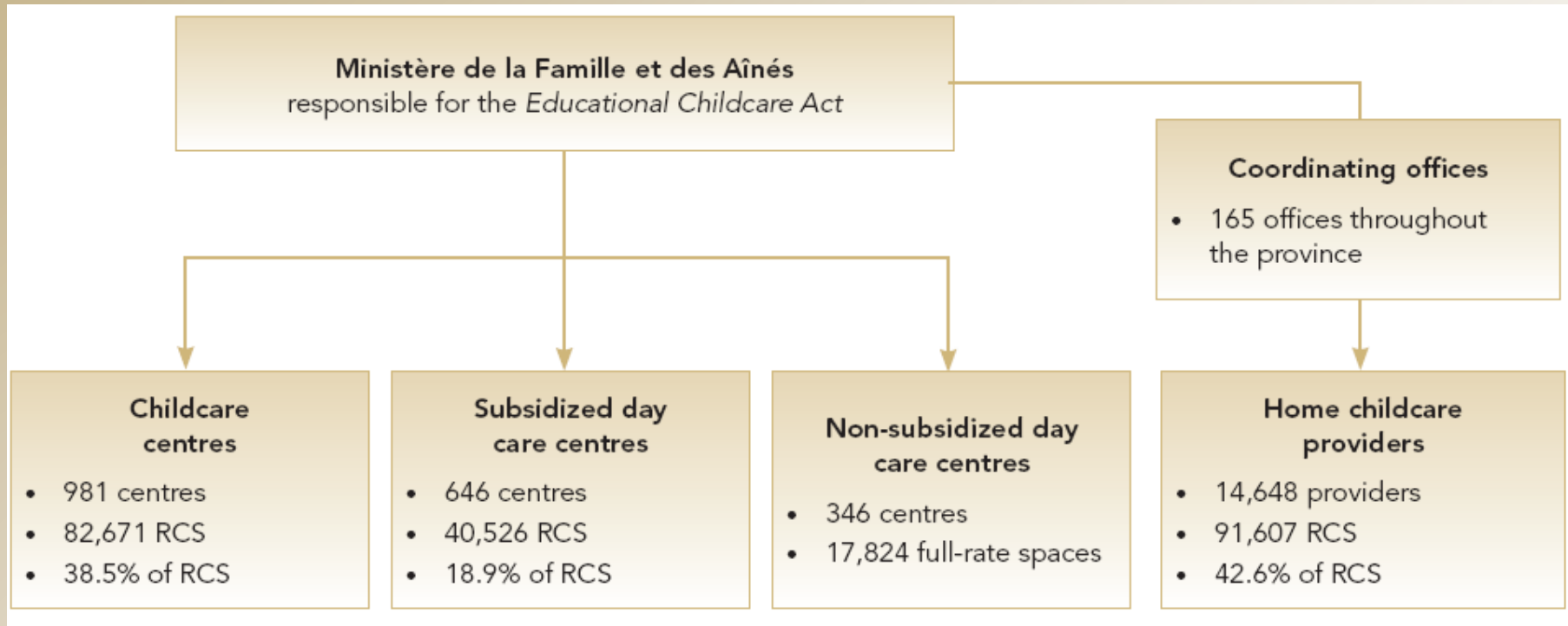
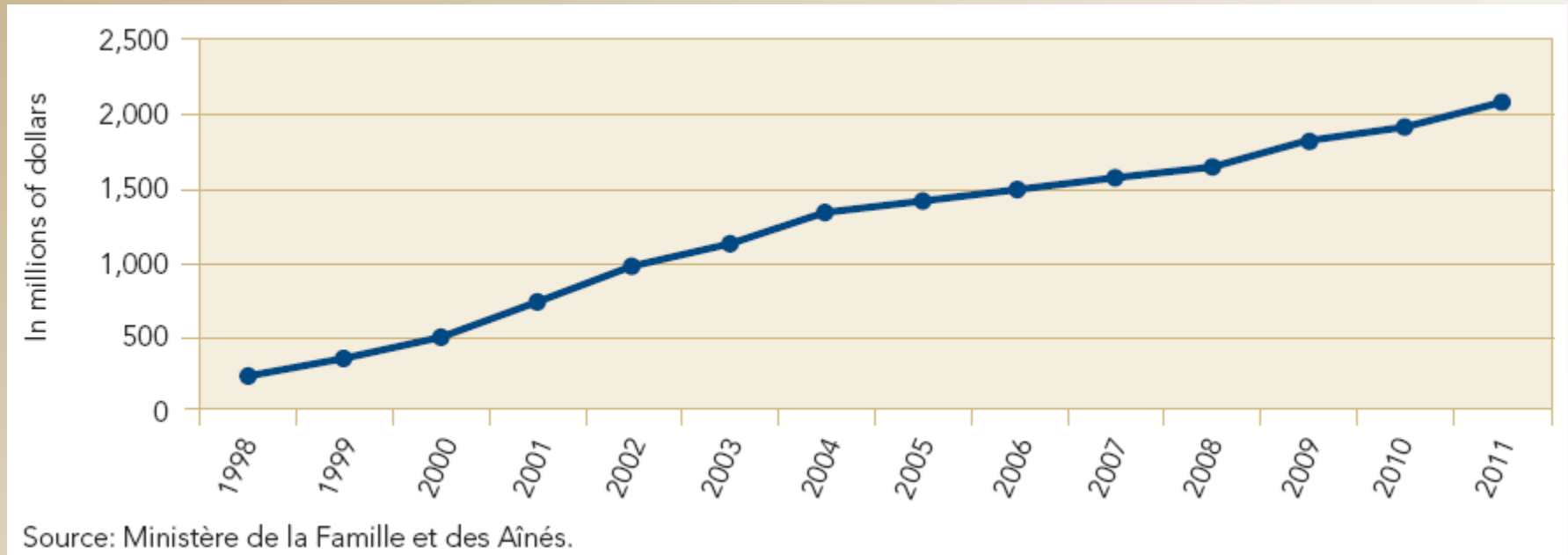


