

Justice and Solicitor General—Victims of Crime Fund—Systems to Manage Sustainability and Assess Results

SUMMARY

Victims of crime come from all walks of life and socio-economic groups. Crime victims are not only from vulnerable populations, they live in every neighbourhood and can be any age, gender or ethnicity. The Victims of Crime Fund (VOCF) provides funding for financial benefits paid to eligible victims of violent crime for physical and/or emotional injuries suffered. It also provides grant funding primarily to police-based Victim Services Units (VSUs) and specialized community-based assistance programs, to deliver programs that benefit victims during their involvement with the criminal justice process, as legislated under the *Victims of Crime Act*.

What we examined

We examined whether the department has adequate systems to manage the fund and meet the mandate set out in the *Victims of Crime Act* through:

- availability of adequate funding
- effectiveness of the financial benefits and grant processes
- effectiveness of management's process to determine if desired results are being achieved

Overall conclusion

The department and VOCF program have adequate systems and processes to manage the day-to-day administration of the fund. However, the department is not completing the necessary strategic planning, analysis and reporting to establish desired results, and the resources necessary to achieve those results.

There is also no plan how to appropriately and productively use the fund's growing accumulated surplus to best meet the needs of Albertans as intended by the Act. The government's and department's current budget process treats the fund like any other generally funded program even though it is self-financing and has its own independent funding source. Business and budgeting practices are potentially restricting operating decisions intended to better serve victims of crime.

What we found

The department has not completed the necessary analysis and forecasting of the financial resources required to achieve the desired results set out in the *Victims of Crime Act*. The department cannot presently answer the question: Are the resources currently available adequate and being used appropriately to deliver the desired result of accessible, appropriate and timely services to victims in accordance with the legislation?

The fund is growing at a rate faster than payments to victims are being made. The government's and department's current budget process, which is applied to the fund, is not designed to assess or consider its unique funding source, the changing needs of victims or increased fine surcharge revenue inflows. Because of this disconnect, and with revenue trending higher, the fund's accumulated surplus continues to grow and these excess funds are sitting unused, without the department having a clear

plan for intended future use. Underlying this is the lack of an achievable, budgeted and approved plan to guide the priorities and direction of the fund.

VOCF program management has drafted planning documents to set the priorities and guide the direction of the fund. The documents outline how the program can become more accessible, appropriate and timely, and be more responsive to victims' needs. Additional funding would be required to fully implement these objectives. However, the program does not have the ability to access the surplus funds to maintain and expand services to victims without approval from the department.

What needs to be done

The department needs to develop a plan that:

- clearly identifies what the actual current needs of the victim of crime population are and are forecasted to be
- identifies gaps in service
- shows how much funding will be required to meet these needs and what the impact on Albertans will be if it is not made available
- can be monitored and measured for success, with the results publicly reported

The department also needs to determine an appropriate and productive use of the VOCF's accumulated surplus, which is supported by a proper financial analysis, as a necessary starting point to facilitate discussion with the Department of Treasury Board and Finance to show the impact current budgetary and business policies have on potential uses of the fund's surplus and victims of crime.

Why this is important to Albertans

The *Victims of Crime Act* creates the VOCF to provide financial benefits and fund support programs for individuals who have suffered as a result of violent crime. Victims of domestic violence, families of homicide victims, children who have been sexually abused and the elderly who have been physically harmed, are among the Albertans who receive benefits from the fund and support as their cases proceed through the judicial process. If the fund is not managed appropriately, there is a risk that victims of crime will not receive the assistance and financial benefits to which they are entitled under the law. Also, programs for victims of crime that are run by police-based VSUs and community organizations may not receive sufficient grant funding to deliver on the intent set out in the *Victims of Crime Act*.

