

**CITY OF HAMILTON
OFFICE OF THE CITY AUDITOR REPORT
CHILDREN'S SERVICES RISK ASSESSMENT**

**CHILDREN'S SERVICES RISK ASSESSMENT
DETAILED REPORT**

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EXECUTIVE SUMMARY

The Children's and Home Management Services Division provides leadership for the integration of human services and the early years system and provides comprehensive evidence-based support services to children, families and the community. The Division serves children, families, individuals, community agencies and programs, Healthy and Safe Communities staff, and other city departments through the provisions of the services noted below.

1. Child Care System Management
2. Early Years System Management
3. Red Hill Child and Family Centre
4. Life Skills and Case Management
5. Employment Services – Learning, Earning and Parenting program

In 2018 a detailed risk assessment was completed on Children's and Home Management Services. A risk assessment is the identification of "potential" risks that could negatively impact an organization's ability to conduct business and achieve its objectives. For the risk assessment, we focussed on the first three services stated above. Since the start of the project, the Division was re-organized and is now known as Children's Services and Neighbourhood Development Division. It is important to note that the risk assessment was completed between 2017-2018 and there have been a number of changes since that time, most notably the change in provincial government. Since this risk assessment was completed, the provincial government has informed the City of Hamilton of a number of funding and policy changes that will be implemented between 2020 and 2022, including new cost-sharing requirements, reduced allocations for child care and EarlyON Child and Family Centres, changes to the thresholds for allowance administrative funding, and the implementation of a new tax credit for families. The following risk assessment reflects the data and risks identified at the time of completion.

Overall, 16 risks were identified which impacted Children's Services. Each risk had one or multiple risk factors contributing to the risk. Based on consensus and voting, the top 11 potential risks were identified to address each risk factor. While action plans,

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timelines and accountabilities were developed for some, management provided mitigating controls for the others.

The primary risks were around change management, the changing political climate, use of technology and availability of child care. While the contributing factors for some of these risks are primarily external, there are certainly mitigation plans that the Division can undertake to prepare in the event the risk was to occur.

INTRODUCTION

Background

The risk assessment for the former Children's and Home Management Services Division (now Children's Services and Neighborhood Development Division) was included in the 2016-2018 Audit Work Plan and approved by the City of Hamilton Council in April 2016. This assessment was part of a new service offered by the Office of the City Auditor (OCA) to enable management to self-assess their risks and controls and develop action plans where required.

The City of Hamilton is legislatively responsible for service system management of child care and early years. This includes planning and funding licensed child care programs, administering financial assistance for eligible families through a fee subsidy and allocating additional resources to families and child care programs who provide care to children with special needs. It also includes the development and implementation of a 5-year community plan and the development and ongoing management of EarlyON Child and Family Centres.

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Purpose

This report identified key risks that could significantly impact the success of Children's Services and Neighbourhood Development Division. The OCA collaborated with the Children's Services and Neighbourhood Development Division to assess, prioritize and mitigate key risks to increase the Division's ability to achieve its strategic outcomes and minimize risks to the City. For the purposes of this report, the focus is on Children's Services.

Internal Operating Context

The scope of services provided by Children's Services has increased with the surge in funding over the last several years. Some of the key factors affecting their internal operating context are as follows:

- At the end of 2017, the City had funding agreements with 76 child care operators with 203 sites that represent 13,000 licensed spaces for 0 to 12-year old's; the City-operated child care centre had 79 licensed spaces and the City also had funding agreements with three licensed home child care agencies with additional 653 licensed spaces. While the Division is not directly responsible for the running of the child care centres (other than the Red Hill Family Centre), it plays a pivotal part in ensuring the system priorities are being achieved.
- In 2017, there were 6,184 children who received a full or partial fee subsidy and the total child care and early years budget for Hamilton was \$69 million. Provincial funding made up \$63 million (91%) of the budget with the City contributing \$6 million (9%). In 2018, the total budget increased to \$73 million.
- In the fall of 2015, the City of Hamilton, in its role as Consolidated Municipal Services Manager (CMSM), identified the need to develop a new Early Years Community Plan (EYCP) to guide the next five years. The Hamilton EYCP 2016-2020 is used to guide the work of the Children's Services and Neighbourhood Development Division and the broader early years system.

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The course of action for the Hamilton Early Years Plan 2016-2020 consists of five key elements: ¹

1. A description and definition of the key components of the early years system;
2. A strategy map that aligns the vision, the focus, and the foundational principles that underpin the early years system;
3. An equity and engagement lens to ensure equitable outcomes for all children and families;
4. A new organizing structure that enables each component of the system to effectively work and learn together; and,
5. Seven strategic priorities with specific goals and recommended actions for the future.

This comprehensive plan has deliverables and recommendations which drives the strategic direction of the Division.

External Operating Context

The Division is subject to external factors that influence the planning and delivery of its programs and services and the types of risks it faces. Some of these factors include government priorities (e.g. budget) and government-wide initiatives. These factors must be taken into consideration when identifying risks and mitigation strategies. Outlined below are some of the most significant elements of the Division's external context.

- In February 2016, the Ministry of Education announced its intention to transform Ministry-funded child and family programs into an integrated system of services and supports for children ages 0-6 and their parents and caregivers. EarlyON Child and Family Centers integrate four previously Ministry funded child and family programs (Ontario Early Years Centres, Parenting and Family Literacy Centres, Child Care Resource Centres and Better Beginnings, Better Futures) and into a new system of early years programs called the EarlyON Child and Family Centres (previously referred to as Ontario Early Years Child and Family Centres).

