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of the
Legislative Assembly of Manitoba
Standing Committee
on
Public Accounts

Chairperson
Mr. Reg Helwer
Constituency of Brandon West

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MANITOBA LEGISLATIVE ASSEMBLY
Fortieth Legislature

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**LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC ACCOUNTS**

Wednesday, October 30, 2013

TIME – 7 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Reg Helwer (Brandon West)

VICE-CHAIRPERSON – Mr. Gregory Dewar (Selkirk)

ATTENDANCE – 11 QUORUM – 6

Members of the Committee present:

Hon. Mr. Gerrard, Hon. Ms. Howard

Ms. Crothers, Mr. Dewar, Mrs. Driedger, Messrs. Ewasko, Helwer, Marcelino, Pedersen, Saran, Wiebe

Substitutions:

Mr. Ewasko for Mr. Cullen

Mr. Marcelino for Mr. Jha

Mr. Saran for Mr. Whitehead

APPEARING:

Ms. Carol Bellringer, Auditor General

WITNESSES:

Hon. Kerri Irvin-Ross, Minister of Family Services

Ms. Joy Cramer, Deputy Minister of Family Services

Hon. Erna Braun, Minister of Labour and Immigration

Mr. Jeff Parr, Deputy Minister of Labour and Immigration

Hon. Jennifer Howard, Minister of Finance

Mr. John Clarkson, Deputy Minister of Finance

MATTERS UNDER CONSIDERATION:

Auditor General's Report—Annual Report to the Legislature, dated January 2012

Chapter 3—Animikii Ozoson Child and Family Services Agency: First Nations of Southern Manitoba Child and Family Services Authority; Department of Family Services and Consumer Affairs

Auditor General's Report—Annual Report to the Legislature, dated January 2013

Chapter 4—Manitoba Early Learning and Child Care Program

Chapter 6—Office of the Fire Commissioner

Auditor General's Report—Follow-Up of Our December 2006 Report: Audit of the Child and Family Services Division Pre-Devolution Child in Care Processes and Practices

Auditor General's Report—Follow-Up of Previously Issued Recommendations, dated January 2013

Section 7—Special Audit: Society for Manitobans with Disabilities

* * *

Mr. Chairperson: Good evening. Will the Standing Committee on Public Accounts please come to order.

This meeting has been called to consider the following reports: Auditor General's Report—Annual Report to the Legislature—dated January 2012, Chapter 3—Animikii Ozoson Child and Family Services Agency: First Nations of Southern Manitoba Child and Family Services Authority, Department of Family Services and Consumer Affairs; Auditor General's Report—Annual Report to the Legislature—dated January 2013—Chapter 4—Manitoba Early Learning and Child Care Program, Chapter 6—Office of the Fire Commissioner; Auditor General's Report—Follow-Up of Our December 2006 Report: Audit of the Child and Family Services Division Pre-Devolution Child in Care Processes and Practices; Auditor General's Report—Follow-Up of Previously Issued Recommendations—dated January 2013, Section 7—Special Audit: Society for Manitobans with Disabilities.

Prior to dealing with tonight's business, I'm pleased to inform the committee that as a result of the recent Cabinet shuffle, Mr. Allum, Ms. Braun and Honourable Mr. Struthers are no longer eligible to sit as committee members of PAC based on our rules. Therefore, Ms. Crothers, Mr. Wiebe and Honourable Ms. Howard will be replacing them as permanent PAC members effective immediately. Welcome.

Committee Substitutions

Mr. Chairperson: Also, pursuant to rule 85(2), I would like to inform that for today's meeting, Mr. Marcelino is substituting for Mr. Jha, and Mr. Saran is substituting for Mr. Whitehead, and Mr. Ewasko is substituting for Mr. Cullen.

* * *

*(19:10)

Mr. Chairperson: Are there any suggestions from the committee as to how long we should sit this evening?

Mr. Blaine Pedersen (Midland): Mr. Chairman, I would suggest that we sit until 9 and then review as to the progress we're making and decide then how much longer.

Mr. Chairperson: Is that acceptable to the committee? *[Agreed]*

Thank you, and we'll sit until 9 and revisit.

Are there any suggestions as to the order in which we should consider these reports? We had some consultation prior to this and had some suggestions.

Mr. Pedersen: Mr. Chairman, just based on the ministers involved, I would suggest that we deal with Chapter 6, Office of the Fire Commissioner first, and then we revert back to the order that they're in the agenda here.

Mr. Chairperson: What is the wish of the committee? *[Agreed]*

All right, we will deal then with the Auditor General's Report—Annual Report to the Legislature—dated January 2013, Chapter 6, Office of the Fire Commissioner.

And I believe we need to invite the Minister and Deputy Minister of Labour and the Minister and Deputy Minister of Finance to sit with us at the table.

All right, welcome. Does the Auditor General wish to make an opening statement?

Ms. Carol Bellringer (Auditor General): There's several members of my staff here tonight, but for this particular report Brian Wirth is the assistant auditor general responsible for investigations and he's sitting behind me.

On July 29th, 2011, the Minister of Finance requested that the Office of the Auditor General perform a special audit of the Office of the Fire

Commissioner under section 16 of The Auditor General Act. This request was made after financial irregularities were found by the provincial comptroller. On August 2nd, 2011, we wrote a letter to the Minister of Finance accepting this request. We completed our audit in November 2012 and sent our detailed audit findings to the ministers of Finance and Family Services and Labour as required by section 16(2) of our act. We've prepared this summary in accordance with section 16(3) which allows us to submit a report to the Assembly if it is in the public interest to do so.

We found financial irregularities, as described below, totalling over \$300,000 for the records we were able to audit. Over several years, we believe that OFC employees received payments they were not entitled to that were supported with documents that may have been fabricated and, in one instance, may have been forged. Many payments were for personal expenses; amounts were claimed on more than one occasion; and, in a number of instances, payments were made with no supporting documentation at all or were supported by a manipulated receipt with details of the items purchased torn off the receipt.

In addition, we found that OFC was not in compliance with government policy or even OFC's own policies for travel-related expenses. We were also made aware of claims made to Natural Resources Canada that included salaries and other costs that did not relate to the project.

The financial irregularities involved several individuals in the OFC over an extended period of time. Our findings suggested that the former senior OFC officials colluded to circumvent the requirement for the deputy minister to approve the former fire commissioner's expense claims. Many accountable advances paid to the former fire commissioner were cleared off by expense claims submitted by other OFC staff and approved by the former fire commissioner. The irregularities were uncovered in 2011 when the provincial comptroller was notified that the former fire commissioner's credit card was cancelled. The provincial comptroller took prompt action, asked the right in-depth questions to uncover what had happened at OFC and used the services of Internal Audit and Consulting Services to do an initial investigation and involved Labour Relations and the Civil Service Commission.

In our view, the blame must be placed on the individuals directly involved in the financial

irregularities, but it's important to analyze what went wrong in the system to permit this to take place. It's also important to discuss how the system can be strengthened to prevent and detect irregularities.