AUDIT OBJECTIVE AND SCOPE

The objective of our audit was to assess whether the department has adequate systems to manage the VOCF and conclude if there is an approved business plan for the use of the fund which allows for the analysis of victims' needs and clearly sets out how much should be spent to meet the intent of the Act. We also examined whether the department has developed achievable and measurable goals for the fund in order to publicly report key results to Albertans.

We conducted our field work in August 2015 and we substantially completed our audit on November 13, 2015. Our audit was conducted in accordance with the *Auditor General Act* and the standards for assurance engagements set out in the CPA Canada Handbook—Assurance.

BACKGROUND

The VOCF is a regulated fund¹ and operates under the authority of the *Victims of Crime Act* and the *Victims of Crime Regulation*. The Minister of Justice and Solicitor General is responsible for the fund under the authority of the *Government Organization Act*, Statutes of Alberta. Section 2(1) of the Act outlines the principles that must be applied to the treatment of victims (see Appendix A).

The fund is primarily financed by a 15 per cent surcharge collected from all provincial statute fines and selected federal statute convictions as identified in the Act. The fund received \$33.5 million in provincial fine surcharges and just under \$2.2 million in federal statute offence surcharges in fiscal year 2014–2015. Section 10 of the Act sets out what these funds should be used for (see Appendix A). In fiscal year 2014–2015, the fund paid out \$16.9 million in financial benefits to victims and \$14 million in grants to assist community organizations and groups.

Financial benefits are paid out in accordance with the injury schedule and corresponding severity of injury prescribed in the Regulation. The Regulation contains detailed listings of the offences and criminal conduct offences which are eligible for financial benefits under the *Criminal Code of Canada*. These payments are not compensation based but are an acknowledgement benefit based on medically verifiable psychological and/or physical injuries.

Police-based VSUs and community-based victims' organizations are provided grants to deliver programs that benefit victims during their involvement with the criminal justice process. Police-based VSUs are independent non-profit agencies that are governed by a local volunteer board of directors and are staffed by a paid victim services program manager. VSUs also rely on trained volunteer advocates to deliver services, including providing crisis support to victims at crime scenes. Community-based victim programs deliver specialized assistance to deal with gaps in services for vulnerable victims like children, those subject to human trafficking, domestic violence and loved ones of homicide victims. As of March 31, 2015, there were 76 police-based programs that operated within 153 service delivery areas and 42 community-based victims' agencies and organizations that received funding.

In 2014–2015, victim services programs reported providing services to 79,358 individuals, of which 17 per cent were under the age of 18. Approximately 3,566 volunteer advocates provided a combined 192,290 volunteer hours to support victims of crime. The most frequently reported types of assistance included crisis response, death notification to next of kin or practical assistance at a crime scene.

The objective of providing financial benefits and support services to victims of crime is to reduce the overall impact of victimization.

FINDINGS AND RECOMMENDATIONS

Lack of an attainable plan, analysis of the needs of victims and results achieved

Background

The fund has two core expenses—financial benefits and assistance to victims' organizations (grants). The first funding priority is financial benefits, which are processed and paid out to eligible victims of violent crime. Victims are legally entitled to these financial benefits if their applications are approved.

¹ Section 1(1)(v) of the *Financial Administration Act* defines a regulated fund as a fund containing public money except public money (i) forming part of the General Revenue Fund (ii) received by a revenue officer for deposit in the General Revenue Fund that has not been deposited in the General Revenue Fund, or (iii) owned or held by a provincial agency.

After the financial benefits are paid, the remaining funding goes to the grant programs, as well as the Criminal Injuries Review Board and support services.²

Achievable, measurable goals and targets are typically set out in a plan. A plan should document what success looks like, how it will be achieved and what resources are required. Analyzing and reporting not only provides accountability for the results, but it allows management to assess whether it was successful in achieving the results it wanted and what might need to change if results were not achieved.