¹ The Hamilton Early Years Community Plan 2016-2020

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In June 2017, the Province of Ontario announced 2018 allocations for EarlyON Child and Family Centres and released the guidelines which are intended to provide service system managers with an overview of program expectations, the Ministry's funding methodology, and set out eligible expenditures, and reporting requirements. These guidelines came into effect on January 1, 2018.

The City of Hamilton is responsible for the local planning, implementation, funding, and ongoing management of the new EarlyON Child and Family Centres. The City released its initial plan in September 2017 identifying the Key Transition Tasks required to meet provincial guidelines.

- The Ontario government is supporting access to licensed child care for 100,000 more children aged 0-4 years old over five years, beginning in 2017. This substantial new funding for licensed child care will support new child care fee subsidies, expand access to affordable licensed child care spaces and reduce fee subsidy waitlists to help parents access quality child care.
- In June 2018, a new provincial government was elected in Ontario. At the time of this risk assessment, the new government's child care and early years priorities, as well as their ongoing commitment to priorities of the previous provincial government have not yet been communicated to municipalities and many of the implications of the change in government remain to be seen.

RISK ASSESSMENT METHODOLOGY

Enterprise Risk Management

The OCA used the enterprise risk management (ERM) model to carry out this risk assessment. A risk is an event that may impact a business from meeting its objectives. ERM is a process to identify business risks and how these risks will be controlled further or eliminated to reduce the impact on business objectives.

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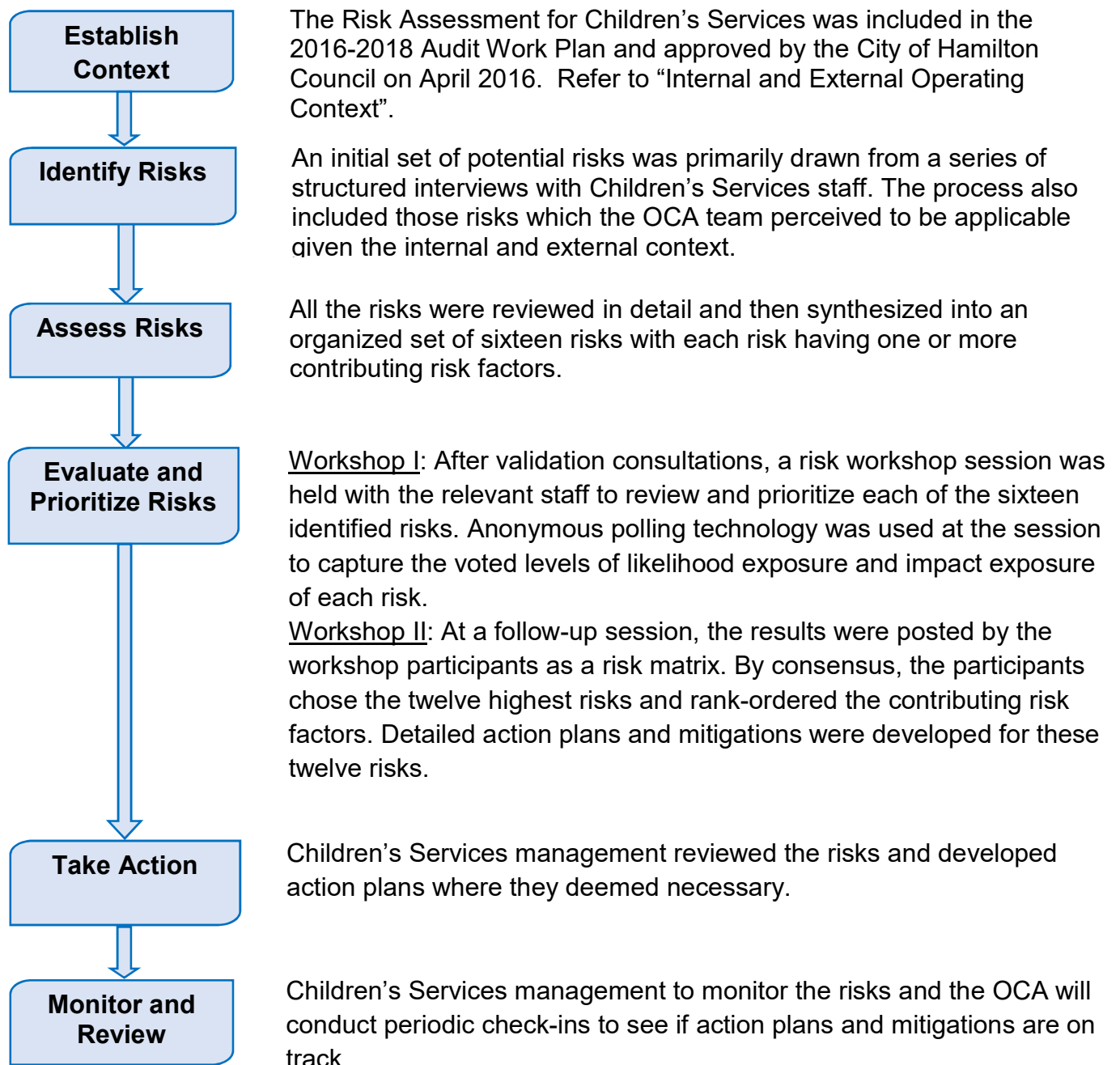
Effective risk management requires that all risks that could negatively impact the achievement of a business' objectives be recognized. The range of potential risks falls into seven broad categories and result from:

