

# Human Services—PDD Service Provider Monitoring Follow-up

## SUMMARY

In 2004<sup>1</sup> we audited systems the then Department of Community Development<sup>2</sup> and the Persons with Developmental Disabilities community boards used to monitor and evaluate the performance of service providers. We made three recommendations and followed up in 2009.<sup>3</sup> At that time two recommendations had been implemented. This year we conducted follow-up work to assess the boards' and department's progress in implementing our remaining recommendation that they strengthen their monitoring and evaluation of the performance of service providers by:

- requiring service providers to provide adequate financial reporting
- obtaining annual financial statements from service providers
- implementing a risk-based internal audit plan
- developing and implementing standard procedures for communication with service providers
- implementing a method to evaluate service providers' performance

The boards provide services to adults with developmental disabilities. The *Persons with Developmental Disabilities Community Governance Act* describes a developmental disability as a state of functioning that began in childhood and is characterized by a significant limitation, in both intellectual capacity and adaptive skills. One of the goals of the department and community boards is to ensure that these individuals are living as full citizens in their communities.

## What we found

We found that the department has developed, and the boards have implemented, criteria to assess the financial health of the service providers; monitor the service providers; and report this monitoring to the department. The department developed guidelines to assist the boards in developing a process to prioritize service provider audits.

## Why this is important to Albertans

If service provider contracts are not effectively monitored and are not audited periodically, vulnerable individuals may experience a reduced standard of care and cost for these services may be excessive.

## AUDIT OBJECTIVE AND SCOPE

Our audit objective was to determine if the Department of Human Services and the boards had implemented our recommendation to monitor and evaluate the performance of service providers.

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<sup>1</sup> *Annual Report of the Auditor General of Alberta: 2003–2004*, pages 106-115.

<sup>2</sup> Now the Department of Human Services.

<sup>3</sup> *Report of the Auditor General of Alberta—October 2009*, pages 305-309.

In performing the audit, we:

- examined policies, roles and responsibilities of contract management staff at the PDD boards
- tested systems the boards used to evaluate service providers' financial health and performance
- interviewed department management and staff

We conducted our field work from January 2013 to May 2013. Our audit was conducted in accordance with the *Auditor General Act* and the standards for assurance engagements set by the Canadian Institute of Chartered Accountants.

## BACKGROUND

The PDD community boards have a mandate to promote the inclusion of adults with developmental disabilities in community life. They fulfill this mandate primarily by providing funding to service providers who in turn provide services directly to the individuals. This occurs through service provider program agreements and family managed service agreements. Under the service provider program, the community board contracts directly with a service provider to provide services to individuals. Under family managed program, the individual can choose their own service provider, and the agreement is between the board and the family of the disabled individual.

## FINDINGS

### Monitoring and evaluation of service providers—implemented

#### Background

In 2004<sup>4</sup> we recommended that the department and the boards strengthen the monitoring and evaluation of the performance of service providers

#### Our audit findings

The department worked with the boards to create and implement new monitoring standards and procedures for contracts. The boards have implemented these by:

- evaluating service provider financial health using a template developed by the department
- performing service provider assessments and maintaining records of these assessments
- completing risk assessments and reporting the results to the department
- meeting with the department to discuss common issues and a common approach to auditing providers across the province

In early 2013 the chairs of all the board audit committees met with the department to discuss common issues. This is a step towards developing a common approach to auditing across the province. During our audit of financial statements in 2014, we will follow the development of these plans.

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<sup>4</sup> *Annual Report of the Auditor General of Alberta: 2003–2004*, no. 9, page 111.