RECOMMENDATION 5: DEVELOP AND PUBLICLY REPORT ON A PLAN FOR THE VICTIMS OF CRIME FUND PROGRAM

We recommend that the Department of Justice and Solicitor General:

- develop and approve a business plan with measurable desired results for the Victims of Crime Fund
- publicly report on the results of this business plan

Criteria: the standards for our audit

The department should have an achievable plan and effective processes to assess whether desired results are being achieved.

Our audit findings

KEY FINDINGS

- The department does not have an updated documented strategy in place for the VOCF program. None of the three internal plans developed by fund management have been approved by the department. The plans do not clearly identify what the current needs of the victims of crime population are or what are forecasted. They also do not contain financial information about the cost involved to meet these needs.
- The department does not complete sufficient analysis to determine how its funding impacts victim services delivery.
- Current analysis and reporting of results achieved by the fund does not show if the department was successful in achieving its objectives for the dollars spent.

No updated or documented strategic direction for the VOCF program

The department does not have a current, approved strategy for the fund that sets out achievable, measurable goals or targets, including timelines and milestones, to determine if the fund is meeting its mandate as set out in the *Victims of Crime Act*.

In September 2002, the department released the Report of the Alberta Victims of Crime Consultation which outlined a ten year vision to enhance and expand programs and services for victims of crime in Alberta.³ This report contained a number of recommendations to achieve this vision and noted:⁴

“The committee anticipates these goals can be achieved if the government ministries already providing relevant services to victims of crime pay for those services themselves and if all available funds within the VOCF are fully utilized.”

² For a full listing of expenditure permitted by statute, see *Victims of Crime Act*, Section 10, Section 10.

³ https://www.solgps.alberta.ca/programs_and_services/victim_services/Publications/2004/Report%20of%20the%20Alberta%20Victims%20of%20Crime%20Consultation.pdf

⁴ Report of the Alberta Victims of Crime Consultation, September 2002, page 3.

In July 2004, the Department of Treasury Board and Finance approved the release of funds to implement the report's approved recommendations not yet implemented.

Having a current strategy for the fund is important because demographics, population trends and demands on the fund can change, and they have changed over the 13 years since the crime consultation report was issued. For example, the fund provides grant funding to a number of police-based VSUs that are located across the province. When the original report was produced in 2002, there were only a few VSUs operating within several police jurisdictions, but as of 2014–2015 the number of VSUs receiving funding grew to 76.

Also, recent political and court decisions may have impacted the service delivery and financial resources of the fund.

- The new *Canadian Victims Bill of Rights* was passed on July 23, 2015 by House of Commons. Any potential impact on the fund will have to be assessed by management and incorporated into any strategic or operational plan.
- In May 2014 the department introduced The Counselling for Children Grant—a new grant program aimed at improving access to counselling for children who are victims of sexual exploitation and other criminal offences. Grant recipients would be eligible to receive up to \$150,000 per year, per child advocacy centre, from the fund.⁵
- In November 2015 a class action lawsuit by Albertans allegedly abused while in the care of the provincial child welfare system was settled. As part of this settlement, identified victims can make an application to the fund, even if the established time limit to make claims has expired. Details of this process have yet to be established.⁶

Victims services operational plan is not achievable and has not been approved

VOCF program management has developed three plans to provide structure for its operations: a Victims Services Operational Plan (2015–2018), a three-year Victims Strategic Research Plan and a three-year training plan. The stated purpose of the operational plan is to outline the steps required over the next three years to ensure that all victims of violent crime in Alberta receive accessible, appropriate and timely services to minimize the overall impact of the criminal event. However, the operational plan does not identify the resources, financial and otherwise, needed to achieve the objectives and priorities it sets out.

None of these plans have been approved by the department and are only used internally by fund management for their own guidance. The plans do not clearly identify what the current needs of the victim of crime population are or what are forecasted. The plans lack financial information about the cost involved to meet these needs, support proposed new initiatives or enhance existing services.