The business that you are in (volatility of external factors)	Environmental Risk		
The direction that you plan on going	Strategic Risk	Organizational and Cultural Risk	Systemic issues, culture and values, organizational capacity, commitment, and learnings management systems, etc.
Carrying out your objectives	Operational Risk		
Obtaining, committing and using economic resources	Financial Risk		
Having to comply with laws, regulations, standards and policies	Compliance Risk		
Relying on information	Informational Risk		

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Summary of the Risk Assessment Process

We utilized the risk assessment process stated below. The risk assessment process assists a business in identifying and assessing potential risks or opportunities for improvement.



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RISK IDENTIFICATION

The OCA conducted interviews to facilitate the identification of 16 risks facing the Children’s Services, internal and external factors contributing to those risks, and controls and mitigations currently in place to manage those risks. A list of these risks, including the risk statement, is included in Table 1 of this Appendix “D” to Report AUD19014. Additional details and information pertaining to these risks, including additional risk statements, contributing factors and, existing controls and mitigations are included in Table 2 of this Appendix “D” to Report AUD19014.

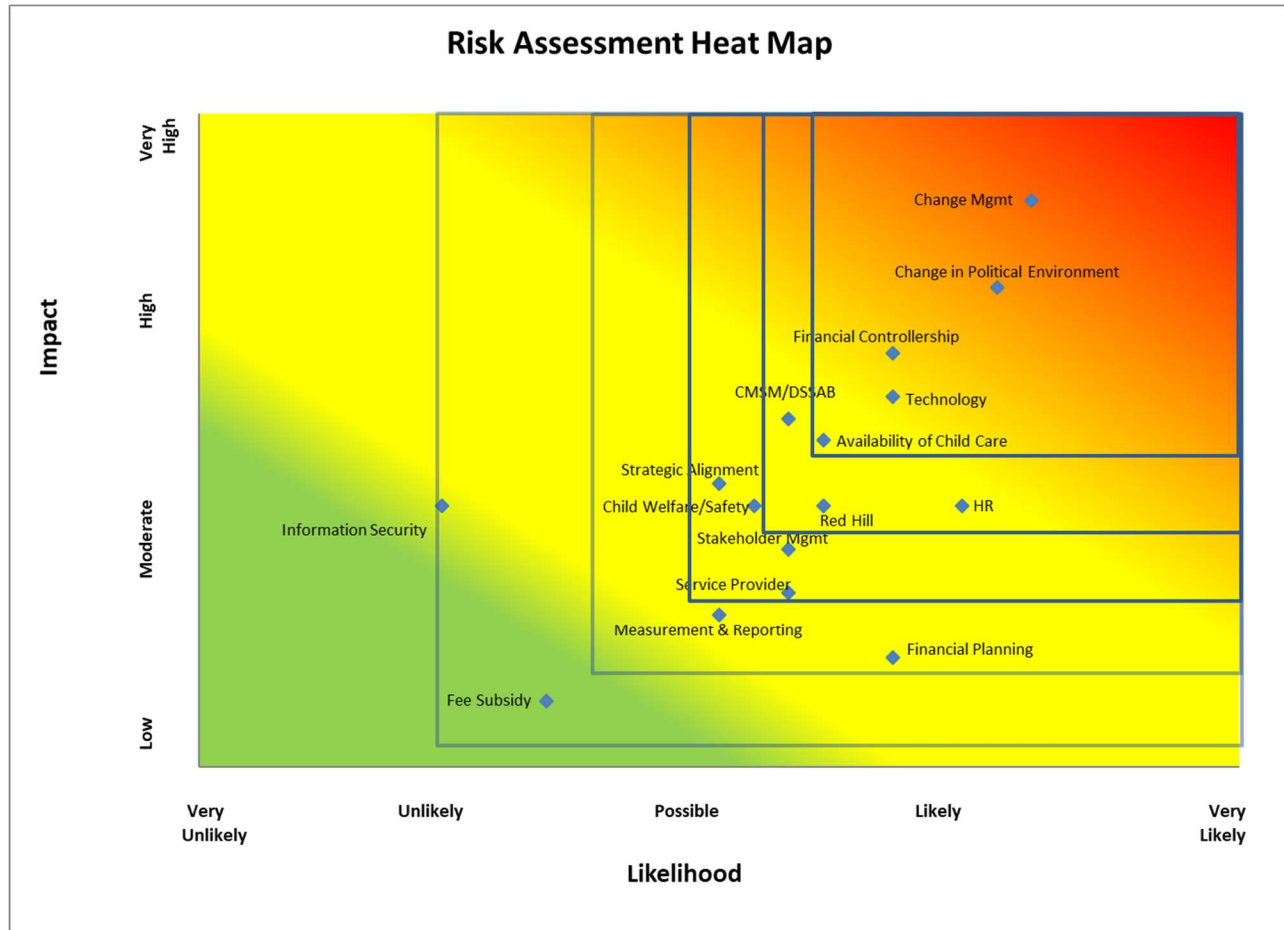
RISK ASSESSMENT

Upon identification of the 16 risks, the OCA conducted two risk assessment workshops where the Children’s Services Management reviewed and prioritized each of the 16 risks. Management’s review and prioritization of risks was based on two criteria – likelihood and impact. Likelihood is an indication of how often the potential risk may occur or what may be the chances of it happening. Impact is an indication of how severe a potential loss or negative outcome may be for a risk event. These likelihood and impact scales are included in Table 3 of this Appendix “D” to Report AUD19014.