Figure 1

## *Context (cont.)*

### Expenditures for reduced-contribution childcare services

As at March 31, 2011: \$2.1 billion



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## Audit objectives

Obtain the assurance that the Ministère de la Famille et des Aînés:

- Had taken measures to set up a quality network of educational childcare services, in accordance with the *Educational Childcare Act* and sound management rules and practices;
- Evaluates its performance and makes adequate accountability reports on the quality of educational childcare services.

# *Our Audit Results*

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*Good practice*



*Deficiency*



*Evidence*



*Consequence*



# Quality

## Allocation Process for 18,000 RCS in 2008

### Steps and corresponding dates

March 13, 2008 2008-2009 Budget Speech: creation of 18,000 RCS by 2012

April 15, 2008 First call for projects, for the creation of 9,000 RCS

May 16 Assessment of all the projects by the MFA:

to

- 20 assessment committees

June 24, 2008 - Analysis grid developed by the MFA (see Schedule 4 of the report)

Production of a ministerial register based on the assessments made by the assessment committees, mainly presenting:

- The projects analyzed
- Assessment of the criteria for each project
- Completion year for the projects



## *Quality*

### Allocation Process for 18,000 RCS in 2008 (cont.)

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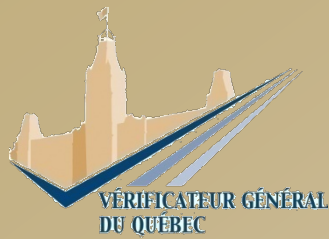
#### Steps and corresponding dates (cont.)

|  |   |
|--|---|
| May 16<br>to<br>June 24, 2008<br>(cont.) | Decision to allocate all 18,000 spaces among the projects received, rather than the 9,000 spaces announced on April 15, 2008                          |
|  | Decision to accelerate the creation of the 18,000 spaces, by September 2010 instead of by 2012, as had been announced in the 2008-2009 Budget Speech. |
|  | Proposals from the regional offices, based on the ministerial register  |
|  | Recommendations sent by the MFA to the Minister   |
| August 2008                              | Allocation of spaces by the Minister  |
|  | Publication on the MFA Website of the final list of selected projects   |



# *Summary of the Analysis Grid for Applications for Subsidized Spaces*

| <u>Assessment criteria</u>   | <u>Points</u> | <u>Rating</u>      |
|--|---------------|--------------------|
| <b>Quality of the project</b>  | <b>100</b>    | <b>From A to D</b> |
| Educational dimension  | 15            |                    |
| Governance   | 15            |                    |
| Environment  | 10            |                    |
| Service offer (average of the first 6 ministerial priorities listed below) | 60            |                    |
| <b>Ministerial priorities</b>  |               |                    |
| 1. Flexibility of the childcare service offer                              | 60            | From A to D        |
| 2. Facilities for babies   | 60            | From A to D        |
| 3. Service offer for childcare in the workplace or at school               | 60            | From A to D        |
| 4. Facilities for disadvantaged children                                   | 60            | From A to D        |



# Summary of the Analysis Grid for Applications for Subsidized Spaces (cont.)

| <u>Assessment criteria</u>                         | <u>Points</u> | <u>Rating</u> |
|--|---------------|---------------|
| 5. Integration of handicapped children             | 60            | From A to D   |
| 6. Integration of children from immigrant families | 60            | From A to D   |
| 7. Reduction of regional deficits                  |               | From 1 to 5   |

## **Regional priorities**

Project in line with socio-economic factors and that is a priority for the region

√

|                            |     |             |
|----------------------------|-----|-------------|
| <b>Project feasibility</b> | 100 | From A to E |
|----------------------------|-----|-------------|

Assessment of the project completion date, that is, in 2008-2009 or 2009-2010

# *Summary of the Analysis Grid for Applications for Subsidized Spaces (cont.)*

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| <u>Rating</u>  | <u>Criteria assessed<br/>on 100 points</u> | <u>Criteria assessed<br/>on 60 points</u> |
|--|--|---|
| A. Excellent   | From 85 to 100                             | From 50.9 to 60                           |
| B. Satisfactory  | From 75 to 84                              | From 44.9 to 50.8                         |
| C. Somewhat satisfactory                                     | From 65 to 74                              | From 38.9 to 44.8                         |
| D. Unsatisfactory  | From 0 to 64                               | From 0 to 38.8                            |
| E. Completion after March 31, 2010, assessment not continued |  |   |

## Quality

### Allocation Process for 18,000 RCS in 2008 (cont.)

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- The call for projects procedure was not carried out with all the rigour and efficiency that would have been expected.