Insufficient analysis to determine how funding impacts victim services delivery

The fund is required by legislation to provide financial benefits to eligible victims of crime. The total amount of these benefits can fluctuate from year to year based on the number of victims who apply and the severity of medically verifiable injuries. Whatever money is, or is anticipated to be, “leftover” after these financial benefits are paid is used to fund police-based VSUs and other community-based victim programs. Paying approved financial benefits to crime victims is mandatory, whereas how much funding

⁵ <http://alberta.ca/release.cfm?xID=363979D80949D-B7CA-4377-784B57BC086CB8AA>

⁶ <http://edmontonjournal.com/news/local-news/judge-approves-settlement-in-alberta-child-welfare-lawsuit>

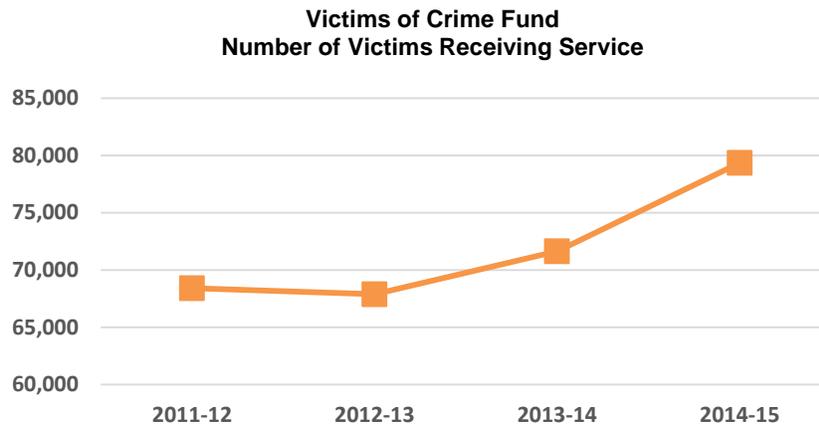
is given to grant programs, such as police-based VSUs or other community support programs, is discretionary.

The department has not completed a recent, sufficient analysis of the impact on these programs or the victims they serve, should there be an increase or decrease in the amount of grant payments.

Grant funding for police-based VSUs is capped at \$300,000 (larger urban-based units) and \$150,000 (smaller rural-based units). These amounts have not been adjusted for inflation or other factors since 2009. The department could not provide us with analysis to support the reason for these caps. As the population of various regions of the province has grown, the funding cap has left some police-based VSUs struggling to maintain the level of service. The number of victims receiving services is increasing, but that may not necessarily mean more resources are available for the police-based VSUs to adequately deal with this increased demand. The VOCF program requested a full review of the *Victims of Crime Act* in 2013, which was not supported by the department.

Some police-based VSUs engage in fundraising activities to supplement grant funding in order to have the money necessary to provide a level of service which meets local demand. The fundraising activities divert the time and energy of volunteers and staff away from the core purpose of the program. The department does not analyze the impact on crime victims as a result of this additional activity.

VOCF Service Delivery From Fiscal 2012 to 2015



Results analysis and reporting on the VOCF needs improvement

The department annually prepares a Victim Services Status Report that outlines the various victim services programs, activities and initiatives that are funded by the VOCF. This report also contains high level information on victimization trends in Alberta and the number of clients served. There is no analysis which shows, for the dollars spent, if the department has been successful in achieving its objectives. The report does not include measures to help identify where improvements may be needed.

Without established targets and measures, it is difficult for the department to show if victims received appropriate, timely and accessible services and, if not, what and where changes need to be made to improve access to assistance. The department’s annual report also does not include this information.

Implications and risks if recommendation not implemented

If the department does not set out goals for the Victims of Crime Fund, with accompanying targets and measures, it cannot know whether the money being spent is achieving program objectives.

No defined plan for use of the VOCF accumulated surplus**Background**

The revenue collected by the fund must be used to pay financial benefits, and to fund programs and services that support victims of crime—by legislation it may not be used for any other purpose (see Appendix A). If revenues received through fine surcharges are greater than the expenditures of the fund, the excess cash is deposited into a bank account.

