
MEMORANDUM

AC-C 8-2019

Subject: Children's Services Risk Assessment

Date: March 18, 2019

To: Audit Committee

From: Maciej Jurczyk, Director, Enterprise Resource Management Services

In accordance with the 2018 approved Audit Plan, the Internal Control and Organizational Performance (ICOP) division conducted a risk assessment of the Niagara Region's Children's Services Division. The objective of the risk assessment was to assist the Children's Services Division in identifying risks within its various operations and implement mitigation strategies to effectively manage the identified risk(s).

For clarity, this was not a traditional internal audit, as the Ministry of Education and Children's Services staff regularly test for compliance at regionally run and home-based centres. ICOP acknowledges that running children's services is an inherently risky operational function, not unlike police, water treatment or ambulatory services. It is a best practice for professionals in these inherently risky environments to self-identify and evaluate their top risks periodically to continuously improve their internal risk management tools and techniques. ICOP's role was to facilitate the process.

ICOP undertook a comprehensive review of the operations of the Children's Services Division; however due to significant differences in the service delivery structure, it was decided that two separate risk assessments be conducted:

1. Assessment of Regional Licensed Home Child Care Providers and
2. Assessment of Regional Child Care Centers.

The risk assessment was conducted according to best practices outlined by the Institute of Internal Auditors (IIA). The risk assessment involved the following:

- Conducting one on one interviews with Children's Services staff to identify risks in both the Regional Licensed Home Child Care Division and the Regional Child Care Centers. The scope of these interviews concerned all aspects of running children's services including: financial, safety/security, operational, legal/compliance, etc.
- Reviewing Ministry of Education compliance requirements and internal Regional policies, procedures and other relevant documentation.
- Conducting a facilitated risk assessment session with both program areas, to prioritize the identified risks based on likelihood of the risk occurring and the impact of the risk if it were to occur.

- Requesting and subsequently obtaining management action plans to address and mitigate identified risks.

In two separate facilitated sessions hosted by ICOP, the Home Child Care Provider Services Staff and the Regional Child Care Center Staff were requested to prioritize the identified risk based on the likelihood of it occurring and the impact to Children's Services if it did occur (definitions and a full accounting of the risk assessment methodology is identified in Appendix I). A technology tool called Mentimeter was used to collect the responses and analyze the results. The illustrations below identify the average risk scores as identified by Children's Services staff.

CHILDCARE CENTERS



HOME CHILDREN SERVICES



Multiple other risk areas were also discussed amongst Children's Services staff at these sessions including physical safety of children, funding/financial accountability, security of property, food safety etc. A consensus amongst staff was that due to the tightly controlled and highly regulated nature of the environment, these risks were being appropriately managed. ICOP staff concur, however some risks (i.e. physical injury to a child) cannot be entirely eliminated. See Appendix II & III for a listing of risks (called a Risk Register), which identifies the risk statement, risk description, Action Plan, time lines and Accountable Individual.

ICOP staff conclude that the Children's Services risk management plans are effective and are being appropriately managed by management and staff. As previously stated, due to the degree of Ministry oversight and internal checks of compliance; a full independent internal audit is not required at this time.

ICOP would like to thank the Children's Services Division for their involvement in this risk assessment.

Respectfully submitted and signed by

Maciej Jurczyk, CPA, CMA, CIA, CRMA
Director
Enterprise Resource Management Services

Appendix I – ICOP Risk Assessment Methodology

Definitions:

Risk	The possibility of an event occurring that will have an impact on the achievement of business objectives. Risk is measured in terms of impact and likelihood.
Inherent Risk	A risk that exists in the absence of controls.
Residual Risk	The risk remaining after management takes action to reduce the impact and likelihood of an adverse event, including control activities in responding to a risk.
Likelihood	The probability that the underlying risk event will occur.
Impact	The significance or magnitude of a risk event assuming that it has occurred.