- The MFA did not define and publish the eligibility criteria for RCS applicants and their projects. Therefore:
  - 272 projects (14%) were proposed by permit holders for which the Bureau des plaintes or the regional offices had significant reservations. These projects had all been analyzed by the assessment committees and submitted to the regional offices, but they were excluded at the end of the process by the MFA (for example, a significant reservation was noted when a permit holder was the subject of three or more well founded complaints concerning the health or safety of children).



- The eligibility and analysis criteria were published in the call for projects now under way.

## Quality

### Allocation Process for 18,000 RCS in 2008 (cont.)

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- The call for projects procedure was not carried out with all the rigour and efficiency that would have been expected (cont.).






- In the call for projects documentation, the MFA did not specify where it planned to allocate the 9,000 RCS. Therefore:
  - Applicants presented projects for areas where there was no need for RCS, according to the MFA's estimates;
  - In some areas where there was a need, no projects were presented.

## Quality

### Allocation Process for 18,000 RCS in 2008 (cont.)

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-  ■ The call for projects procedure could have favoured those already working in childcare services.
  
-  ■ In spite of the large volume of information required, applicants for spaces had only one month to submit their application.
  -  – The call for projects currently under way gives applicants for spaces 4 months.

- D** ■ The assessment of projects was not carried out with all the rigour required.
- E** ■ Applicants for spaces were not required to provide any document to support the information given on the application form. For example, no certificate from the municipality allowing the establishment of a childcare service at the location chosen by the applicant was required.
- E** ■ The analysis did not include an overall assessment or a pass mark that would have made it possible to reject projects that did not meet the minimum desired requirements.
- E** ■ No directive was sent to the regional offices for selecting and proposing projects, which led to a variable analysis from one office to another.

## Quality

### Allocation Process for 18,000 RCS in 2008 (cont.)

- D** ■ It was impossible to make a connection between a project's assessment results and its proposal or rejection.
- E** ■ In the same locality, some projects received a lower mark than other projects that were not proposed.

| Example | Project      | Assessment of the criteria |              |                | Number of responses to regional priorities |
|---------|--------------|----------------------------|--------------|----------------|--|
|         |              | Excellent                  | Satisfactory | Unsatisfactory |  |
| 1       | Proposed*    | –                          | –            | 7              | 2  |
|         | Not proposed | 4                          | –            | 4              | 1  |
| 2       | Proposed     | 1                          | –            | 7              | 4  |
|         | Not proposed | 1                          | 1            | 6              | 4  |

\* One criterion was not assessed, because it was not applicable.

## Quality

### Allocation Process for 18,000 RCS in 2008 (cont.)

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- D** ■ A large number of the projects recommended by the MFA were judged unsatisfactory with respect to the quality of the project and its feasibility.
  
- E** – Quality: unsatisfactory assessment for 77% of the recommended projects (77% of the RCS).
  
- E** – Feasibility: unsatisfactory assessment for 18% of the recommended projects (25% of the RCS).

#### MFA's recommendation

- 17,275 spaces distributed as follows:
  - 295 childcare centres, representing 8,166 RCS (47% of the spaces);
  - 132 day care centres, representing 6,105 RCS (35% of the spaces);
  - 56 home childcare coordinating offices, representing 3,004 RCS (18% of the spaces).

## *Quality*

### Allocation Process for 18,000 RCS in 2008 (cont.)

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- Section 93 of the *Educational Childcare Act* provides the following:

“The Minister determines the number of subsidized childcare spaces annually. After determining needs and priorities, the Minister allocates the spaces among permit applicants, permit holders and home childcare coordinating offices.”
- This ministerial discretion resulted in the following differences:
  - Projects totalling 3,505 RCS (20%) had been recommended by the MFA but were not approved;
  - Projects totalling 3,700 RCS (21%) were approved but had not been recommended by the MFA.

## Quality

### Allocation Process for 18,000 RCS in 2008 (cont.)

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**D**

- A large proportion of the projects finally approved were judged unsatisfactory.

**E**

- Quality: unsatisfactory assessment for 74% of the approved projects (73% of the RCS)

**E**

- Feasibility: unsatisfactory assessment for 19% of the approved projects (27% of the RCS)

- The 17,941 allocated RCS were distributed as follows:
  - 331 childcare centres obtained 9,651 RCS (54% of the spaces);
  - 122 day care centres obtained 5,365 RCS (30% of the spaces);
  - 60 coordinating offices obtained 2,925 RCS (16% of the spaces).




## Connection between the spaces allocated and the needs identified by the MFA

- D** ■ 29% of the approved projects were located in municipalities where the MFA had estimated that there was a surplus of spaces.
- According to the MFA, those spaces could meet the needs of parents living in neighbouring municipalities that had a deficit of spaces.