The Department of Justice and Solicitor General's annual operating budget is determined by the Department of Treasury Board and Finance. JSG then decides how to allocate this funding between its various programs. Currently, the VOCF is treated like any other of the department's programs and given a fixed annual budget, even though it is unique since it has its own independent funding source and currently has an accumulated surplus. Under current government and department business practices and balanced budget requirements, VOCF management cannot use this accumulated surplus for programs to assist victimized Albertans.

Holding a reserve of cash is a common and prudent practice to manage the risk of revenue volatility or unforeseen expenses. If the reserve is too small, undesirable risk exposure may result. If the reserve is too high, opportunities to serve Albertans may be missed.

RECOMMENDATION 6: DETERMINE BEST USE OF VICTIMS OF CRIME FUND ACCUMULATED SURPLUS

We recommend that the Department of Justice and Solicitor General, supported by sufficient analysis, determine an appropriate use of the Victims of Crime Fund accumulated surplus.

Criteria: the standards for our audit

Funding should be available to provide financial benefits and services to eligible victims of crime. There should be processes to:

- ensure that sufficient funding is available to meet anticipated long-term obligations (Crimes Compensation Board and Severe Injury liability)
- assess the level of net assets that should be maintained for sustaining the fund
- determine if a reserve fund should be retained and, if so, of what magnitude

Our audit findings

KEY FINDINGS

- The fund is a regulated fund and the use of fine surcharge revenues paid into it is directed by the *Victims of Crime Act*. However, the department views it no differently than any other program and subjects it to the same budget treatment and spending targets. As a result, not all of the revenues being put into the fund are being used to provide services to crime victims as intended under the Act.
- Over the last number of years, revenues have been increasing at a faster rate than expenses, resulting in a growing accumulated surplus. This surplus is projected to grow to \$56 million by 2016, an increase of \$23 million since 2012.
- The government's and department's current budgetary practice, which is applied to the fund, does not permit these surplus funds to be used for purposes intended by the Act. Business and budgeting practices are potentially restricting operational decisions intended to better serve victims of crime.
- The department has not determined or forecasted the financial needs of the fund in order to complete an analysis of the best possible use of this growing accumulated surplus.

VOCF accumulated surplus continues to grow

The revenue and expenses of the fund have different drivers. Revenue collected by the fund is based upon the extent of fines collected from provincial and federal offences which are subject to surcharge, while the money (expenses) allowed to be used by the fund is established by the department's budgetary process.