Risk Factors:

Factors that affect **Likelihood**:

- The degree of complexity and automation
- The maturity of the department and/or processes
- The effect of external factors and/or interdependencies on other departments/processes
- The degree of judgment and estimates used
- Whether there is a history of issues or errors
- The frequency of transactions within a process
- The nature of the department and/or processes
- The speed to onset of a risk event occurring

Factors that affect **Impact**:

- Corporate reputation
- Financial implications at the Corporate Level (materiality)
- Regulatory/Compliance effect
- The degree of Management involvement and effort
- Stakeholder expectations and the degree to which stakeholder confidence has been lost

How to Measure Likelihood:

No	Description	Definition
1	Rare	May occur in exceptional circumstances. Frequency: No incidents in the past 15 years. Probability: Less than 5% chance of occurrence.
2	Unlikely	Could occur at some time, especially if circumstances change. Frequency: One incident in the past 5-15 years. Probability: 5% - 34% chance of occurrence.
3	Possible	Might occur under current circumstances. Frequency: One incident in the past 5 years. Probability: 35% - 64% chance of occurrence.
4	Likely	Will probably occur at some time under current circumstances. Frequency: Multiple or recurring incidents in the past 5 years. Probability: 65% - 89% chance of occurrence.
5	Almost Certain	Expected to occur in most cases unless circumstances change. Frequency: Multiple or recurring incidents in the past year. Probability: 90% or greater chance of occurrence.

How to Measure Impact:

No	Category	Reputational	Financial	Regulatory	Operational
1	Negligible Impact	Minor Local Coverage, remedied	Less than 10K	Not Reportable	No Impact
2	Minor Impact	Minor local coverage, not remedied	\$10k to 50K	Reportable, no follow up	Minimal disruption
3	Notable Impact	Short term local or regional coverage	50K to 100K	Reportable, immediate correction	Threat to local business & environment, no evacuation, reversible
4	Substantial Impact	Mid term local or regional coverage, short term national coverage	100K to 150K	Reportable, major project to correct	Threat to large business & environment, short term evaluation, long term
5	Threatens the success of the program	Significant long term local, or regional or national coverage	Greater than 150K	Prosecution, fines, litigation, incarceration	Business disruption & environmental damage, long term evaluation, permanent

APPENDIX II
Niagara Region – Internal Control and Organization Performance
Children’s Services Risk Assessment – Home Based Services

Risk Registry

Risk Number	Risk Category	Risk Statement	Risk Description (incl. consequences)	Action Plan	Time Lines	Risk Champion
3	Accessing Home Childcare Services	The risk of not meeting the demand for Home Child Care Services.	1. Currently, the Region does not have sufficient Home Child Care providers to meet the demand for Home Child Care Services. The implication of this is that the Child Care Services needs of residents living in the Niagara Region requiring Home Child Care Services for their children will not be sufficiently/adequately met.	<ul style="list-style-type: none">The Region’s Children Services Division looks to continue working with local agencies, such as YMCA and Immigrant communities to create awareness of the Home Child Care Services program. The aim is to attract more Home Childcare Service providers and increase awareness of the Home Childcare Services program to Niagara Region’s residents.	• Ongoing	Helen Lake, Manager, Home Children’s Operations
		The risk of not increasing community awareness of Home Child Services program.	2. The Region may need to increase public awareness of Home Child Care Services. Without increased efforts in place to ensure adequate awareness of Home Child Care Services, unaware residents may lose essential opportunities to advance themselves; i.e. attending night classes to increase their education, turning down jobs that require a more flexible schedule or that require late evening working hours.	<ul style="list-style-type: none">Home Child Care Services division will continue working with the Communications Branch to develop materials that highlight the benefits of becoming a licensed home child care provider. These benefits include the following:<ul style="list-style-type: none">Niagara Region would be able to place families approved for subsidized fees in the homes of contracted Home Child Care Service ProvidersEligibility to wage subsidiesIncreased support and network, i.e. access to training and development classes, access to Regional staff expertise and more.A marketing campaign will be created to help residents better identify the difference between Regional contracted home child care providers and non-contracted Home Child Care providers. Emphasis will be placed on marketing the “Decal sign” which is provided by the Region to its contracted Home Childcare providers. The marketing campaign’s primary objective would be to encourage parents to look for the Decal Signs in the homes of the home child care providers.The Region’s Home Child Care division working along with Ontario Municipal Social Services Association (OMSSA) should continue to lobby the government along with the provincial agencies to ensure that all day care providers are registered and licensed.The Region’s Home Child Care Program, Children’s Services Division should look to continuously work with Local Area Municipalities (LAMs) to enforce business licensing bylaws. Bylaws that require child care providers within the Niagara Region to be licensed and insured for child care delivery.Regional Home Child Care division should continually scan advertising information of unlicensed Home childcare services within the Region of Niagara that contravene Provincial standards. The Region should notify the Ministry of Education of any issues.	• Ongoing, all based on budget	Ashley Boyle, Program Supervisor
					• Dec 31/19 based on budget	Ashley Boyle, Program Supervisor
					• Ongoing	Darlene Edgar, Director, Home Child Care Services
					• Ongoing	Darlene Edgar, Director, Home Child Care Services
					• On going	Darlene Edgar, Director, Home Child Care Services