Our work to date had been focused on examining thousands of records to summarize details about the individual transactions and determine which were inappropriate. But during the course of our work, we also learned about other factors which contributed to the problem. We found that the control environment was inadequate and the governance framework failed. Oversight was inadequate. The tone at the top was inappropriate, and the OFC comptroller's position was changed, which impacted the internal control system within OFC. The OFC comptroller complained to Human Resources about these changes, but no action was taken on his complaint.

We've recommended that the Minister of Finance forward our detailed audit findings to Civil Legal Services. In addition, to ensure that the control environment across government is functioning as intended, we have recommended that the special operating agency governs-governance model and effectiveness of the whistle-blower protection act be assessed and revised if necessary.

Mr. Chairperson: Thank you.

Would the Minister of Labour introduce her deputy minister of—and any staff she has with her.

Hon. Erna Braun (Minister of Labour and Immigration): I'd like to introduce our deputy, Jeff Parr.

Mr. Chairperson: Okay. And would the Minister of Finance introduce her deputy and any staff she would have with her this evening.

Hon. Jennifer Howard (Minister of Finance): This is my deputy, John Clarkson, who is on his second last day of being the deputy, and I know there's no way he'd rather spend that second last evening than with us here at Public Accounts. And I see folks in the audience there, the new incoming deputy, Jim Hrichishen, and some folks from the Comptroller's Office, and I see Barb Dryden from the Treasury Board Secretariat. And there may be others; I don't know all their names and faces yet.

Mr. Chairperson: Thank you.

Does the Deputy Minister of Labour have an opening statement?

Mr. Jeff Parr (Deputy Minister of Labour and Immigration): I'd like to begin by just acknowledging that we're also joined today with—by the assistant deputy minister for Labour programs, Dave Dyson; and the Fire Commissioner, Dave Schafer, who will be—put a great deal of work into addressing the issues that were addressed here—were identified here.

So the committee today is considering the special audit that was requested by the Minister of Finance into the Office of the Fire Commissioner following the irregularities that were identified by the provincial comptroller and the labour relations secretary to Treasury Board.

And so the Auditor General went through, you know, summarized quite well what the findings were. I think, you know, I would just note that, you know, from the perspective of the department, you know, what took place at the Fire Commissioner's office leading up to this was clearly regrettable and inappropriate. But as this was brought to our attention, we worked closely with the Comptroller's Office to move on the issues that were brought forward, and to address them we quickly put into place a management action plan. We reported back biweekly to the Comptroller, to the Clerk of the Executive Council and to the Secretary of Treasury Board as we moved through addressing these—the issues that were raised.

And so I'm pleased to be able to come to you today to report that we've made significant progress in addressing the weaknesses that were in place in our governance structure, in our comptrollership frameworks and those sorts of things, and I'm looking forward to answering the questions you may have on this.

Mr. Chairperson: Thank you.

Does the Deputy Minister of Finance wish to make an opening statement?

Mr. John Clarkson (Deputy Minister of Finance): Just want to say thank you to the committee for the opportunity to come and present one last time and to the auditor and her staff for the excellent work that was done as part of this study, and also to our own staff, the Comptroller and the internal audit staff who reacted in a very appropriate fashion when this was discovered, that there were issues related to that.

In terms of the four recommendations, we do agree with all of the recommendations that were made, and substantive action has been taken in place

on all of those recommendations. And so, with that, I just say thank you for the opportunity of being here.

Mr. Chairperson: Thank you, Mr. Clarkson, for joining us on your second last day. I'm sure there's nothing you would rather do than join us in Public Accounts. We've been appreciative of your presence here before. So thank you.

Before we get into questions, I would like to remind members that questions of an administrative nature are to be placed to the deputy minister and that policy questions will not be entertained and are better left for another forum. However, if there is a question that borders on policy and the minister would like to answer that question or the deputy minister wants to defer it to the minister to respond to, that is indeed something that we would consider.

The floor is now open for questions.

* (19:20)

Mr. Pedersen: The Auditor General, in her report, seemed to find that—some contradiction between the—or the reportings between The Special Operating Agencies Financing Authority Act—there's an acronym for that which I won't use—and there's—and the S.O.A., the special operating agency, itself. Excuse me. Now she noted that there was an apparent contradiction. Has this been resolved? Or what is—I guess, to either deputy minister—has this been resolved in any manner?

Mr. Clarkson: Certainly, we've recognized that there was discrepancies between the special operating agencies financial authority reports and the actual governance structure that should have been reported and in place. We've been reviewing that with the agencies and with the financial authority and have implemented changes in the special operating agencies financial authorities descriptions in terms of what they are responsible for and the—clarify the accountability structure for special operating agencies.

Special operating agencies are part of departments, and they are accountable for their actions through the deputy minister and ministers responsible for those departments, and that's been clarified. And the special operating agency financial authority is responsible for issues related to the financing of special operating agencies specifically.

Mr. Pedersen: So, in this particular case, then, how would you work at rectifying the discrepancy that was there? How would it operate differently now?

Mr. Clarkson: In terms of differences that are in place today, is the special operating agencies have a requirement to prepare comptrollership plans, and those comptrollership plans are required to be forwarded through the department's chief financial officer position to the deputy minister for approval. That requirement stipulates the processes that they need to follow in terms of expenditure activity that they undertake. They are directed in those comptrollership plans to follow the same guidelines that the departments are to follow for various different activities except where certain stances have already been previously approved for them to be different than the financial authority's spelled out in our financial administration manuals.

Mr. Pedersen: So, for the special operating finance agency—or authority act, is—does this cover all S.O.A.s then, or is this just unique to—in this case, the Fire Commissioner's office, or is this change in structure gone to all special operating agencies?

Mr. Clarkson: It's actually not a change in structure. It's a clarification of what the structure should've been, and it applies to all 17 special operating agencies that currently exist.

Mr. Pedersen: Just a question to the auditor then. Based on Mr. Clarkson's explanation of this, do you feel that this rectifies that contradiction that you recognized there before?

Ms. Bellringer: Yes, the confusion before that we identify in the report was the description of accountability. So it's described as being accountable to the department, but then through the financing authority's annual report, it's described as being accountable to the financing authority. So it can't be both, and so through clarifying it's through the—to the department, that would address that.

My question would be whether or not it's equally as well understood by each of the S.O.A.s—by each of those—which would be an important thing to know, and I don't know the answer to that, but most certainly the issue that we raised in this report has indeed—is addressed by what the deputy minister has said.

Mr. Pedersen: So then, again, to the Auditor General, the only way you would know that this really has been rectified in this case of the Fire Commissioner's office—and you don't know about the other S.O.A.s, but—is in your follow-up report?

Ms. Bellringer: We weren't intending to verify, as you say, for the other S.O.A.s. This isn't one of the

recommendations that we made. I don't think we actually would've even followed it up. We did raise it as one of the contributing factors to the confusion that I think was occurring at the time.