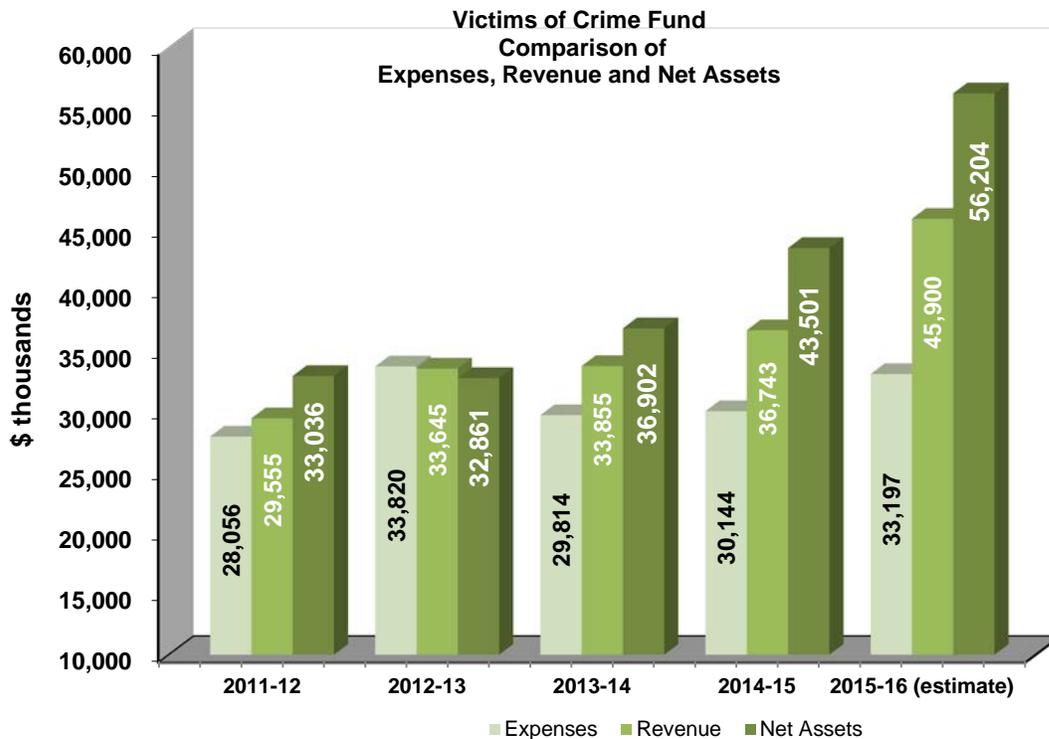
VOCF is a regulated fund which means that the use of the monies paid into it is directed by the *Victims of Crime Act*. However, the department views the fund no differently from any other program and it is subject to the same budgetary treatment as all other programs. As a result, the fund is subject to the department's spending targets and not all available revenues being put into it are being used to provide services to victims, as intended under the Act.

Over the last number of years, revenues have been increasing at a faster rate than permitted expenses, resulting in a growing accumulated surplus. A number of factors have contributed to this, including increases in fine amounts and population growth.

Budget 2015, released by the government in October 2015, stipulated that average traffic ticket fines would increase 35 per cent.⁷ Thus, it appears that the trend of a growing accumulated surplus will continue. The accumulated surplus in the fund, based on Budget 2015, is projected to grow to \$56 million by March 31, 2016, which is an increase of \$23 million since March 31, 2012.

⁷ <http://finance.alberta.ca/publications/budget/budget2015-october/fiscal-plan-revenue.pdf>, page 35.

VOCF Financial Information
From Fiscal 2012 to Estimated Fiscal 2016



For the year ended March 31, 2015, surcharge revenue increased by 8.5 per cent over the prior year. Meanwhile, the fund decreased spending by approximately 10 per cent of originally budgeted amounts to meet the department’s spending targets. This budget reduction resulted in funding to the assistance to victims’ organizations (grant funding) being decreased by \$350,000 (compared to initial budget), the Criminal Injuries Review Board by \$49,000 and programs for support services (staff training/research) by \$170,000.

The government’s and department’s current budgetary considerations, which are applied to the fund, do not consider the changing needs of victims or increased fine surcharge revenue inflow. Because of this disconnect, and with revenue trending higher, the fund’s accumulated surplus continues to grow. This budgetary practice does not permit surplus funds to be used for purposes intended by the Act. Business and budgeting practices are potentially restricting operational decisions intended to better serve victims of crime.

VOCF program management does not have the authority to access the funds in the accumulated surplus to fix any identified gaps in the accessibility, adequacy or timeliness of service delivery to victims. The department must approve the use of any funds over and above the annual budget it provides to the program—and under the current budgetary treatment this would require taking money from other programs to keep the department’s overall budget balanced and in compliance with Treasury Board’s budget process.