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4	Adapting to new Technologies	The risk of not taking advantage of available technologies to improve the delivery of Home Child Care Services	<ul style="list-style-type: none">Currently, the Region may not be taking full advantage of new technology in the delivery of Home Child Care Services. For example, Home Childcare Advisors are currently using outdated flip phones to communicate when visiting homes.Technology could improve its operations as well as maximize its efficiencies in the delivery of Home Childcare Service.	<ul style="list-style-type: none">90% of the Ministry of Education’s non-compliance citations are issued due to documentation errors. The Home Child Care Service division will create a simplified daily log easier for home child care service providers to understand and comply with program requirements. The daily log should be developed in consultation with home child care providers to ensure simplicity in completing while all program requirements are maintained.The Region will develop a risk-based inspection program to ensure inspection requirements are met yet increasing the frequency for inspections and visits to Home Child care providers that continue to have documentation noncompliance issues with regards to meeting the standard of the Ministry of Education.New cell phones have been approved for Home Child Care Services advisors.	<ul style="list-style-type: none">Ongoing – Dec 31/19CompletedCompleted	Helen Lake, Manager, Children’s Operations Helen Lake, Manager, Children’s Operations Helen Lake, Manager, Children’s Operations
1	Interpretation of Safety At Home Childcare Provider’s Homes	Inconsistent interpretation and application of standards by staff and providers with regards to evaluating safety program standards at Provider’s locations.	<ul style="list-style-type: none">There is a potential for varied interpretation of safety standards by staff and child care providers at the premises.	<ul style="list-style-type: none">The current Home Safety Inspection Form was developed by the Province of Ontario. The manual was presented to Regional management by the Province with an overview component to ensure all staff are familiar with details of the inspection program.Bi-weekly staff meetings are held to discuss issues including the interpretation of the forms. The forms have been revised over last few years to minimize the amount of discretionary judgement.All high level issues/risks are escalated immediately to management.During provider contract renewal periods the last 12 months of inspections are reviewed by management and staff.	<ul style="list-style-type: none">Ongoing monitoring of training needs and	Helen Lake, Manager, Children’s Operations
2	Management of Home Child Care Services Staff	Safety concerns of Home Child Care Services advisors, and legal liability exposure of Home Services advisors.	<ul style="list-style-type: none">Potential safety concerns of staff visiting prospective Home Child Care providers to conduct inspections alone.Home Child Care advisors may be exposed to legal liability as they may be required to sign as witnesses to the terms within the home child care contracts.	<ul style="list-style-type: none">Management will look at potential risks/issues related to safety and best practices for inspections at provider’s places of business. A meeting will be held with Health and Safety to determine the need for staff training.Legal has reviewed the contract and provided an opinion that there is no liability as staff are only verifying the identity of the answers not the quality or accuracy of the information.	<ul style="list-style-type: none">By end of September, 2019	Helen Lake, Manager, Children’s Operations
5	Need to ensure that Home Child Care providers fully comprehend and are able to comply with Regional program standards.	Training and development and program requirements for providers may not be fully understood impacting overall compliance levels.	<ul style="list-style-type: none">Agreements with providers can be very complex; there is a risk that Home Child Care providers may not fully understand the various aspects of the contract based on variations of language, experience and geographic location.	<ul style="list-style-type: none">A revised contract was implemented on Sept 2018. The contract was reviewed for approximately one year with Legal and program staff providing input. The document is submitted for about a 1 - 2 week period to ensure they have had time to review and get their own legal input.	<ul style="list-style-type: none">Completed	Helen Lake, Manager, Children’s Operations

APPENDIX III
Niagara Region - Internal Control and Organization Performance
Children’s Services Risk Assessment – Centre Based Services