Mr. Pedersen: So moving on, then, the auditor in her report said she could only go back to April 1st, 2005, because the records were destroyed after four years. Has this records-retention policy been changed? Are you keeping records longer, or is—does each S.O.A. determine its own policy? And is there any oversight in that regard?

Mr. Clarkson: In this case, we have moved towards a standard record-retention policy for all the special operating agencies which is consistent with the record-retention policies for the departments themselves.

Mr. Pedersen: And what is the standard policy?

Mr. Clarkson: In the case of the issues that we were facing, it would mean five years instead of the four years that were existing.

Mr. Pedersen: So just a question and I'm—I don't know who the question goes to—in—with Canada Revenue Agency we're all required to keep our records for seven years and yet government now is—Manitoba government only has to keep it for, you're saying five years?

Mr. Clarkson: Those areas that we would be required to keep records for in relationship to Canada Revenue Agency requirements, we do keep for those lengths of time. I'm just talking about the specific records that were related to the issues that were being audited in this case.

Mr. Pedersen: So, again, for Canada Revenue Agency, you have to keep it for seven years. For department S.O.A., you're only required to keep it for five years then now? Just for clarification.

Mr. Clarkson: The records that we're speaking of in this case that they were reviewing, the records for Canada Revenue Agency purposes, we do keep for the length of time that they require us to keep those records for.

Mr. Pedersen: Has—there was recommendations that this matter in terms of the staff involved go to Civil Legal Services. Can you give us an update as to what has happened there?

Mr. Parr: Yes, the—these were referred to Civil Legal Services and action's being taken to recoup the fines.

Mr. Pedersen: So it's currently under way right now?

Mr. Parr: Yes, it's under way.

Mr. Pedersen: There was—the auditor recommended a number of steps to—or a number of recommendations to review the governance structure within the S.O.A. and clarify the roles of the department, the S.O.A. boards, and we did all—have already talked about the financing authority. But has there been any changes to the governance structure of the S.O.A.s themselves?

Mr. Parr: So speaking for the Department of Labour and Immigration and the Fire Commissioner, early on we did amend the governance charter to reflect the current policies of government and to update it as appropriate. But the key changes that we made with respect to governance include the establishment of an audit committee within the Office of the Fire Commissioner and with specific responsibility to oversee the financial reporting processes and credibility of the organization to understand the organization's financial business and risk, to manage relationship with internal and external auditors, et cetera.

We also established a support services section within the Office of the Fire Commissioner that would be responsible for ensuring accountability and transparency. So we significantly beefed up really our comptrollership function within the office. It's been very active over the last two years in developing and implementing the policies required to ensure that there's effective checks and balances in place.

And we also increased involvement of departmental staff, in particular, financial staff. So the executive financial officer for the department sits on the audit committee of the Office of the Fire Commissioner, the ADMs been very much involved with it. So we've—whereas before there was a much more of an arm's-length relationship, we've pulled it much closer into the department so we can ensure much better oversight over the agency.

* (19:30)

Mr. Pedersen: And this—you said the assistant deputy minister sits on the governance committee, if I heard you correctly. And so what is the reporting structure back, then? It would be reporting back to yourself, would it, as deputy minister?

Mr. Parr: Yes, so, I have authority to delegate, to the ADM, responsibility for this. And so, given the scope of what was—when I was at Family Services and Labour quite a broad scope, I wanted to have someone who was paying attention to this very carefully, and so I delegated that to the ADM. He reported regular to me on the progress they were making. The Fire Commissioner also reported to me on the progress they were making.

We also reported, as I said earlier, to the Comptroller and to the Clerk and to the Secretary of Treasury Board, to make sure that we were reporting to the central agencies within government, to ensure we were backing it appropriately.

Mr. Pedersen: Now, we are talking about the Office of the Fire Commissioner, which is an S.O.A. Are there other S.O.A.s within the department under your mandate as deputy minister?

Mr. Parr: No, there are not. Not within Labour and Immigration.

Mr. Pedersen: So, to the Auditor General, based on the reporting back from the deputy minister, is this addressing the concerns that you had?

Ms. Bellringer: It's not addressing the recommendation. The—our recommendation—only because our recommendation is broader than—were not referring to just the Office of the Fire Commissioner's, as an S.O.A. We—there is a leap, if you will, of between having looked at the Fire Commissioner's office and then gone to this recommendation. We appreciate that it's not directly linked to this area only, but it does appear to be a risk area because it's different. And it's different because an S.O.A. operates not exactly like a department, and not exactly like a Crown, but differently.

I remember when the S.O.A.s were created back in the—I don't remember if it was late '80s or early '90s, but some time has gone by—and because it's a riskier area because they are different, and there was some lack of clarity in this particular situation, we think that there should be a broader assessment done of all the S.O.A.s to look at the model to see whether or not it's operating effectively.

Mr. Pedersen: So then to the Deputy Minister of Finance, Mr. Clarkson then, does the Finance authority—I'll call them that—what role are they playing in terms of overall accountability, because you will be overlooking all S.O.A.s within government, because you're financing them? So what structures have you set up in place to—and it goes far

beyond, as the Auditor General has mentioned—it goes far beyond just the Fire Commissioner's office, into all S.O.A.s across there. So I'm just wondering what the accountability structure has been set up within your department.

Mr. Clarkson: As a result of the review that was undertaken, we undertook to review six other special operating agencies of the 17 that were there, to get a sense of what the governance structures and issues might be within that group of special operating agencies.

Based on that, we have developed recommendations in terms of how we want to strengthen the governance structures and accountability structures within the special operating agencies, and are currently working with the Treasury Board Secretariat and our comptrollership area, to work with all of the special operating agencies to follow the recommendations that are coming out of the review that we have done.

Those recommendations include strengthened audit committees within special operating agencies; improved relationships between the special operating agencies and the departments that are responsible for them; and, as the Deputy Minister of Labour and Immigration has indicated, items like the responsibilities related to being part of advisory committees, responsibilities of executive and chief financial officers, for oversight of the special operating agencies within their areas; and direct accountability to the deputy minister, either directly themselves or through a delegated person as they have done.

Mr. Chairperson: Mr. Dewar, do you have a question?

Mr. Gregory Dewar (Selkirk): I do, Mr. Chair, thank you very much. Recommendation No. 3 recommended that the public interest disclosure, so-called whistle-blower protection act, be assessed and revised. At the time, the government did not agree with this recommendation, felt that it had strong policies and procedures in place to support the legislation. Is that still the position of the government?

Mr. Clarkson: No, that's currently not the position of the government. The government does support this recommendation and the government has engaged somebody by the name of Ms. Scarth [*phonetic*] through the Civil Service Commission to undertake a review of the whistle-blower legislation,

and we look forward to getting that report in and to see what those recommendations might be.

Mr. Dewar: Would you know the timeline for that?

Mr. Clarkson: No, I don't have the details here on what the timeline for that might be.

Mr. Chairperson: Well, perhaps you could get that information back to the committee once you find out.

Mr. Clarkson: We will entertain to have somebody get that information back to you.