Participants were provided an opportunity to discuss the risks and identify additional factors and mitigations before voting on the likelihood and impact of each risk. Participants were asked to vote on the residual risk – the degree of likelihood and impact remaining after considering the controls and other mitigations currently in place to manage the risk. The OCA collected each participant’s votes in an anonymous manner to encourage individual responses without fear of undue influence of other participants.

The OCA combined the votes from the workshop to calculate an overall likelihood and impact score for each risk. These scores were plotted on the following heat map to create a visual representation of how critical each of the 16 risks were assessed in relation to each other. The heat map is a simple mechanism to increase visibility of risks and assist management decision making.

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RISK RESPONSE

To prioritize, potential risks were segregated with arbitrary lines on the heat map. Based on the placement of each risk and a discussion of impact on strategic outcomes and mandate, via consensus and voting it was decided to develop a detailed analysis and action plans for the top 12 risks, identified as “potential risks” (the first three boxes from top right of the matrix).

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The workshop participants chose one of the following risk response options:

- Transfer the risk – sharing the burden of loss, or benefit of gain, from a risk with another party.
- Eliminate the risk – withdrawing from, or not performing, an activity that could contribute to the risk.
- Accept the risk – accepting the loss, or benefit of gain, from the risk when it occurs; no further action to be taken.
- Manage the risk – reducing the severity or likelihood of the loss by putting more controls in place or reducing/eliminating the source of the risk.

Sixteen potential risks were identified which impacted the Division's ability to achieve its objectives. Each risk had one or more risk factors contributing to the risk. Based on consensus and voting, the top 12 risks were identified. While action plans, timelines and accountabilities were developed for some risks, management provided current mitigating controls for the others. A description of these risks, along with Management responses, is included in Table 2 of this Appendix "D" to Report AUD19014.

CONCLUSION

Over the last several years, the funding of Children's Services has increased significantly resulting in investment in expanded programs and services and the temporary elimination of the child care subsidy waitlist.

There do remain significant risks around change management, the changing political climate, use of technology and availability of child care. While the contributing factors for some of these risks are primarily external, there are certainly mitigation plans that the Division can undertake to prepare in the event the risk was to occur.

The ongoing monitoring of risk responses and action plans is the responsibility of the Division staff. It is intended that the risk assessment results will be an integral part of annual strategic planning, priority setting and decision making.

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TABLE 1 – LIST OF IDENTIFIED RISKS**

No.	Potential Risk Category	Risk Statement
1	Change Management	Lack of a robust change management strategy could potentially result in insufficient stakeholder engagement, enhanced resistance to change, and increased costs and risks.
2	Change in Political Environment/Government	Unable to achieve overall objectives due to changing political climate.
3	Financial Controllership	Insufficient financial oversight resulting in potential financial/operational losses; inability to meet the enhanced accountability measures of the Ministry.
4	a) Availability of Child Care b) Availability of Early Years Services	Parents and caregivers do not have access to high quality services that support them in their role as their children's first teachers, enhance their well-being, and enrich their knowledge about early learning and development.
5	Technology Support and Tools	Unable to achieve overall objectives due to insufficient/inadequate technology support and tools.
6	Child Care System Manager (Consolidated Municipal Service Manager or CMSM), role held by Children's Services at the City of Hamilton	CMSM is not performing the required tasks as stated in the strategic/operational plans.
7	Municipally Operated Service Provider (Red Hill Family Centre)	Risk of being unable to provide a safe and healthy environment for children.
8	Human Resources	Objectives are not achieved due to Divisional staff's HR related risks: training and development, pay and compensation, unclear/changing roles and responsibilities, and talent acquisition and management.
9	Strategic Alignment	A misaligned strategy increases the possibility that, even if successfully executed, the organization may not realize its mission and vision.

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No.	Potential Risk Category	Risk Statement
10	Child Welfare and Safety	Unsafe workplace/environment resulting in children not experiencing positive developmental health and well-being.
11	Stakeholder Management	Key stakeholders not being provided with timely, relevant and up to date information about community and specialized services.
12	Service Provider Risk	Local service providers do not collaborate and integrate services to meet community needs in an efficient and accessible way.
13	Measurement and Reporting	Inadequate/ineffective measurement/reporting may lead to ineffective/flawed (internal) decision making, allocation of funds etc., and may not meet Ministry reporting requirements.
14	Financial Planning	Inefficient financial planning can diminish an organization's ability to safeguard its assets, use its resources economically and efficiently, and produce accurate and reliable financial information.
15	Information Security	Do we have sufficient controls in place to manage data privacy of information collected from soft/hard copy submissions/paper documents?
16	Fee Subsidy	Inaccurate calculations may lead to under/over payments of fee subsidies; and non-adherence to Ministry accountability measures.

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**CHILDREN'S SERVICES RISK ASSESSMENT – DETAILED REPORT
TABLE 2 – DETAILED RISK SUMMARIES**

RISK 1 – CHANGE MANAGEMENT

Risk Rating

Likelihood: Likely

Impact: High

Risk Description

Lack of a robust change management strategy could potentially result in insufficient stakeholder engagement, enhanced resistance to change, and increased costs and risks.