## *Quality*

### Allocation Process for 18,000 RCS in 2008 (cont.)

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-  ■ The decision to allocate 18,000 RCS instead of 9,000, as announced in the call for projects, and doing so after the deadline for submitting projects resulted in a change to the initial rules.
  
-  ■ Unfair for potential applicants for spaces who had decided to wait for the second call for projects, for the remaining 9,000 RCS.
  
-  ■ A higher number of projects whose quality was judged unsatisfactory were recommended and approved.

## *Quality*

### Allocation Process for 18,000 RCS in 2008 (cont.)

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- **D** It is difficult for the MFA to show that the places approved meet the specific needs and other MFA priorities.

#### Examples of specific needs:

Facilities for disadvantaged children and needs related to unusual work schedules

#### Examples of other MFA priorities:

Facilities for babies, service offer in the workplace, integration of handicapped children and integration of children from immigrant families

## *Quality* Educational Childcare Services

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The *Grandir en qualité 2003* survey made the following observation: [translation] “*Although childcare services are generally satisfactory, efforts must be made to improve their quality.*”

- **D** The measures proposed by the MFA to improve quality following that survey did not receive the desired level of support from childcare services or were not assessed on the basis of results by the MFA.

# *Quality*

## Educational Childcare Services (cont.)

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### **Measure proposed: compulsory educational program** **(since 2005)**

The MFA:

**E**

- Did not ensure a follow-up on the implementation of the educational program and does not know its results.

**E**

- Notes that it cannot currently count on internal expertise to carry out a follow-up on the application of the educational program.

**E**

- Does not have an up-to-date picture of the situation, because it has not required accountability reporting on this matter since 2006.

# *Quality*

## Educational Childcare Services (cont.)

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### **Measure proposed: a quality-commitment declaration from service providers**

**E**

- Of the total number of declarations possible, only 23% were sent to the MFA in the last 4 years.

### **Measure proposed: accreditation process trial**

**E**

- The accreditation process is still in the project phase and after seven years it has still not been implemented.

## *Quality*

### Educational Childcare Services (cont.)

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### **Measure proposed: ratio of qualified staff members of two out of three in day care centres required as of August 31, 2011**

– Possibility of non-compliance.

**E** – For a maximum of 54% of day care centres, compliance with the ratio on March 31, 2010 (most recent available data).

**E** – The MFA has not assessed the overall capacity of the childcare network to comply with the new ratio.

# Quality

## Educational childcare services (cont.)

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### Measure proposed: role of coordinating offices

- D** – The MFA makes few efforts to ensure that the coordinating offices carry out their duties with respect to monitoring the quality of the services offered by home childcare providers. In essence, it limits itself to handling complaints about quality.
- D** – The MFA automatically renewed 165 accreditations granted to coordinating offices in 2009, without verifying whether the conditions provided for in the *Act* were being met, in particular whether the offices had carried out the required visits to the homes of home childcare providers.

## *Quality*

### Educational childcare services (cont.)

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**D**

- The inspection process for childcare centres and day care centres is not planned or carried out in a risk-based manner.

**E**

- The inspection schedule is not planned on the basis of the data available on risk factors. For example:
  - Number and nature of non-compliances observed in the past;
  - Time needed to follow up on non-compliances;
  - Nature of past complaints;
  - Recidivism rate for offenders.

## *Quality*

### Educational Childcare Services (cont.)

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#### Carrying out and following up on inspections



-  29% of permits (546 out of 1,852) were renewed without the inspection provided for in the MFA directive; the inspection was deferred until after the renewal.
-  33% of new establishments (109 out of 327) were not inspected within 6 months after receiving their permit.
-  The average delay increased from 2 months, in 2006-2007, to 19 months, in 2010-2011.
-  In October 2010, 36 new inspectors were hired.

# *Quality*

## Educational Childcare Services (cont.)

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### Publication of inspection results

-  List of non-compliances for each childcare service published on the MFA website: makes it difficult for parents who use services to evaluate the quality of a childcare service in terms of health and safety.
-  For example, among 300 possible non-compliances, those that pose a serious threat to children's health, safety or physical integrity are not clearly identified.

# *Performance and Reporting*

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## Strategic planning

- D** Absence of appropriate indicators and well defined targets for the quality of childcare services

## Reporting

- D** No information on results related to the quality of childcare services in the annual management report

## Program assessment and client satisfaction

- D** No information system for collecting and analyzing data on childcare services

# *Recommendations*

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1. In its process for allocating reduced-contribution spaces:
  - Specify and adequately quantify the childcare network’s needs and priorities, make them public and assess to what degree the developed spaces meet them;
  - Disclose the eligibility and assessment criteria for applicants and projects;
  - Use an assessment grid that makes it possible to classify projects on the basis of the selected criteria, to verify the information provided and to justify the acceptance or refusal of projects.
2. Implement and assess, according to a specific time frame, the measures needed to facilitate continuous quality improvement for all types of childcare services.
3. Ensure, in a timely manner, that the legal and regulatory requirements for quality are met, particularly the ratio of qualified staff members and the implementation of the educational program.