Mr. Pedersen: Just going back to—in government structures—pardon me. Again, you've made recommendations, you've undertaken to look at six different S.O.A.s, and you've come up with recommendations. So where are—what stage are these recommendations at? Like, it's good to make recommendations, but are they being implemented? Are they being close to being implemented? Where are they in terms of being actual—implemented and in place?

Mr. Clarkson: Currently, all of the recommendations that come out of the review that we've undertaken are being worked at in each of the individual special operating agencies. It has specifically dealt with why we now have audit committees being established in those special operating agencies. It has dealt with the issues of management responsibility letters for their annual financial statements being put in place now in the special operating agencies and looking at regular reports on their internal controls.

We'll continue to monitor this situation and develop new plans and recommendations as we go forward on a regular basis.

Mrs. Myrna Driedger (Charleswood): Just a question for clarification. With regards to the Office of the Fire Commissioner policy to destroy records after four years, what are some of the examples of records that they would be destroying?

Mr. Parr: Just while I'm waiting for the Fire Commissioner to assist me on this, the—in this particular instance, they would be things like expense claims, you know, really, those sorts of documents related to specifically this audit, they were destroyed. The policy at the time was for four years.

I can advise you that, you know, immediately after receipt of the—you know, the recommendations from the Comptroller's Office, we stopped the

destruction of records and we're currently applying to the records management—who are we applying to? We're seeking approval to go for an eight-year retention on our records. So I'm advised there would be expense accounts, mileage claims, accountable advances. And so the types of things that the auditor general's pointing to are the types of records that were, in fact, destroyed after four years.

Mrs. Driedger: Was that a long-standing policy to have documents kept for only four years, or was that something more recent? *[interjection]*

Mr. Chairperson: Mr. Parr.

Mr. Parr: I'm sorry—I understand that was in place at the time since the S.O.A. was put in place in 1996.

Mrs. Driedger: Would that same policy apply, then, to all special operating agencies to only retain records for four years?

Mr. Clarkson: I don't think we have the information here related to what the individual retention policies are across all of the special operating agencies, but it is an issue that we recognized as an issue and are now dealing with that to get standards in terms of retention policies across all of them.

Mr. Pedersen: One of the issues that was coming out and perhaps led to a little bit of the lack of control, if I may call it, out of the Fire Commissioner's office, was the level of staffing in there. There was apparently some stress within the staffing levels. Is the Office of the Fire Commissioner, is it fully staffed right now?

* (19:40)

Mr. Parr: While I wait for details, there will always be turnover in an organization like the Fire Commissioner's office. So I—it would be rare that we would be ever fully staffed. But, you know, within the Fire Commissioner's office the—you know, as vacancies arise they do move to recruitment to fill them. So it's a special operating authority that operates, you know, it operates within its budget. It generates a surplus and so it has an ability to move forward and fill those positions as they become vacant.

So, you know, I don't think the issue here would have been an absence of, you know, a number of staff. If there were vacancies they would be related to difficulties in recruiting staff. Just, you know, it's a tight labour market that we're dealing, but so.

Mr. Pedersen: Well, I certainly appreciate that staff comes and goes, that's the labour market. That's where it is, but I was just wondering what the current vacancy rate, then, is of the Fire Commissioner's office.

Mr. Parr: So the staff conflict for the Office of the Fire Commissioner is 116; I'm advised there's 110 to 112 people in those spots right now. So there'd be four vacancies. They're acting now to fill those positions.

Mr. Pedersen: I guess, I don't know if my colleagues have any more questions, but I'm just sort of wondering if the Auditor General could just have any more comments based on the answers that we've got out of here tonight and where she feels—has the department addressed the issues sufficiently? We know that there's civil action going on there and whatever happens from that will—is beyond this committee, certainly, but just wondering if she has any comments on this report.

Ms. Bellringer: That's an interesting question. You know, I don't think—well, I shouldn't say I don't think. In my career I have never seen anything like this before and I doubt whether I'll ever see anything like this again.

I don't—our recommendations and the things that I think need to be looked at in the system are not even necessarily to—because I think there are other things like this going on. I mean, the situation and the financial irregularities that were—they were very specific to this organization. They were very specific to individuals who chose to do something.

But having said that, it's always a good wake-up call to say—not because we think there's all these other things going on and that anyone—everyone's failing to do it. But let's just really be careful and remember that they can happen, and we do have people in our office that do fraud work and they do a lot of fraud training, and the statistic is that 5 per cent of organizations are going to be having some level of fraud taking place. So it's a good awareness to make sure that there aren't other things happening.

Do I think that there have been steps taken towards addressing our recommendation and therefore going there? Yes, I do. I actually would have thought it would have moved a little bit faster because I would have been quite nervous to be absolutely certain that there's nothing else going on elsewhere.

And so I'm very pleased to hear that the whistleblower protection act is getting looked at to see if it's operating as it was intended, because that does worry me. It's a good safety net in an organization to make sure that people feel comfortable coming forward if they happen to know about stuff, and that's almost always how we find out about anything that's going off the rails. It's because somebody comes forward and they—it isn't that straightforward as to what kind of environment creates that comfort. They have to feel that they can trust the system, that they know what the system is, to come forward, and that they will—that appropriate action will take place when they do come forward. And so I think there's a little bit of repair needed in that area, because the individual came forward—he came forward years ago, but took the wrong route and didn't realize it. So perhaps there's an education piece there to learn from.

And at the end of the day, it's something we should always be aware of and be continuing to improve. I don't think this is happening somewhere else and we're not hearing about it, but how will we ever know unless we're sure that those people can feel comfortable coming forward?

Hon. Jon Gerrard (River Heights): You know, first of all, the—or the uncertainty about the line of command, as it were, or the—clarified that the department has the authority over the S.O.A.s—what's the role of the S.O.A. financing authority then?

Mr. Clarkson: Special operating agency financing authority is specifically set up to amalgamate all of the information related to the special operating agency, so we can report on them in one place. And the legislation provides for the authority for them to borrow money in terms of the requirements that they may have for their own cash requirements. It's simply related to those kinds of activities.

Mr. Gerrard: Yes, I'm concerned that the fact that there was a complaint that was brought forward which was not followed up and, you know, I presume that, you know, the departments are concerned about this as well. And I'm just wondering what kind of mechanism has been put in place to ensure that complaints like this don't get dropped again.

Mr. Clarkson: In terms of the general nature of the phone call that took place, it's unclear as to whether the person really understood what kind of complaint that they were making and whether the person actually who had received the message, and not

directly the phone call, actually understood the issue that was being brought forward.

I think that the structures that have now but—put in place would not rely on an individual who is unaware of these issues to bring them forward in that case, and so I think we will avoid some of that in the future. I think also, at the time, the whistle-blower legislation was only just enacted, and we were still in the processes of communicating with people how to address issues related to these kinds of issues. And so there was uncertainty, I think, at that time in a number of places in terms of how to address these issues. We have done comprehensive training and communications around the whistle-blower legislation since that time. We have continuous and ongoing activities related to that, and that, combined with improvements in the structures of how people should be addressing issues, I think, would avoid some of that from taking place.