Analysis of the best use of the accumulated surplus has not been completed

The accumulated surplus provides protection for the fund in the event of unanticipated decreases in revenues or increases in expenses, including new initiatives announced and paid for by the fund. However, the department has not determined the size of reserve required to ensure the long-term sustainability of the fund. The department has not conducted a financial analysis that considers factors such as yearly fluctuations in fine surcharge-based revenue, how much of a reserve should be maintained to meet identified future liabilities and how to allocate any remaining surplus funds to support existing or new programs and services for victims of crime. This is a necessary starting point for the department to facilitate discussion with the Department of Treasury Board and Finance to show the impact current budgetary and business policies have on potential uses of the fund's surplus and victims of crime.

The fund had future commitments of \$15 million due to multi-year grant agreements at the end of fiscal 2015. However, it is important to note that as commitments have come due in the past they have been fully financed by current revenues. As long as revenues exceed expenses, the accumulated surplus is not needed to pay for these future commitments.

If the reserve required is less than the current accumulated surplus, the excess funds could be used to increase funding for victim benefits and service programs, reallocated to earn a higher investment return, or repurposed. Present legislation currently requires money in the fund to be used for victims, but also allows for excess funds to be accumulated.

Opportunities to improve the lives of Albertans are missed if cash continues to accumulate, earning low returns, with no strategic direction on how to proceed to use this surplus.

Implications and risks if recommendation not implemented

If the potential uses for the accumulated surplus are not sufficiently analyzed and decided upon, potential opportunities may be missed—e.g., heightened and improved accessibility to service by victims of crime in Alberta. Further, questions will persist from Albertans about the purpose of this accumulated and growing surplus.

MANDATE—PRINCIPLES AND USE OF FUND AS SET OUT IN THE VICTIMS OF CRIME ACT

RSA 2000 – Chapter V-3

Principles

Section 2(1)

The following principles apply to the treatment of victims:

- (a) victims should be treated with courtesy, compassion and respect;
- (b) the privacy of victims should be considered and respected to the greatest extent possible;
- (c) all reasonable measures should be taken to minimize inconvenience to victims;
- (d) victims should promptly receive, in accordance with this Act and the regulations, financial benefits for the injuries that they have suffered;
- (e) the safety and security of victims should be considered at all stages of the criminal justice process, and appropriate measures to protect victims from intimidation and retaliation should be taken when necessary;
- (f) information should be provided to victims about the criminal justice system and the victim's role and opportunities to participate in criminal justice processes;
- (g) information should be provided to victims, in accordance with prevailing law, policies and procedures, about the status of the investigation, the scheduling, progress and final outcome of the proceedings and the status of the offender in the correctional system;
- (h) information should be provided to victims about victim assistance services, including the Victim Impact Statement Program, requesting restitution, means of obtaining financial reparation and other assistance and programs;
- (i) the views, concerns and representation of victims are an important consideration in criminal justice processes and should be considered in accordance with prevailing law, policies and procedures;
- (j) the needs, concerns and diversity of victims should be considered in the development and delivery of programs and services and in related education and training;
- (k) information should be provided to victims about available options to raise their concerns when they believe that these principles have not been followed.

Section 2(2)

Victims should report the crime and co-operate with a police service.

RSA 2000 cV-3 s2;2005 c20 s2;2011 c15 s3

Use of Fund

Section 10

The minister may, in accordance with this Act and the regulations, make payments from the fund

- (a) for grants relating to programs that benefit victims of crime;
 - (a.01) without limiting the generality of clause (a), for grants relating to programs that provide counselling to children who are victims of sexual exploitation or other criminal offences causing physical or mental harm;
 - (a.1) for programs that benefit victims of crime;
- (b) for costs incurred by the Committee and the Review Board in carrying out their duties under this Act;
- (c) for remuneration and expenses payable to the members of the Committee and the Review Board;
- (d) for financial benefits payable pursuant to sections 13, 15 and 19(2);
 - (d.1) for death benefits payable pursuant to section 13.01;
- (e) to pay the costs of administering this Act.

RSA 2000 cV-3 s10;2001 c15 s5;2006 c23 s81;
2011 c15 s9; 2013 cC-12.5 s22