Contributing Factors

- The Division might not have sufficient skills and resources to manage Change Management. (Management response: Mitigate)
- There are insufficient mechanisms in place to monitor change management timelines. (Management response: Mitigate)

Mitigating Controls and Action Plans

- The implementation of various project work plans will ensure a robust change management component is included.
- Staff trained in ADKAR and principles are used in planning/executing work plans.
- Review job descriptions/interview process to ensure change management skills are included in the hiring process.
- Continue to emphasize the importance of communication with all stakeholders.
- Implementation of various project work plans are a mechanism to monitor change management timelines.
- Build in sufficient time for change management activities and adjust timelines as needed.

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RISK 2 – CHANGE IN POLITICAL ENVIRONMENT

Risk Rating

Likelihood: Likely

Impact: High

Risk Description

Unable to achieve overall objectives due to changing political climate.

Contributing Factors

- With the change in Federal / Provincial Government, there might be changes and shifts in their focus/priorities from Child Care and Early Years Services to another priority, it may reduce the funding for Child Care or Early Years services causing:
 - Inability to fully deliver programs as planned
 - Negative stakeholder impact
 - Negative media coverage

(Management response: Mitigate)

Mitigating Controls and Action Plans

- Changes are unknown now; staff will work to educate all levels of government and work to reduce impact as needed.
- Work with Ontario Municipal Social Services Association (OMSSA) to educate about various levels of government and potential impact.

RISK 3 – FINANCIAL CONTROLLERSHIP

Risk Rating

Likelihood: Likely

Impact: Moderate

Risk Description

Insufficient financial oversight resulting in potential financial/operational losses; inability to meet the enhanced accountability measures of the Ministry.

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Contributing Factors

- The reconciliation of wage enhancement program is not being effectively performed. (Management response: Mitigate)
- Inaccurate payment of subsidies to Service Providers due to a lack of rigorous reconciliation process. (Management response: Mitigate)
- The CMSM's or DSSAB's reconciliation process is not adequately documented and retained (for ministry review). (Management response: Mitigate)
- Attendance reports supplied by Service providers insufficient to determine fee subsidy amounts with the risk of Service Provider potentially submitting fraudulent information. (Management response: Mitigate)
- Aged accounts receivable not being tracked (amounts owing from Service Providers) so that there are no long outstanding dues). (Management response: Accept)
- Families being initially incorrectly assessed resulting in inaccurate subsidy amounts (due to inputting errors such as parental contribution amount, Universal Child Care Benefit, etc.) (Management response: Accept)
- Insufficient oversight over the initial assessment process. (Management response: Accept)
- Potential conflict of interest - staff assessing children files and approving subsequent payments. (Management response: Accept)
- A consistent weighing mechanism is not used when calculating per diem rates; staff is not documenting the rationale for discretionary adjustments in calculations. (Management response: Accept)

Mitigating Controls and Action Plans

- A new mid-year reconciliation template has been created to incorporate the Wage Improvement application process. Manager to review reconciliations when the annual service contract review is approved.
- A new Program Analyst position will be created with a focus on financial expectations. Training sessions will be held to refresh requirements of performing an annual review.
- Review and update fee subsidy per diem calculation policy to include limits on acceptable operating expense
- Remind operators on the importance of completing accurate attendance. Send out email with link to the definitions and processes for completing attendance.
- Any recoveries are processed through the City Accounts Receivable section and are subject to the City of Hamilton collections policies.
- Each month before the invoices are produced, all Fee Subsidy staff review an Ontario Child Care Management System (OCCMS) report that may show discrepancies

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between the income test (parental contribution) and child placement. All discrepancies are corrected to ensure a correct subsidy amount.

- In addition to the Fee Subsidy monthly review noted above, the Supervisor of Fee Subsidy conducts random file reviews regularly.
- A separation of duties has been in place since 2008. Subsidy Eligibility Workers approve families/children. Program Analysts approve payments.
- Per diems are reviewed annual based on a consistent formula. All changes are reviewed and approved by the manager. Any adjustments are approved by the manager.

RISK 4 – AVAILABILITY OF CHILD CARE AND EARLY YEARS SERVICES

Risk Rating

Likelihood: Possible

Impact: Moderate

Risk Description

Parents and caregivers do not have access to high quality services that support them in their role as their children's first teachers, enhance their well-being, and enrich their knowledge about early learning and development.

Contributing Factors

- Failure to provide child care in case one or more child care operators unexpectedly shuts down in the city. A documented procedure does not exist to guide staff if such an event were to occur. (Management response: Accept)
- If there is an influx of refugees, Hamilton might not be able to accommodate with the current service levels. (Management response: Accept)
- Child and Family Centres might not be evenly spread across Hamilton resulting in services not being conveniently available to all residents. (Management response: Mitigate)

Mitigating Controls and Action Plans

- Management works closely with child care operators to ensure there are several ways they regularly communicate with the City, so that we are aware if they are financially struggling, or if their enrolment is low which may potentially cause them to shut down. Hamilton Early Years Quality Program ensures that an annual meeting with child care operators are held to develop goals.

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Child care operators are required to submit an annual budget with financial statements. Operators are required to complete a Record of Attendance invoice and report their operating capacity, vacancy, and wait list monthly. Program Analysts are required to compare this information with the operators' General Operating Funding Agreement submitted every year.