Mr. Gerrard: Yes, I note on page 206 and 207 that there's a matter of \$856,000 in liabilities which were ineligible costs claimed under the Natural Resources Canada agreement, and can one or other of the deputy ministers provide information? Has that \$856,000 now been repaid to Natural Resources Canada? What's the status of it?

Mr. Parr: Yes, I can provide information on that. So we became aware of this as we were continuing our work with the Comptroller's Office, and so we immediately alerted NR Canada to the fact that this was in place and immediately began discussion with them about, you know, what the extent of the liability was. And so we—they had forwarded to us 850-some-odd-thousand dollars. Ultimately, it was determined that 149 of that—thousand of that, which was—frankly this was all related to staffing costs on things related to green building codes and that sort of thing—were legitimately claimed, and so we forwarded back to Canada in the amount of about \$705,000. So we've paid them back.

* (19:50)

Mr. Gerrard: Yes, just for clarification, because there's a concern raised earlier on, a statement that there was something over \$300,000 of, you know, of misappropriated funds. Does this now mean that the \$300,000 plus the \$700,000, that the total is about a million of misappropriated funds?

Mr. Parr: The \$300,000 refers to really money that individual staff had, you know, misappropriated from the agency itself. The \$700,000 that I was just

referred to was, you know, it was essentially an overbilling to the Government of Canada. So it's not included in the \$700,000. Obviously, it's in addition to. But it's—really it wasn't something where money was taken and put in people pockets. It was an overbilling. It was related to the allocation of staff time on these particular projects. We went back. We reviewed it. We worked with the Government of Canada. We landed on an amount that was appropriate and we repaid it.

Mr. Gerrard: Would it be then correct to say that that \$700,000 was legitimate sort of provincial expenditures which was inappropriately billed to the federal government?

Mr. Parr: It would be 'appro'—yes, it would be accurate to say it was inappropriately billed to the federal government. Yes, and it was paid back.

Mr. Gerrard: But was it legitimate expenditures to start with?

Mr. Parr: Yes, they were—I mean it was essentially recouping staff costs. So these were staff who were working in the department. They were doing work related to the building code development and management, that sort of thing. NR Canada was—had contracted with us where we had a contribution agreement to do certain things related to developing green building code requirements, and as we went through and reviewed it, you know, it was determined that the amount of staff time that was—should've been billed to was \$149,000 rather than the larger number.

Mr. Gerrard: Yes, in—on page 208 there's an allegation that there was potential collusion among the senior staff. Has that been investigated and determined whether there was actual collusion?

Mr. Parr: Very early on this was—frankly, you know, prior to referring this to the Auditor General the Internal Audit Service began a review of this. You know, it took a number of months to go through it. We wanted it to be worked through very carefully. They called in the Labour Relations secretary of the Treasury Board to look at, you know, the human resources side of it. They then concluded their findings and found that, yes, there—as the Auditor General reports—there was, in fact, collusion to circumvent the responsibility to have expenses approved by the deputy. Those individuals were—are no longer with the Office of the Fire Commissioner.

Mr. Chairperson: Ms. Bellringer, would you care to comment on the response?

Ms. Bellringer: Not so much on the response. But in an answer to the question, there are some words chosen carefully within our report. The word potential in this particular phrase, the—we believe potential fabricated claims and so on, we had our report read by legal counsel before we issued it to ensure we were not compromising the legal case that would be going forward, and the only confirmation of potential moving to reality will be in the courts.

Mr. Gerrard: Yes, and this matter, I gather, was forwarded to the Civil Legal Services. Can the—we have an update on the status of that currently?

Mr. Parr: It was forwarded to the Civil Legal Services and it's now before the courts.

Mr. Pedersen: To the Auditor General, then, just for clarification, there will be a follow-up report on this Office of the Fire Commissioner?

Ms. Bellringer: I can't promise you anything after March 31st. The current office practice would indeed be to follow up our recommendations.

Mr. Pedersen: Well, I will lobby very hard then for the new Auditor General after March 31st to do a follow-up. But because where I was going with this was—does the scope of your report allow in a follow-up report to follow up on the whistle-blower protection act to see if there has actually been progress made and awareness of in making the whistle-blower protection act strengthened?

Ms. Bellringer: It certainly is within the scope, and we would first look and see what the department has done.

Ms. Howard: Yes, I don't have a question. I just wanted to clarify in response to one of the questions. In addition to referring it to Civil Legal, when the Auditor General completed her work, those findings were also forwarded to the RCMP, and that investigation is ongoing. And that, I think, when the Auditor General earlier was talking about moving from potentials to reality, that is the process that will make some of those decisions; the civil action won't make those decisions. It's not going to be a finding of guilt or innocence; it's going to be to, hopefully, recoup some of the money. But, in addition to the civil action, there's also an ongoing criminal investigation.

Mr. Chairperson: Any further questions in this report?

Thank you to the Minister of Labour and deputy minister and the Minister of Finance and deputy

minister, and you can—thank you for coming this evening.

So we are now moving into the Auditor General's Report—Annual Report to the Legislature—dated January 2012, Chapter 3—Animikii Ozoson Child and Family Services Agency: First Nations of Southern Manitoba Child and Family Services Authority; Department of Family Services and Consumer Affairs. And I invite the Minister and Deputy Minister of Family Services to join us at the table and to introduce the deputy minister and any staff that you might have with you this evening.

Hon. Kerri Irvin-Ross (Minister of Family Services): Good evening. I'm glad to be here to provide the updates to the following reports, and I'm happy to be joined by Deputy Minister Joy Cramer.

Mr. Chairperson: Thank you.

Does the Auditor General wish to have an opening statement?

Ms. Bellringer: Thank you, Mr. Chair, and Brian Wirth from my office also worked on this report.

On October 24th, 2005, Animikii Ozoson Child and Family Services Agency was mandated by the First Nations of Southern Manitoba Child and Family Services Authority for the purpose of providing child and family services under The Child and Family Services Act and The Adoption Act to persons for whom the authority's responsible. The agency's unique in that it provides culturally appropriate services in Winnipeg for mostly Aboriginal families and children who have cultural ties and affiliations to the First Nations of Ontario.

We examined financial accounting processes and controls of the agency and senior management and board compensation and expenses. Our audit also included a review of governance practices and assessment of the agency's compliance with its funding agreement with the authority. We did not audit the quality of child care provided by the agency.

The agency has incurred operating deficits over the past several years and has an accumulated deficit in excess of \$450,000. They've retained funds in excess of \$3.4 million, which are owing to the Province, to maintain its cash flow. Since its mandate in 2005, the agency has expressed concerns to the authority that the operational funding is not adequate. The funding model has now been revised.

Our audit did not include a full analysis of the causes of the deficits nor an assessment of the adequacy of the revised funding model to address shortfalls and cash flow needs. However, we found several areas that must be addressed to provide for ongoing monitoring and control of the agency and to protect against the risk of financial irregularities.

