
**Investigation Report
Out of School Care Facility X**

April 11, 2003

This report does not reveal the identity of the out of school care facility or the name of the Director of the facility for purposes of confidentiality. While the report outlines investigation results, it refers in generic terms to the applicable out of school care facility as Facility X.

Investigation of OSC Facility X

Introduction

The purpose of this report is to apprise City Council and the City Manager of the Office of the City Auditor's investigation into the possible misappropriation of City of Edmonton funds by an Out of School Care (OSC) facility subsidized by the City of Edmonton. There are over 150 After School Centres in the City of Edmonton benefiting approximately 2200 children through the OSC subsidy program, which totals \$6.6 million a year.

The Community Services Out of School Care Services Acting Supervisor contacted the Office of the City Auditor (OCA) regarding an apparent termination date discrepancy and parent signature irregularities at OSC Facility X. The Community Services Department is commended for identifying these irregularities and reporting them to the OCA for investigation.

Background

The Province of Alberta subsidizes pre-school children (0 - 5 years of age) who are enrolled in day-care programs and meet eligibility criteria set by the Province. The City of Edmonton partially subsidizes school age children (6 - 12 years of age) enrolled in Out of School Care programs within the City. The City receives a Family & Community Support Services grant from the Province, a portion of this grant is applied to the Out of School Care Program. The most important goal of the Out of School Care program is "to assist low income, single parent and special need families in accessing quality child care services in Edmonton."

The Department determines eligibility for out of school care subsidy in accordance with subsidy eligibility policies outlined in the Children's Services Out of School Care Manual. A full-time subsidy will be paid on behalf of an eligible child who attends an approved Out of School Care facility/day care facility/family day home agency for a minimum of 50 hours per month. A part-time subsidy will be paid on behalf of an eligible child who attends a licensed and approved out-of school-care facility/day care facility/family day home agency for 25 through 49 hours per month.

The Department pays subsidies directly to facility operators based on amounts claimed by operators. The monthly claim form submitted by operators contains a clause, which states: *"I have reviewed the details of this subsidy claim and certify that all information is*

true, correct and complete in every respect. It is a serious offence to make a false claim." Operators are required to provide their signature below this clause to indicate compliance. Parents are required to pay a portion of the childcare fees to the operator separately. The Department calculates the amount of the parent portion using declared income figures appropriately substantiated by the parent.

All operators of approved Out of School Care facilities receive monthly subsidy claim forms to be completed and submitted by the operator in accordance with the OSC Program Manual. The City of Edmonton generates a monthly payment to each operator on behalf of the applicants who have been approved for subsidy.

The OSC program manual states that attendance records for all school-age children on whose behalf a subsidy is being paid must be submitted to the City of Edmonton with the monthly claim form in order for payment to occur. Each parent must sign the appropriate (standard OSC Attendance record) following the last day of the child's attendance at the facility prior to submission of the attendance record. To properly account for attendance, accurate records must be kept on site in the facility for the current and past year for all school age children attending Out of School Care centres. Criteria for the preparation of onsite attendance records include:

- Each daily arrival and departure time for each school age child is required to be recorded to the nearest 5 minutes in the monthly attendance record.
- Total hours of attendance per day for each school age child from a subsidized family must be recorded to the nearest quarter-hour on the monthly attendance record.
- Total hours of attendance per month for each school age child from a subsidized family must be calculated and recorded to the nearest hour on the monthly attendance record.
- Attendance must be recorded in ink with changes initialed by the person(s) making the change(s) (no whiteout is to be used).
- The on-site attendance records must be made available to Community Services upon request within twenty-four (24) hours for their review.

Objective

To investigate an allegation raised by the Community Services Out of School Care Services Acting Supervisor regarding a termination date discrepancy and parent signature irregularities at OSC Facility X. During the course of the investigation, the acting supervisor raised 2 additional issues. The first was that OSC Facility X had a high proportion of claims with hours just exceeding the 50-hour threshold for subsidy entitlement. The second additional issue involved a parent whose initial subsidy claim (looking for work) was rejected; the parent then immediately re-applied as being employed at OSC Facility X.

Investigation Steps

1. Obtained copies of all attendance forms for 2002 for Child's Choice facility and all 2002 attendance forms for a related facility - OSC Facility Y.
2. Summarized attendance information contained in the OASIS database for each of the above facilities.
3. Summarized attendance information contained in the OASIS database for all OSC facilities for the years 2000 to 2002 to determine the ratio of below 50-hour claims to total claims.
4. Analyzed the summaries for trends, turnover, and hours close to 50.
5. Contacted individual pertinent to the initial allegation and requested confirmation of hours and signatures. Other parents from OSC Facility X were also telephoned to confirm attendance for their children for 2002. Reviewed other attendance forms from OSC Facility X and OSC Facility Y for signature inconsistencies.
6. Obtained payroll information from OSC Facility X to see if and when the applicant/employee started employment at OSC Facility X.

Findings

Termination date and attendance form signatures

The parent was contacted and interviewed, she confirmed that her child attended the facility as indicated on the attendance forms. She explained that the signature discrepancies resulted from having her daughter sign the form on her behalf. Other parents contacted (6 out of 13) from OSC Facility X did not indicate any instances where attendance was overstated.

Another parent was asked to verify the signatures contained on her child's monthly attendance forms, she indicated that the signature on two of the attendance forms for 2002 were not hers. This information was presented to the operator; she stated that she could not provide any explanation for the differences.

Signature inconsistencies (6 out of 32) were also noted for some OSC Facility Y applicants, these were provided to the acting supervisor of Out of School Care Services.

Ratio of monthly claims with hours less than 50

An analysis of all OSC facilities for the years 2000 to 2002 showed that the average ratio of monthly claims with less than 50 hours to total monthly claims was 21.3 %. The ratio for OSC Facility X was 14.2 % and the ratio for OSC Facility Y was 2.1%.

Review of payroll records

The payroll records indicated that the employee/applicant in question started employment at OSC Facility X on January 14, 2003. The first two weeks were on a voluntary basis as per daycare worker experience requirements.

Conclusions

Based on the OCA's review of OSC Facility X attendance forms and parent and operator interviews, there was no conclusive evidence indicating that attendance hours are being inflated or falsified to increase OSC subsidies.

There is evidence that the signatures contained on some of the forms are not those of the applicants. This may have been done to expedite the claim process. This should be followed up by Out of School Care Services to determine what further course of action should be taken.

Based on our review of the monthly applications contained in the OASIS database, the distribution of hours claimed for these two facilities is significantly different from the average for all facilities. These facilities have a high proportion of claims where the hours claimed for the month is just over the 50-hour level. They also have very few claims where the hours claimed fall within the 40- to 50-hour range. The OCA also identified some other facilities with similar claim patterns.

This type of claim pattern could result from a variety of factors, so the apparent anomalies should be followed up by Out of School Care Services to determine whether any further action is justified.