## *Recommendations (cont.)*

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4. Obtain accountability reports from the coordinating offices on the quality of home childcare services and analyze the data to have a complete picture of the network and to ensure that the coordinating offices meet the requirements to which they are subject.
5. Plan and carry out inspections to ensure that uniform, economic, efficient and effective services are provided, particularly by:
  - Determining the frequency of inspections as a function of risks;
  - Providing work tools in a timely manner;
  - Carrying out work in the time prescribed;
  - Developing a follow-up system for non-compliance notices;
  - Implementing measures for quality control and quality assurance of files .
6. Improve the non-compliance data that are published for each childcare service so that the available information is more useful to parents.

## *Recommendations (cont.)*

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7. Improve its strategic plan by the addition of objectives and results indicators for the quality of educational childcare services.
  
8. Assess the level of success in meeting program objectives for educational childcare services, particularly with respect to the quality of childcare services, and make reports on the results.

## *Entity's Response*

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The Ministère de la Famille et des Aînés accepted  
all our recommendations

## *Chapter 6*

# *Compensation of Accident Victims*

### Audited Entity:

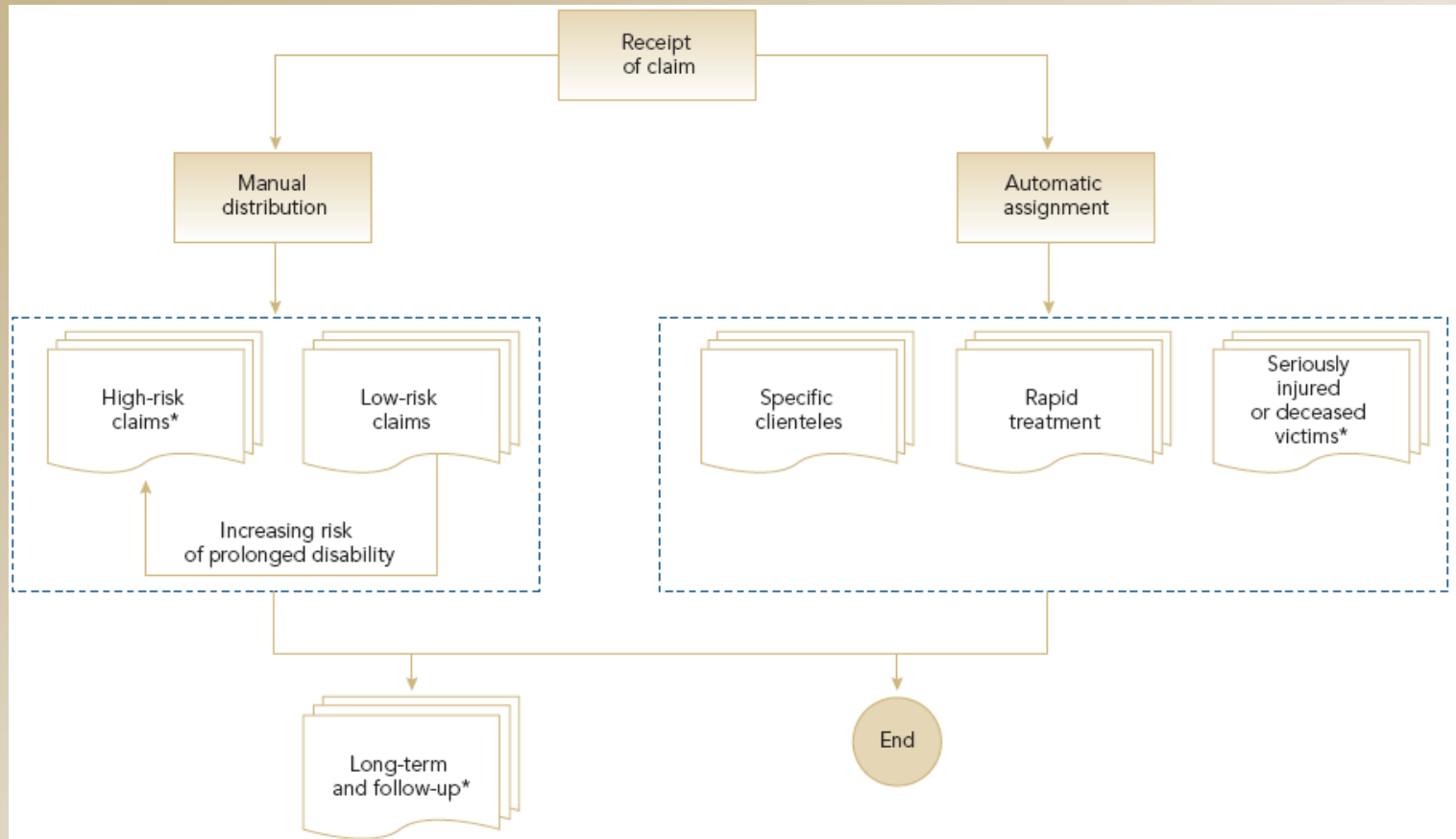
**Société de l'assurance automobile du Québec (SAAQ)**

## *Context*

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- The SAAQ's responsibilities include compensating accident victims and facilitating their rehabilitation.
  