- There are several options if there were an influx of refugees in Hamilton. There are child care operators in Hamilton who do not have a Funding Agreement with the City due to a Council approved moratorium. New service agreements with new organizations would be considered when the needs of the community cannot be met by licensed child care organizations that already have a service agreement in place with the City of Hamilton. We would also explore other options such as licensed home child care, recreation programs, and EarlyON Child and Family Centres to support these families.
- Staff communicate changes to the public and engage with EarlyON Child and Family Centre participants to ensure services are responsive to community needs. Evaluation of service delivery will be ongoing.

RISK 5 – TECHNOLOGY SUPPORT AND TOOLS

Risk Rating

Likelihood: Likely

Impact: Moderate

Risk Description

Unable to achieve overall objectives due to insufficient/inadequate technology support and tools.

Contributing Factors

- The current technology/software might not be adequate or aligned with the enhanced reporting requirements and strategic objectives.
(Management response: Accept)
- There is a risk of gathering and reporting inaccurate information as the data is being pulled from multiple databases and systems within the Division.
(Management response: Mitigate)
- The risk of data loss if data in the information software/databases are not backed up timely. (Management response: Accept)

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Mitigating Controls and Action Plans

- Participate in Ontario Child Care Management System (OCCMS) Work Group to review technology and propose changes.
- A new data system is being developed to support the needs of the early years system. Existing technology currently being used includes OCCMS, the Hamilton Child Care Registry, and the Early Years Services Information System (EYSIS).
- This database will assist with streamlining data collection and reduce the risk of gathering and reporting inaccurate information.

RISK 6 – CONSOLIDATED MUNICIPAL SERVICE MANAGER (CMSM) RISK - role held by Children's Services at the City of Hamilton

Risk Rating

Likelihood: Possible

Impact: Moderate

Risk Description

CMSM is not performing the required tasks as stated in the strategic/operational plans.

Contributing Factors

- There is no defined/documentated procedure to handle/monitor service providers which have been granted a provisional license. For example, operators with a history of non-compliance, considered to be high risk, are not visited by the City in a timely manner. (Management response: Accept)
- Divisional staff is not monitoring service levels and administrative costs throughout the year to ensure City is on track to meet the current thresholds (administrative expenses not to exceed 10%, Special Needs Resourcing (SNR) 4.1% etc.) (Management response: Accept)
- CMSM does not provide financial reporting/submissions on a timely basis resulting in reduced or suspended funding by the Ministry. (Management response: Accept)

Mitigating Controls and Action Plans

- Program Analysts are responsible for printing off licenses and inputting any revisions to the license on OCCMS. If there is a provisional license, non-compliance issue, or a serious occurrence, the Program Analysts make note of it. Quality Analyst is responsible for printing off the details, bringing it to the attention of Supervisor/Manager. Supervisor will develop a plan of action. A meeting with all involved may occur and work plans may be developed to support the operator to

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come into compliance. Visits are scheduled by the Professional Learning Consultant to support Supervisor/Educators.

- Service levels are reported to Electronic Financial Information System (EFIS) on a regular basis.
- Reports are submitted in a timely manner; if reporting is not completed on time, staff will work with Ministry of Education (MEDU) to ensure continued funding.

RISK 7 – MUNICIPALITY OPERATED SERVICE PROVIDER (RED HILL FAMILY CENTRE)

Risk Rating

Likelihood: Possible

Impact: Moderate

Risk Description

Risk of being unable to provide a safe and healthy environment for children.

Contributing Factors

- Risk of financial/reputational losses in case of any incidents at the Red Hill facility (such as a child falling sick because of the in-house prepared food). (Management response: Mitigate)
- Risk that the taxi service fails in delivering children to the Red Hill. (Management response: Accept)
- An overall performance review (cost/benefit) of the city run centre has not been performed to ensure viability. (Management response: Accept)

Mitigating Controls and Action Plans

- Health and safety procedures are in place at Red Hill. Monitor food daily and provide ongoing training to staff.
- Work with provider and parents in the event taxi service fails to deliver children to the Centre.
- Red Hill Family Centre meets a unique need in the community that is not currently provided by other operators.

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RISK 8 – HUMAN RESOURCES

Risk Rating

Likelihood: Likely

Impact: Moderate

Risk Description

Objectives are not achieved due to Divisional staff's HR related risks: training and development, pay and compensation, unclear/changing roles and responsibilities, and talent acquisition and management.

Contributing Factors

- Roles, responsibilities and accountabilities are not well defined and understood; lack of clarity on how success will be determined and measured.
(Management response: Mitigate)
- Divisional employees might not be engaged with limited learning/growth opportunities. (Management response: Mitigate)
- Current staffing levels are insufficient to accomplish current or new service levels.
(Management response: Mitigate)

Mitigating Controls and Action Plans

- Management to work with staff to complete Performance Accountability and Development (PAD) reviews. Continue to review roles, responsibilities based on business need; align with PAD process.
- Continue to review training and learning needs of staff; align with PAD process.
- Continue to review staffing needs on ongoing basis. Staffing needs are reviewed on annual basis to reflect funding, strategic priorities, etc.

RISK 9 – STRATEGIC ALIGNMENT

Risk Rating

Likelihood: Possible

Impact: Moderate

Risk Description

A misaligned strategy increases the possibility that, even if successfully executed, the organization may not realize its mission and vision.