Governance practices at the agencies need to be strengthened, including financial oversight. Board members expressed concerns about their ability to recruit new members and the lack of financial expertise on the board; both are critical to ensure proper control and monitoring of the agency.

We examined the internal controls around the preparation of bank reconciliations and the processing of payments. A number of internal control weaknesses were discovered and described in the report. It's important to note that although the weaknesses appear to be occasional exceptions, they show a lack of segregation of duties, which means an irregularity could take place and be covered up by the same individual. While the internal control environment has weaknesses and exposes the agency to unnecessary risk, we did not find any examples of inappropriate transactions.

* (20:00)

Also, the agency does not have a conflict of interest policy, which is a requirement of the funding agreement between the agency and the authority. We found examples of conflicts of interest which such a policy should address. Policies were also missing about the types of expenses that are allowed for board members and staff, board compensation and employee advances.

While our original objectives did not include the examination of foster home licences in places of safety, concerns came to our attention and we extended our work on those areas. We found that foster homes were not consistently reviewed and relicensed annually and that the Child and Family Services Information System was not accurate concerning foster home licences and children in care.

Similar issues were reported in our 2006 report entitled "Audit of the Child and Family Services Division Pre-Devolution Child in Care Processes and Practices." It is actually on the agenda later tonight, and we would have expected these areas to have been remedied within agencies.

Mr. Chairperson: Thank you.

Does the deputy minister wish to have an opening statement?

Ms. Joy Cramer (Deputy Minister of Family Services): Yes. I'd like to ask if I can make my opening statements for all four reports at this time. Is that—

Mr. Chairperson: What is the will of committee?

An Honourable Member: Sure.

Mr. Chairperson: Go ahead.

Ms. Cramer: Thank you for the opportunity to speak.

First, I would like to introduce the staff of Family Services who are present here and who have been working hard to respond to the recommendations from the auditor: Denise Koss, acting ADM for Disability Programs and Early Learning and Child Care; Ben Van Houte, ADM for Child and Family Services; Aurel Tess, ADM for Administration, Finance Division; and Marg Ferniuk, acting director of Manitoba child-care program; and Tracy Moore, the director of Services for Persons with Disabilities.

I would also like to thank the members of the Public Accounts Committee for being here to examine the four reports made to our department. Having recently taken on the Family Services portfolio, I'll answer the questions the best to my ability, and I look forward to sharing the department's progress and responding to the recommendations covering those four reports: two on the child and family services system, one on a special audit for Society for Manitobans with Disabilities, and the Manitoba Early Learning and Child Care.

As you are well aware, the Department of Family Services provides supports and protection to some of Manitoba's most vulnerable adults and children. Two of the reports that will be discussed have critical implications for strengthening Manitoba's child and family services system, Animikii for one, and the agency under the mandate of the Southern First Nations Network of Care, and the Child and Family Services Division Pre-Devolution Child Care Processes and Practices.

Of the 25 recommendations regarding the Animikii agency, 21 have been completed to date, and I understand from information provided by the agency, the southern authority and the department staff, that work is well under way to address the

four remaining recommendations, which are 18, 19, 20 and 21.

It is expected that the policies and procedures that are currently being developed for alternative in foster care will address the four remaining recommendations related to licensed foster home reviews, regular foster home visits, place of safety, home assessments and documentation of regular place of safety visits.

The southern authority continues to work with Animikii to improve compliance with respect to increased usage of the CFSIS information system, called CFSIS, and to increase the quality of CFSIS electronic records management.

I am also pleased to report that we have addressed the agency's deficit from 2010-2011. We implemented the new CFS funding model in 2011-12, which provides for funding of close to \$3.9 million. Animikii presented a balanced budget for 2011-12 fiscal year, and from the financial statements for '12-13, upon review of the audited financial statements, they have a small surplus. That's good.

The second report of the CFS system represents the OAG's follow-up observations to the 2006 CFS devolution-Pre-Devolution Child in Care Processes and Practices. Work continues in the areas of improving the CFS accountability framework, implementation of the new funding model with an accompanying explanatory guide, improved monitoring over mandated agencies, and improved usage and quality assurance with respect to the CFS application IT system.

The follow-up report of the OAG focuses on the 28 recommendations made to the department in 2006, as well as recommendation 44 which was directed to the authorities but which the OAG believed was the best follow-up from the department's perspective.

Of the 29 recommendations, 14 are in progress and are actively being addressed by the department, and 15 have been completed. It should be noted that several of the recommendations that continue to be in progress relate to long-term systemic changes to the CFS system. I believe that the information that will be tabled adequately responds to the recommendations made to the OAG in 2006-made by the OAG in 2006.

One of the major enhancements to the system as a result of the recommendations was the implementation of a new funding model for CFS authorities. As indicated in the explanatory guide for Manitoba CFS funding, the intention of the funding is threefold. One is to meet the goal of transparency in reasonably comparable funding regardless of geographic location or source of funding. Number 2 is to provide authorities and their agencies with the resources required to fulfill their mandate and—required by legislation regulations, and to offer an enhanced capacity for the child-welfare system to provide support to families where immediate child protection services or the apprehension of a child is not warranted but where families are struggling with challenges that, left unaddressed, could result in children being at risk in the future and being brought into care.

I would, however, like to draw your attention to recommendation number 27 of this report, as the auditor recommends annual foster parent security checks, including criminal record checks and Child Abuse Registry checks. Following an interjurisdictional scan of the provinces—of other provinces, the department advises that annual security checks would be difficult for agencies to undertake and that no other jurisdiction completes foster parent security checks on an annual basis. The department has put forward a more realistic option that may be—that renewal of checks occur every two to three years with a requirement to sign a self-declaration on an annual basis, a policy that exists in other like sectors and also within government who provides direct services as well.

Moving to the third report. Please turn your attention to the Auditor General's report on the—of previously issued recommendations, section 7, special audit of the Society for Manitobans with Disabilities presented concerns regarding the society for Manitobans, SMD, alleged use of government funds to support their business entities.

For those of you who are not familiar with the organization, SMD provides programs and services to improve the lives in Manitoba's children, adults with disabilities. It receives funding from the following places: The Winnipeg Regional Health Authority for the Manitoba wheelchair services program, The United Way, their own campaigns and fundraising, their fee for services, grants from the SMD Foundation and the Department of Family Services, which is a significant funder of services for children and adults with disabilities.

Following the 2010 audit, the department accepted all the recommendations made by the OAG and these recommendations were grouped under two themes: monitoring and compliance with the service purchase agreement, there was three recommendations directed to the department; governance and management practices, with eight recommendations directed to SMD alliance. And as you may be aware, SMD is a group of five incorporated entities of which the alliance is the controlling entity. The alliance provides administration and finance functions that support the four other entities.

Of the three recommendations made to the department, one has been completed and ongoing progress is being made to address the remaining two.