- For the 2010 fiscal year, the SAAQ processed 100,981 claims:
  - 28,184 related to accidents that occurred in 2010
  - 72,797 related to accidents in previous years
  - compensation paid: \$990 million
  
- The Québec's Public Automobile Insurance Plan provides:
  - various indemnities to compensate for an economic loss related to an accident
  - reimbursement of certain expenses caused by an accident

# Context – Accident Claim Process



\* Files in this category were the subject of our audit.

## *Our Audit*

- Verify that the SAAQ manages the files for which compensation cost is highest in a manner that is efficient, economical and fair, in accordance with the *Automobile Insurance Act* and the applicable regulations.
  
- Our audit focused on files:
  - for which there is a high risk of prolonged disability
  - seriously injured persons
  - the long-term category
  
- Population made up of 8,845 files for which indemnities were paid from January 2010 to December 2010
  
- 133 files randomly selected from that population

## Our Audit (cont.)

- Sample of 133 files and population:

**Table 2**  
Global picture of the sample

|  | Number of files |              | Compensation paid in 2010<br>(in thousands of dollars) |              |              |                |               |               |
|--|-----------------|--------------|--|--------------|--------------|----------------|---------------|---------------|
|  | Sample          | Population   | Sample   |              |              | Population     |               |               |
|  |                 |              | IRI  | NPD          | Deaths       | IRI            | NPD           | Deaths        |
| Seriously injured or deceased persons                      | 44              | 1,905        | 290.5  | 308.9        | 620.1        | 13,875         | 17,681        | 42,043        |
| Persons for which the risk of prolonged disability is high | 44              | 4,031        | 516.8  | 30.2         | n.a.         | 44,140         | 4,801         | n.a.          |
| Persons receiving long-term compensation                   | 45              | 2,909        | 647.7  | 160.0        | n.a.         | 42,135         | 18,887        | n.a.          |
| <b>Total</b>   | <b>133</b>      | <b>8,845</b> | <b>1,455</b>   | <b>499.1</b> | <b>620.1</b> | <b>100,150</b> | <b>41,369</b> | <b>42,043</b> |

IRI Income replacement indemnity

NPD Non-pecuniary damage

# *Our Audit Results*

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*Good practice*



*Deficiency*



*Evidence*



*Consequence*

# *Income Determination for the Computation of the Compensation*

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- A claim generally includes:
  - From the victim, a claim for compensation
  - From the employer,
    - an attestation of salary (if the victim was employed at the time of the accident) – provided for in the act
    - a confirmation of hiring (if the victim was to be employed after the accident) – provided for in the regulations



- The SAAQ has not specified in its policies or directives requirements for documents that must accompany a claim for compensation, other than those mentioned above.



- The Australia's Transportation Accident Commission systematically requires that a claim for compensation be accompanied with several pertinent and official supporting documents (e.g.: income declaration, salary records for the 12 months preceding the accident).

## *Income Determination (cont.)*

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**D**

No validation other than the attestation of the accident victim's income provided by the employer:

- Initial processing: 43 out of 85 (51%)
- Other processing steps: 21 out of 34 (62%)

### Example:

**E**

- Accident victim, 16 years old, who began working full time in a retail store 4 days before the accident
  - salary declared on the claim for compensation: about \$27,000 a year, which resulted in an indemnity of \$780 every 14 days, paid since 5 years ago
  - no validation from the employer other than the initial attestation provided 5 years ago
  - no other document required to support an annual salary of \$27,000

## *Income Determination (cont.)*

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### Unemployed person with a hiring confirmation (guaranteed of employment):

**D**

11 analyzed files in this situation:

- for 5 files (45%), the expected duration of the guarantee of employment was not requested, although that information is necessary in order to pay an indemnity for that period of time
- for 8 files, the agent did not ask the employer if the position had been filled by another person

### Example:

**E**

- Accident victim was unemployed at the time of the accident, in October 2010:
  - no guarantee of employment mentioned on the claim for compensation
  - confirmation of hiring received from the employer 22 days after the claim for compensation was filed
  - contract employment for about 2 months
  - income replacement indemnity paid until November 21, 2011

## *Income Determination (cont.)*

### Person with variable hours employment :

Directive:

Computation of the income replacement indemnity based on the average number of hours worked during the year preceding the date of the accident or, if the period is less than one year, during the period of employment

**D**

Application does not comply with the directive in the way to determine the annual income replacement indemnity for 4 of the 7 files in our sample that were in this situation

**E**

Example:

- accident occurred in December 2005
- hours worked in the calendar year 2004 used to compute the indemnity
- no information requested on the hours worked in 2005
- probability that the indemnity paid was undervalued

# *Payment of Indemnities for Non-Pecuniary Damage*

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## Permanent injuries

An accident victim is entitled to a lump-sum indemnity for non-pecuniary damage related to permanent injuries.