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Contributing Factors

- At the time of this assessment, the initial plan for EarlyON Child and Family Centres for the City had not been translated into the 2018 workplan. The Division is not on track, in terms of timeline, to move from the initial plan to actual implementation of the EarlyON Child and Family Centre Framework (the transition plan has not been drafted, reviewed, approved or implemented). (Management response: Mitigate).
- The operational Workplan is not integrated and aligned with the strategic plans. (Management response: Mitigate)

Mitigating Controls and Action Plans

- Implementation of a new organizing structure as part of the new EarlyON Child and Family Centre system is underway. Staff resources are in place to move this work forward.
- Regularly review operational and strategic workplans.

RISK 10 – CHILD WELFARE AND SAFETY

Risk Rating

Likelihood: Possible

Impact: Moderate

Risk Description

Unsafe work place/environment resulting in children not experiencing positive developmental health and well-being.

Contributing Factors

- The City will be held responsible if a child is seriously injured/hurt at Red Hill Family Centre. (Management response: Accept)
- There could be significant risks in the facility management and facility security at Red Hill Family Centre. (Management response: Accept)
- City can be held responsible for child safety at Service Provider locations. (Management response: Accept)
- City run provider - Red Hill Family Centre, might not be conducting an annual analysis of all serious occurrences as a method of identifying issues and/or trends. (Management response: Accept)

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Mitigating Controls and Action Plans

- Process in place to support staff to ensure healthy and safe environments and reduce risk.
- Procedures are in place to reduce facility risk at Red Hill Family Centre.
- Child Care Funding Agreement states that the City is not held liable for anything that happens in a child care program.
- The City will continue to provide support to service providers.
- Red Hill Family Centre monitors all accidental occurrences for trends on site; serious occurrences monitored by Quality Program.

RISK 11 – STAKEHOLDER MANAGEMENT

Risk Rating

Likelihood: Possible

Impact: Moderate

Risk Description

Key stakeholders not being provided with timely, relevant and up to date information about community and specialized services.

Contributing Factors

- High potential to negatively affect or harm the City's relationships with the key stakeholders (Ministry of Education, Clients/Parents).
(Management response: Accept)
- Risk associated with the potential lack of transparency and timeliness of communications. For example, a communications plan might not have been developed/deployed for all key stakeholders (regarding plan to expand EarlyON Child & Family Centres). (Management response: Accept)
- Adequate time and attention might not be devoted to stakeholder engagement.
(Management response: Mitigate)

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Mitigating Controls and Action Plans

- Continue to maintain strong relationships and work collaboratively with community partners and the public.
- Key message documents are updated on regular basis and distributed to partners and the public.
- Stakeholder engagement is a priority and has adequate resources attached to this work.
 - Continue to ensure stakeholder management is embedded in all project work plans.
 - Continue to review job descriptions and interview process to ensure staff have experience with collaborative approach to stakeholder management.
 - Continue to participate in various community tables as a means for regular, ongoing engagement with stakeholders. New plan will commence in 2021 and will also require in depth consultation with stakeholders.
 - Review of Early Years Community Plan (EYCP) will require in depth consultation with stakeholders

RISK 12 – SERVICE PROVIDER RISK

Risk Rating

Likelihood: Possible

Impact: Low

Risk Description

Local service providers do not collaborate and integrate services to meet community needs in an efficient and accessible way.

Contributing Factors

- The Service Provider might not be spending their funding/subsidy as required. (Management response: Accept)
- The Service Provider might not have the staff with the required qualifications or is unable to meet minimum staffing requirements. (Management response: Mitigate)
- The documentation submitted by the Service Provider might be insufficient and/or not in compliance with the funding agreements, or Annual Service Contract Review package. (Management response: Accept)

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Mitigating Controls and Action Plans

- Procedures in place for Service Providers to submit financial reporting as per Funding Agreement.
- Service Providers must follow the Child Care and Early Years Act. If staff do not have requirements, the Service Provider must obtain Director's approval from MEDU. City will work with Service Providers and participate in HR Workforce Committee to address staffing needs.
- Ongoing review of Agreements with Service Providers. Service Providers submit documentation annually, as per Funding Agreement. Program Analysts assigned to Service Providers follow up/set timelines.

RISK 13 – MEASUREMENT AND REPORTING

Risk Rating

Likelihood: Possible

Impact: Low

Risk Description

Inadequate/ineffective measurement/reporting may lead to ineffective/flawed (internal) decision making, allocation of funds etc., and may not meet Ministry reporting requirements.

Contributing Factors

- Financial and non-financial information might not be integrated to present a complete picture of Children's Services' performance and it may not meet Ministry requirements.
- Children's Services does not make the best use of strategic financial information and analysis, benchmarks, and indicators. There might be inadequate rigor in the information obtained and used to support decision making.

Mitigating Controls and Action Plans

- All ministry reporting of financial and non-financial information is done through the Education Financial Information System (EFIS) which integrates the financial and non-financial requirements. All reports have been completed and reviewed by MEDU up to the 2017 Financial statement.
- The City participates in the Municipal Benchmark Network Canada, combined with the EFIS requirements provides sufficient info to support decision making.

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RISK 14 – FINANCIAL PLANNING

Risk Rating

Likelihood: Likely

Impact: Low

Risk Description

Inefficient financial planning can deter an organization's ability to safeguard its assets, use its resources economically and efficiently, and produce accurate and reliable financial information.

