



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Office of the City Auditor

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	December 5, 2019
SUBJECT/REPORT NO:	Children's Services: Office of the City Auditor Consulting Report (AUD19015) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Sana Malik, CIA, CFE, CFSA (905) 546-2424 Ext. 4886 Brigitte Minard, CPA, CA, CIA, CGAP (905) 546-2424 Ext. 3107
SUBMITTED BY:	Charles Brown, CPA, CA, CPA (Illinois) City Auditor Office of the City Auditor
SIGNATURE:	

RECOMMENDATION

That the General Manager of Healthy and Safe Communities be authorized and directed to instruct the appropriate staff to implement the management responses outlined in Appendix "B" to report AUD19015 Children's Services: Office of the City Auditor Consulting Report.

EXECUTIVE SUMMARY

This report is a summary of the work completed for an Office of the City Auditor (OCA) Consulting engagement. Consulting work contains many components that are similar to an audit, but the process is more collaborative.

The OCA designed an audit guide and checklist that Children's Services and Neighbourhood Development can use in the future to maintain oversight of operators that receive funding from the City of Hamilton. The OCA team also provided instruction to staff in Children's Services and Neighbourhood Development for how to complete an operator assessment and how to review relevant supporting documentation.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

It was found that additional oversight is needed to be performed by Children's Services and Neighbourhood Development for the reconciliation process completed by Child Care Operators and that there are process improvements opportunities to strengthen the review process that is completed by Children's Services and Neighbourhood Development and to add a management review component.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: If the management responses are fully implemented, there will be increased oversight and accountability over funding provided to child care operators.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND

Following the completion of the fieldwork of the Council-approved Children's Services Risk Assessment (Report AUD19004), management in Children's Services and Neighbourhood Development requested assistance in the development of an audit guide and checklist template to be used in assessing the compliance of child care operators with various City-administered grant requirements.

The City of Hamilton is the Consolidated Municipal Service Manager that administers Provincial funding for Children's Services in Hamilton.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Child Care and Early Years Act, 2014 – The City of Hamilton is a Consolidated Municipal Service Manager.

RELEVANT CONSULTATION

Children's Services and Neighbourhood Development Division – Various staff and management.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

This report is a summary of the work completed for an OCA Consulting engagement. Consulting work completed by the OCA contains many components that are similar to an audit but is more collaborative in nature.

The OCA designed an audit guide and checklist that Children's Services and Neighbourhood Development can use in the future to maintain oversight of operators that receive funding from the City of Hamilton.

Additionally, the OCA attended five operator assessments where we provided instruction and support to Children's Services and Neighbourhood Development staff to increase their knowledge of how to conduct an operator assessment and how to utilize the audit guide and checklist that was developed for them.

Based on the results of the five operator assessments, it was found that there were several opportunities for process improvement. Additional oversight is needed to be performed by Children's Services for the mid-year and year-end reconciliation process (completed by operators and submitted to the City). Additionally, a process is needed for management review of the operator-completed reconciliations that are reviewed by staff in Children's Services and Neighbourhood Development.

The recently enhanced flexibility for General Operating Grant (GOG) distribution allowed operators to allocate GOG funding in ways not intended by City guidelines. Additional management review and oversight is needed to improve processes to ensure anomalies and required repayments/recoveries could be detected and resolved in a timely manner.

A detailed summary of results, recommendations and management responses can be found in Appendix "A" to Report AUD19015.

ALTERNATIVES FOR CONSIDERATION

None.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Healthy and Safe Communities

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report AUD19005 – Children's Services: Office of the City Auditor (OCA) Consulting Report

Appendix "B" to Report AUD19005 – Children's Services: Office of the City Auditor (OCA) Consulting Report – Management Response