- Maximum indemnity in 2010: \$215,999
- E.g.: manual dexterity, skin sensitivity, functional impairment of the arms
- Advances for this indemnity can be paid to the accident victim
- No SAAQ directive covering the payment of these advances (period of time and amount), which can result in different processings that raises the question of fairness

**D**

**E**

- File A: advances totalling \$116,000 for damage valued at \$197,297, paid 12 months following the accident
- File B: no advance for damage of \$105,417, a single payment 4 years after the accident

# *Payment of Indemnities for Non-Pecuniary Damage (cont.)*

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## Temporary injuries

- Indemnity computed and payable as soon as the injuries resulting from the accident are clearly identified (for 2010, the amount varied from \$300 to \$1,200)
- Temporary indemnity deducted from the amount that the victim receives as an indemnity related to permanent injuries
- No specific rule for the payment and the period of time for this indemnity

**D**

**E**

- No payment: 25% of the 113 files analyzed
- Payment made more than 2 months after the claim for compensation was filed: 17% of the 113 files analyzed

# *High Risk of Prolonged Disability*

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Files representing a high risk of prolonged disability: significant portion of the payments associated with the income replacement indemnity



In 2008, the SAAQ implemented a management framework for these files by developing a list of key actions

- Key actions: actions expected of employees and timeline related to these actions

## Examples of key actions:

- first call to the accident victim within 10 working days
- meeting with the victim to assume management of the file
- development of the action plan within 20 working days
- make the first contact with the employer

# *High Risk of Prolonged Disability* *(cont.)*

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At least one key action related to deficiencies in 77% of the files in our sample regarding this situation

- Meeting with the victim to assume management of the file:  
for 16% of the files, no face-to-face meeting
- Development of an action plan within 20 working days:  
for 25% of the files, average time was 32 working days



- Action plan containing all required elements:  
for 43% of the files, at least one element lacking
- Establish the first contact with the employer:  
for 39% of the files, there was no contact

# *High Risk of Prolonged Disability* *(cont.)*

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An action plan for interventions with an accident victim describes the strategic actions needed, the reasons for the intervention, the scheduled beginning and ending dates for these actions and the main roles and responsibilities of those involved



The SAAQ's rapid identification of high-risk files makes adequate interventions possible to reduce the risk.

- Implementation of new processes for these files began at the end of 2008
- In 2011, tool for follow-up on action plans showing several management indicators

## *Rehabilitation Services - Files with a High Risk of Prolonged Disability*

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No limits set for treatments in private clinics beyond which control measures are required



In 14 of 44 files examined (32%), people had received 50 or more physiotherapy treatments:

- for 5 files: an average of 98 to 150 treatments (in 10 months)
- for 1 file: 212 treatments (in 13 months)
- for 1 file: 300 treatments (in 14 months)

Recourse to medical care services:



- The Australia's Transportation Accident Commission and the Saskatchewan Government Insurance have set limits for medical care services.
- Such an approach helps ensure better follow-up of the treatment plan and may limit costs.

## *Rehabilitation Services - Files of Seriously Injured Victims*

- Rehabilitation services for seriously injured victims are offered in institutions of the health and social services network:
  - Examples of services: occupational therapy, neuropsychology, physiotherapy, psychology, etc.
- An agreement was signed in February 2009 with the MSSS relating to specialized and super-specialized services offered by 19 institutions. The agreement includes notably
  - the types of services offered and their fees
  - the reports required and how they are produced by the institutions
- Little follow-up on the terms of the agreement for rehabilitation services
- Details on deficiencies observed for some elements of the agreement
  - Deadline not met by the institutions in the production of the coverage request: 11 out of 16 (69%)
  - Services invoiced but not provided in the coverage plan: 4 out of 16 (25%)
  - Intensity of invoiced services included in the coverage plan not respected: 5 out of 16 (31%)
  - Status report not submitted by the institution in the deadline: 8 out of 16 (50%)

# *Long-Term Compensation Files and Follow-Up*

- Income replacement indemnity paid for as long as the victim is deemed not fit for the job held at the time of the accident:
  - generally paid for three years
  - after that time, indemnity replaced by a residual pension
- Computation of the residual pension:
  - The SAAQ associates with the victim what is called “determined” employment, whether or not the victim has employment;
    - determined employment: a type of employment the victim is fit to occupy, based on his or her limitations
  - The annual income associated with the “determined employment” is fixed.
  - Interrelation with the actual income earned by the person. The Regulation provides two situations:
    - determined employment held with actual income greater than estimated income – the residual pension is reduced by the difference
    - employment of a type other than the determined employment, with actual income greater than the one estimated – residual pension not reduced

# Long-Term Compensation Files and Follow-up (cont.)

- Example:

**Table 12**  
Determined employment and income of an accident victim

|  | Determined employment –<br>annual income (\$) | Employment in another category –<br>annual income (\$) |
|--|---|--|
| Income replacement indemnity   | 30,000  | 30,000   |
| Estimated income from the determined employment                                      | 20,000  | 20,000   |
| Actual income of the employment held   | 25,000  | 25,000   |
| Residual pension computed  | 10,000  | 10,000   |
| Reduction of the residual pension  | (5,000)                                       | n.a.   |
| <b>Total annual income</b><br>(actual employment income + adjusted residual pension) | <b>30,000</b>                                 | <b>35,000</b>  |

- Persons with the same actual income:

- The person who holds employment in a category other than that of the employment determined by the SAAQ has an advantage because her pension is not reduced.