Contributing Factors

- The current technology/software might be inadequate or unaligned with the enhanced reporting requirements (data and performance measures) and strategic objectives.
- There is a risk of gathering and reporting inaccurate information as the data is being pulled from multiple databases and systems within Children's Services.
- The risk of data loss if data in the information software/databases are not backed up in a timely manner.

Mitigating Controls and Action Plans

- We are required to use the Provincial OCCMS system. This is supplemented with using Excel to collect and analyze additional data.
- Reconciliations are done between OCCMS and the City Peoplesoft General Ledger.
- Data is backed up in a timely manner.

RISK 15 – INFORMATION SECURITY

Risk Rating

Likelihood: Unlikely

Impact: Moderate

Risk Description

Information/data left on computers/offices can be compromised, either by loss or theft of the computer, or by unauthorized access caused by a computer virus, a weak password or physical security breach.

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Contributing Factors

- There are insufficient controls in place to manage data privacy collected from soft/hard copy submissions/paper documents.

Mitigating Controls and Action Plans

- Confidentiality policies are in place. All staff are aware of their responsibilities.

RISK 16 – FEE SUBSIDY

Risk Rating

Likelihood: Unlikely

Impact: Low

Risk Description

Inaccurate calculations may lead to under/over payments of fee subsidies; and non-adherence to Ministry accountability measures.

Contributing Factors

- Families do not report changes in financial situations (resulting in over/under payment of fee subsidy).
- The income test (for eligibility of access to funding) is not being performed in a timely manner for all families receiving fee subsidy (resulting in payments to families who are no longer eligible).
- Upon determination of overpayment, there is no follow up/expectation for the family to return the overpayment. Potential negative stakeholder/media impact.
- The staff is not following up with applicants at key points (completion of education program, internship etc.).

Mitigating Controls and Action Plans

- Families are only required to report changes in reason for service (may result in a change in financial situation). Reason for service is documented and tracked. Changes in reason for service may result in changes in subsidy eligibility. Families can appeal for an increase in subsidy if their income is 20% lower than their last Notice of Assessment. This appeal isn't a requirement. Annual Financial Assessments are required.
- Fee Subsidy staff are required to follow the MEDU requirements of annual income tests. Reminders are built into the system. OCCMS tracks dates.

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- All concerns regarding eligibility are reviewed with the Supervisor and in the case of potential overpayments reviewed with the Manager.
- OCCMS has a reminder system for workers to track key points with applicants.
- There are several options if there were an influx of refugees in Hamilton. There are child care operators in Hamilton who do not have a Funding Agreement with the City due to a Council approved moratorium which limited the creation of new service agreements with new for-profit child care organizations. New service agreements with additional child care organizations would be considered when the needs of the community cannot be met by licensed child care organizations that already have a service agreement in place with the City of Hamilton. We would also explore other options such as licensed home child care, recreation programs, and EarlyON Child and Family Centres to support these families.

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**CHILDREN'S SERVICES RISK ASSESSMENT – DETAILED REPORT
TABLE 3 – LIKELIHOOD AND IMPACT SCALES**

Qualitative Measure of Consequences of Impact		
Level	Description	Example detail description
1	Low	<ul style="list-style-type: none"> ▪ Financial overrun or revenue loss up to \$50,000 ▪ Local media attention quickly remedied ▪ Limited exposure to sensitive data ▪ Not reportable to regulator ▪ Service disruption on par with day-to-day activities ▪ No injuries to employees or third parties, such as customers or vendors ▪ Isolated staff dissatisfaction ▪ Major business objectives met with minor deviations
2	Moderate	<ul style="list-style-type: none"> ▪ Financial overrun or revenue loss of \$50,000 up to \$500,000 ▪ Local reputational damage ▪ Exposure to sensitive data ▪ Reportable incident to regulator, Ombudsman, or Province ▪ Moderate service disruption ▪ Minor injuries to employees or third parties (like as customers) ▪ General staff morale problems and increase in turnover ▪ A few Business objectives not met
3	High	<ul style="list-style-type: none"> ▪ Financial overrun or revenue loss of \$500,000 up to \$5 million ▪ National short-term negative media coverage - Limited exposure to confidential information ▪ Report of breach to regulator, Ombudsman, or Province with immediate correction to be implemented ▪ Temporary service disruption - Injuries to employees or third parties, such as customers or vendors ▪ Widespread staff morale problems and high turnover ▪ Majority of business objectives not met

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Qualitative Measure of Consequences of Impact

Level	Description	Example detail description
4	Very High	<ul style="list-style-type: none"> ▪ Financial overrun or revenue loss of \$5 million or more ▪ Regional long-term negative media coverage; significant loss of credibility ▪ Exposure to confidential information ▪ Report to regulator, Ombudsman, or Province requiring major project for corrective action ▪ Unable to provide essential services for an extended period ▪ Serious permanent injuries to employees or third parties, such as customers or vendors ▪ Some Senior Managers leave, high turnover of experienced staff, not perceived as employer of choice ▪ Business objectives not met

Qualitative Measure of Consequences of Likelihood

Level	Descriptor	Frequency
1	Very Unlikely	<10% chance over life of asset or project
2-2.4	Unlikely	10-35% chance over life of asset or project
2.5-2.9	Possible	35-65% chance over life of asset or project
3	Likely	65-80% chance over life of asset or project
4	Very Likely	80% or greater chance over life of asset or project