The department is continuously working to improve the co-ordination among the areas responsible for financial oversight, and meetings with SMD staff take place at least quarterly to review the budget, expenditures, service targets and outcomes. The department also agrees with the Auditor General that a clear definition of overhead costs should be outlined for the SMD. A common definition of overhead is being finalized as part of a larger funding model review on disability programs which should be completed by the end of March 2014.

The Department of Family Services recognizes a wide range of valuable services provided by SMD and continues to provide funding to support their programs that serve persons with disabilities living in Manitoba.

Lastly, I will address the fourth report for the department which is chapter 4 of the Auditor General's Annual Report to the Legislature which addresses Manitoba's Early Learning and Child Care program.

Today there are 31,634 licensed child-care spaces in the province with a budget of about \$147 million. Approximately 12,600 spaces have been funded over the last 14 years since 1999 and in an in—which is an increase of more than 80 per cent. And this also includes a growth of the—of 1,800 spaces since the audit was started.

* (20:10)

The audit process was a partnership between the Auditor General and two divisions of the Department of Family Services: the Manitoba Early Learning and

Child Care program and the Community Service Delivery staff division.

Overall, the Auditor General made 25 recommendations which resulted in about 49 action items that needed to be carried out. Of those 49 action items: 13 have been implemented; five have been implemented and are cyclical in nature and therefore will be ongoing in these areas; 27 are in progress; and four are under review by the department.

With respect to the recommendations on grants and other financial supports, the department has already begun implementing additional quality assurance procedures and is working to develop and update financial policies and procedures to ensure more consistent and comprehensive reviews are undertaken by financial staff, which will strengthen management of government's financial resources.

It is important to note the procedures were already in place with respect to many of the recommendations relating to licensing and monitoring by the department, and the department acknowledges that the implementation of these procedures required revisiting and some policies and procedures will need updating. Therefore, the approach to address many of these recommendations is to inform and work with staff to ensure that established processes are consistently followed. Quality assurance processes and reviews will also be established.

With the continued growth of the early learning and child care system, the department appreciates the recommendations of the auditor to implement a risk-based approach to licensing and monitoring. This will help ensure consistency in interpreting and applying child care regulations across the province. It will also help the department best direct its resources. To this end, the department has begun preliminary work on defining and identifying key standards and new models for licensing and monitoring are being researched. The development of training for licensing staff including quality assurance steps to ensure consistency with legislation, policy and procedures will be based upon these new approaches.

Communication between the functions of service delivery and policy administration continues to be strengthened as the department undertakes a review of the existing service delivery and program models for early learning and child care in Manitoba.

I look forward to future opportunities to work on the Manitoba Early Learning and Child Care

program and to respond to the auditor's recommendations. As a department we are committed to continuing to work on the implementation of the remaining recommendations put forth by the auditor as this will only serve to strengthen the services and supports provided by Family Services. I look forward to taking on this ongoing work, and I am ready to answer your questions.

And I just want to comment that being on the job for not quite two weeks, I need to say that the staff have done a tremendous job in terms of briefing me up and briefing me down and briefing me up again. So I really want to commend them for providing me with just all the answers to the million questions that I had.

And I hope I'm able to answer all your questions. I'm sure I've got them written down somewhere, because I've thought of everything I could possibly think of, and so we can start.

Mr. Chairperson: Thank you to the deputy minister. Are there questions—and we will, of course, first of all, deal with Chapter 3, Animikii Ozoson Child and Family Services Agency, that particular report, and then we'll move on. So questions for that report.

Mrs. Driedger: I guess my first question to the new deputy minister—and welcome her into the role and congratulate her on assuming it. In relationship to this agency, can the deputy explain the relationship between the southern authority and how Animikii fits in with the southern authority?

Ms. Cramer: Yes, under legislation the southern authority's responsible for a number of agencies, and that's assigned also in regulation and legislation, and Animikii is one of those agencies that they have responsible oversight responsibility for. So they ensure that Animikii is following through on meeting the mandated services that they're required to deliver. They provide quality assurance for them. They also provide their operating grant.

Mrs. Driedger: And how did—was Animikii an entity before taking on this role, or is it an agency that was set up in order to do this?

Ms. Cramer: Animikii was created to do this work under the new child-welfare system. There was a decision made that—primarily First Nation children that live outside of the province, and it appears that it's mostly from Treaty 3, the Ontario area, that they would provide—the system would provide services specifically to children outside of province and,

therefore, Animikii was created to deliver that service.

Mrs. Driedger: In the auditor's report, it indicated that in 2005 there were 234 cases transferred to the agency. Can the deputy indicate what that number is today?

Ms. Cramer: Okay, Animikii caseload as of March 31st, 2013, there was 344 children—child-in-care cases. There were 18 extensions of care, there were 217 protection and there were five voluntary family services and one expectant parent services. So that was—that's the whole caseload for a total of 585.

Mrs. Driedger: So if we were looking at 234 cases in 2005, would that have all broken down into those various subsets the deputy just indicated? And now it looks like it has—well, not tripled, but the numbers have risen quite dramatically. Am I understanding that correctly?

Ms. Cramer: Yes, you are.

Mrs. Driedger: And when the deputy was speaking about the demographics, here, of the cases, she indicated that a lot of them were Northwestern Ontario children. Is that still the case? Or what is the breakdown between, you know, Manitoba children and Ontario children, and is there any further information about what constitutes those cases?

Ms. Cramer: So, I can tell you that Animikii serves children that are not from a First Nation in Manitoba and are Aboriginal. So, I can give you a breakdown. For example, there are children-in-care cases: there are 16 Metis, 71 non-status, 249 treaty status and eight that are not Aboriginal. So if you were not Aboriginal, then you would most likely get served by the general authority and one of the agencies there. But if you were from out of province, then you would most likely get served by Animikii.

Mrs. Driedger: When the auditor was looking at this, there was an operating deficit that had accumulated and was \$450,000, and now the deputy's indicating that they're in a positive balance. How did they—and they were also owing the Province \$3.4 million as of March, 31st, 2011. Now the deputy's indicating that they have managed to get out of that. Can she tell us how they went about bringing themselves back into a positive situation?

Ms. Cramer: I'll answer that in two parts. The first part is that there has been an implementation of a new funding model, so that has supported Animikii in terms of their ongoing operating. And when I

speak to their audited financial reports, it speaks to how they are operating today with that new funding model.

And so the second part is around their owed to the Province, to the department, and I'm not sure—I can't remember what the amount is—3 million-plus, I believe, and that is paid back because they were not remitting their children's special allowances. And I can elaborate on that if you wish, but what we do there is when we provide their annual funding, we take 20 per cent off of their annual funding for—so there's a new funding model. The difference between their old funding model and their new funding model, that money that we're giving them, we take 20 per cent off of that and you pay back what they owe us.

Mrs. Driedger: The deputy's indicated that there is a new funding model and that is helping them to address some of their obviously increased needs, with increased numbers. Can the deputy indicate what the budget was at the time of the audit and what the budget is today?

* (20:20)

Ms. Cramer: Okay, you'll have to forgive me for a second here. I'm looking for the answer. Can we keep looking and then we'll get back to—okay, thank you.