# Quality Assurance

- Quality assurance work is carried out by various SAAQ sectors:
  - Direction de la vérification interne : according to its verification, there is no formal quality assurance process at the SAAQ related to the compensation activities
  - Compensation officers: no indications or elements in files showing that quality assurance efforts have been made
- The deficiencies noted in our report led us to conclude that the SAAQ must implement a formal quality assurance process.
- Such a process would certainly make it possible to ensure that files are processed in a more uniform and fairer way.
- An effective quality assurance process would have detected the errors and the inconsistencies found in our analysis of the files in our sample.

# *Death Benefit*

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The death of a person that is the result of an accident gives the legal heirs entitlement to a death benefit.



- A file related to an accident that occurred in 2007 contained errors in the computation of the death benefit:

- These errors deprived the surviving spouse of around \$40,000;
- Following our work, the SAAQ made a payment to correct the situation.





- In 2008, the SAAQ implemented a double-verification process.



- The implementation of this measure reduces the risks that a similar situation occurs in the future.

## *Control Related to Drugs*

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- The SAAQ reimburses an accident victim for the cost of drugs, if it is not covered by another insurer.
-  ■ Deficiencies in the control of the quantities and concentration of drugs billed to the SAAQ: the data held by the SAAQ is limited to a drug's commercial name and the price billed by the pharmacy.
-  ■ Report from a private firm in 2008: deficiencies regarding the control of drugs with suggestions for changes
  - No corrections made by the SAAQ since that time

# Management Information

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- GP** Management indicators for the compensation of accident victims:
  - E**
    - indicators are used to measure the performance of its receipt and initial processing system for new claims;
    - other indicators developed in 2011 for files with a high risk for extended disability, but they have not been measured.
- D** Additional indicators could be used. For example:
  - the victims' rate of return to work
  - the evaluation of the effectiveness of various professional and interdisciplinary programs

## *Recommendations to the SAAQ*

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1. Review its methods to ensure that the information provided for computing compensation is accurate in situations judged to be at-risk.
2. Specify and implement the processes needed to ensure fairer treatment with regards to advances paid for permanent injuries and payment for temporary injuries regarding compensation for non-pecuniary damages.
3. Ensure that complete information is included in the action plan for high-risk compensation cases, that key actions are carried out in the allotted time and that an adequate follow-up on interventions and action plans is performed.
4. Analyze the relevance of establishing guidelines for certain medical treatments, to ensure a close follow-up on treatment plans.

# *Recommendations to the SAAQ*

## *(cont.)*

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5. Ensure that the terms and conditions provided for in the administrative agreement with the Ministère de la Santé et des Services sociaux on services offered in rehabilitation facilities are respected.
6. Analyze the fairness of the computation of the residual pension where an accident victim holds or does not hold the employment determined.
7. Implement adequate mechanisms to ensure the proper computation of residual pensions.
8. Implement adequate mechanisms to ensure treatment consistency where an accident victim has more than one active file.

# *Recommendations to the SAAQ*

## *(cont.)*

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9. Establish a formal quality assurance process to ensure the quality and the uniformity for the claims processing of the accident victims.
10. Adopt relevant indicators and relevant targets for all critical aspects of its performance.
11. Continue its efforts to have detailed and continuous information in order to monitor the factors that impact compensation costs.

## *Entity's Response*

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The SAAQ accepted all our recommendations.



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***FOLLOW-UP  
ON A VALUE-FOR-MONEY (VFM) AUDIT***

***Aide financière aux études***

**Ministère de l'Éducation, du Loisir et du Sport**

## *Follow-Up on a VFM Audit – Aide financière aux études*

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- Follow-up on a VFM audit published in 2007-2008
- Loans and Bursaries Program:
  - Assistance granted in 2009-2010: \$876.6 million
    - Loans: \$481.3 million
    - Bursaries: \$395.3 million
  - Balance of debts as at March 31, 2011:
    - Loans repayable to financial institutions: \$3.2 billion;
    - Debts owed to the Department: \$823 million

## *Follow-Up on a VFM Audit – Aide financière aux études*

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- 10 recommendations out of the 16 made initially were followed-up:
  - We chose those which, in our opinion, contribute the most to improve the management of the student financial assistance plan.
  - 7 recommendations out of 10 have shown satisfactory progress.

## *Follow-Up on a VFM Audit – Aide financière aux études*

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- Examples of recommendations with satisfactory progress:
  - Put in place controls to make sure that the loans for the purchase of computer equipment are used for this purpose.
  - Specify to financial institutions the collection work that it expects from them and ensure the quality of such work.
  - Review the practice that consists of paying interest to financial institutions when they already are in possession of the sums.
  - Manage more effectively the prescription of student debts.

## *Follow-Up on a VFM Audit – Aide financière aux études*

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- Recommendations with unsatisfactory progress:
  - Make sure that educational institutions adequately fulfill their responsibilities when it comes to the verification and confirmation of the required academic information relating to students.
  - Take the necessary measures in order to reduce the costs associated with assistance overpayments.
    - Overpayments:
      - 2009-2010: \$64.4 million (7.3% of assistance paid)
      - 2005-2006: \$53.0 million (6.6% of assistance paid)
  - Make sure that financial institutions inform credit bureaus about student loans when the appropriate authorization form has been signed.