Risk Registry

Risk Number	Risk Category	Risk Statement	Risk Description (incl. consequences)	Action Plan	Timelines	Risk Champions
1	Administrative Pressures	The risk that administrative pressures continue to affect the Children Services Centers ability to keep up with excessive Ministry of Education’s documentation requirements	<ul style="list-style-type: none">Highest non-compliance rate is in documentation (signatures, initials), affecting the rating of Regional Child Care Centers.Need to lobby the provincial government regarding the use of technology in procedure documentation as most documentation issues involves errors in paperwork and manual procedures.	<p>1. Current activities:</p> <ul style="list-style-type: none">Created the position of Program Assistant (1 person that rotates between the 5 sites) to alleviate administrative positions from site supervisors. This is a unionized position so there some areas of work that this person can not perform.Another non-union position was added on a temporary basis to support more confidential work.Due to increased MoE administrative a new Lead Registered Early Childhood Educator (RECE) job (1 per centre) was posted to be on the floor to support supervisors in their absence and help with administrative/support duties. This position can also perform HQ duties when work allows.Created the ‘six-sided’ file to make retrieval of documents much easier and simpler. Accessing client files are easier to chronological filing, etc. <p>2. Future activities:</p> <ul style="list-style-type: none">Add a second Program Assistant that can focus on St. Catharines and Niagara Falls and the other Program Assistant would focus on the southern locations.Looking at adopting a version of NoteFinder, a software system used by SAEO which would make all templates electronic	<ul style="list-style-type: none">Decision on Program Assistant will be made in Q3 for possible implementation in 2020NoteFinder is very preliminary. Still scoping for implementation in 2020 if it is determined feasible.	<p>Darlene Edgar, Director, Children’s Services</p> <p>Laura Rasmussen, Manager, Children’s Operations, with the support of site supervisors to conduct pilot testing.</p>
2	Operations Management. i.e. Facilities	Risk of not completely utilizing latest facility and security upgrades.	<ul style="list-style-type: none">Need for more child development additions to the centers, i.e. developing naturalized play grounds in all direct operation child care centers.Need for security cameras around all Regional Child Centers.	<ul style="list-style-type: none">2 of 5 sites (Port Colborne and Fort Erie) already installed naturalized playgrounds and 3rd (Welland) is making in-house changes which will up to code.St Catharines is changing as the new build is being completed (in progress)Niagara Falls has plans but needs funding.2 of 5 sites have cameras installed and St Catharines has ongoing talks to have them installed during the current capital build.Once implemented in St. Catharines it could be expanded to the remaining 2 sites.	<ul style="list-style-type: none">2020 for completion of St Catharines.Niagara Falls has no firm date for completion2020 for installation in St. CatharinesOngoing discussions for remaining sites.	<p>Laura Rasmussen, Manager Children’s Operations and site supervisor (Terry Barkley)</p> <p>Nicole Menard, Project Manager, Facilities along with Terry Barclay, Supervisor, Child Care Centre</p>
3	Staff Development and Morale	The risk that staff could lack the required training and skills to respond to various situations	<ul style="list-style-type: none">New ECEs staff within the child care centers are currently being exposed to family issues affecting the parents of children within the child care centers. Some ECEs may not be able to properly respond to these issues.	<ul style="list-style-type: none">Looking at developing ECE mentorship program for new hires being looked at but definitive timeframe.Hands on orientation for new hires where a supervisor will discuss the policy manuals instead of just asking them to read it.	<ul style="list-style-type: none">Ongoing discussions	<p>Laura Rasmussen, Manager, Children’s Operations</p>

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Risk Number	Risk Category	Risk Statement	Risk Description (incl. consequences)	Action Plan	Timelines	Risk Champions
				<ul style="list-style-type: none">Ongoing support reviews to build strong work relationships and proactively manage operational issues.		
4	Improved Access to Children Services and Information	Risk of insufficient vacancies for child care centers and information pertaining to regional child care centers.	<ul style="list-style-type: none">A need to review enrollment prioritization procedures.What measures are taken to consider effective Integration of services (i.e. NRH to Child Services) to work toward further integrations of services working toward a hub model.Management need to have measures in place to increase its offering of infant spaces within Child Services direct operations.	<ul style="list-style-type: none">Registry listing is based on submission of the application.Concessions will be made for special circumstances.	<ul style="list-style-type: none">Given the current waitlist, client demand and accommodations for special circumstances there is little need to change the process.	Laura Rasmussen, Manager, Children's Operations
5	Expense Management	The risk of not having adequate expense management processes in place in regards to food expenses.	<ul style="list-style-type: none">Management should continue to improve on procedures that provide effective oversight on food expenses.Management should improve monitoring of prices and continue to look for ways to capitalize on volume discounts.	<ul style="list-style-type: none">Ongoing review of expenses and purchasing policies though the support of the Program Financial Specialist.Monthly variance analysis over food budgets will continue to be reviewed my management.	<ul style="list-style-type: none">Ongoing	Laura Rasmussen, Manager, Children's Operations John Pickles, Program Financial Specialist