Mrs. Driedger: The agency had indicated earlier on, I believe, that they were underfunded. I believe I read that somewhere that they didn't feel that they were adequately funded. Has that now been addressed through the new funding model, and, I guess, then, my question to the deputy would be, you know, what was put into the determination of—as to what is proper funding? Did different levels of care or different services need a boost in funding?

Ms. Cramer: I can actually—I can provide an answer with regard to the new funding model. So that—the challenge that Animikii faced was unique primarily due to receiving only provincial funds, okay? So we're talking about how they ended up with their deficit in the old funding model that you were asking about. So despite having a high rate, 86 per cent of children in care from Treaty 3 communities, most of the community families migrated to Winnipeg for education and other reasons, and so that's part of why they had—they grew into a deficit, because they're—we're their only funding source and in addition to this challenge is a lack of dedicated funding for their alternative-care team. So that's where they started to

get into a problem, which is where children come into care, and they have a high rate of children in care, 86 per cent of their caseload. So that's the cause for the deficit.

We implemented a new funding model, and because there was a lack of funding for alternative-care positions—so foster home support, licensing, et cetera—and so we're looking at the funding model that would provide enhancements and give consideration to development of those positions, and that's where the new funding model was first implemented in terms of meeting that need.

Mrs. Driedger: Does the deputy have any information in terms of the number of staff that are employed by this particular agency?

Ms. Cramer: I'll have to get back to that question.

Mrs. Driedger: And out of the percentage of staff—or out of the number of staff that are associated with this agency, what is the percentage that are involved at the administrative level versus the direct head of service?

Ms. Cramer: I will have to get back in terms of the breakdown of the staff because I don't know how many staff are there right now.

Mrs. Driedger: Can the deputy tell us where their office is located and if they have more than one office?

Ms. Cramer: As far as we know there's only one office.

Mrs. Driedger: Can the deputy indicate where it is?

Ms. Cramer: Not at this moment. I can't, sorry.

Mr. Wayne Ewasko (Lac du Bonnet): Just a quick additional tidbit on the accumulated deficits over the past few years. So the deputy mentioned that—or not mentioned but through the Auditor General—that the deficit was in excess of \$450,000, and then as the agency, due to the fact that the monies from the federal government were supposed to be remitted to the Province—and then the new funding model was put into place, so they went from a \$450,000 deficit—the deputy mentioned that a couple of years ago they had balanced and then the very following year they had a surplus.

Now, with that funding model, I'm still a little bit unclear on how quickly they were able to bring it to balance, if not to, then, a surplus, and then start paying back this \$3.4 million that they owed to the Province. What were they doing with that excess

money that they were receiving from the federal government before then?

Ms. Cramer: So I have information that in 2010 their operating budget was \$2.7 million, so it's been increased by \$1.3 million to \$4 million for 2013.

The way they were funded was they received an operating grant and they received—and the children-in-care payments were being made. So if you have 86 per cent of your business is children in care, then—and your operating grant does not cover your ability to manage and serve those children in care in terms of foster-care licensing, places of safety and doing that kind of work, that's how they went into a deficit.

I can't speak to why they did not remit the \$450,000, the special children's allowance, but, at the end of the day, we have accumulated what that total is and we are—I don't want to say the word, but it's—we're clawing it back when we provide them with their annual funding. We claw back 20 per cent, and so they are on a schedule to pay it back and that's happening as of today. As of their ongoing business, they do now remit the child—the children's special allowance. So they're not digging themselves further in a hole, if you know what I mean.

So there's two parts to that deficit or that problem. One is their actual deficit, the \$450,000, and then the other one is the non-remittance of children's special allowances.

Mr. Ewasko: So back in 2005 there was 234 cases, and the numbers that you stated on the record to Mrs. Driedger, it—almost had tripled, those cases. In 2010 you said there was \$2.7 million was the budget; that was increased to \$4 million in 2013. Now, has that new funding model transferred over to the other agencies without the—within the southern authority as well, or is that—specifically was made for Animikii? *[interjection]*

Mr. Chairperson: Ms. Cramer.

Ms. Cramer: Sorry. This funding model has transferred over to the other agencies as well.

Mrs. Driedger: The—it looks like, if we're going from \$2.7 million to \$4 million in terms of what the budget is, that—I mean, that wasn't a gigantic jump in budget compared to the number of kids that were actually coming into care, so how is it able to be managed, then? Like, one doesn't seem to follow the other one as dramatically; you know, a fairly small amount of money is taking care of a lot more

children. How is that able to happen? Is there something else in there that makes it seem so workable?

Ms. Cramer: I can tell you that the new funding model was agreed to by all the authorities and that it is tied to children in care, so you get your basic operating to cover your overhead and so on, and then for—as your caseload increases, you get staff attached—or funding to provide for staffing to support those children in care. That's the premise of the funding model, it's attached to children in care.

Mrs. Driedger: And does the agency now feel that they are adequately funded to provide the level of service that they need to provide?

* (20:30)

Ms. Cramer: They agreed to this funding model. They worked with and in partnership with the division, the CFS division, to create this funding model so that it was what they would consider fair and reasonable and equitable across all the different agencies, so that it would meet their needs because it is tied to the number of children in care. I would—we need to remember that we pay directly the child maintenance bills; the authorities do not pay the child maintenance bills. So it's really they're paying—we're paying for them to oversee and provide quality assurance in making sure that while children are in care that they are being serviced properly.

Mrs. Driedger: In terms of governance there were a number of recommendations, and I understood from the deputy's opening statements that all of those have been addressed. I wonder if she could just give us some sense of how her department has moved forward in terms of ensuring financial oversight by the board. The auditor had found that governance practices need to be strengthened and that there was a lack of financial oversight by the board. What has happened or been changed to improve that?

Ms. Cramer: This was actually an area I was really interested in finding out and being briefed about it as well. So I can tell you that there were policies developed to address conflict-of-interest issues with respect to board members and staff and that they did pass bylaws in that effect, and I actually wanted to see them and bring them, and so I have them here, and they're quite lengthy in terms of some of the sections around how the board needs to govern themselves around conflict of interest and so forth.

We've also instituted governance training package that the authority has supported and has

hired a—what you call a governance coach. His last name is Alec [*phonetic*], I believe, and he spent time with the board to make sure that they understand what a conflict of interest is and to ensure that they're carrying out their responsibilities in a—in the proper way. They've executed a spending—executive spending policy. They have a finance policy, a procedures manual, delegation of financial authorities. They've defined the relationship and evaluation process between the board of directors and the executive directors. They've defined operational limitations that clarify expectations about operational matters and are intended to mitigate risks associated with the extensive authority delegated to an executive director.

So they've done those things, and I've looked at the policies that they've passed and their bylaws to ensure that I actually saw them with my own eyes.

Mrs. Driedger: Was the deputy surprised that these things weren't in place before and that she's come into this job and has now, you know, seen the auditor's report, and is she surprised that this agency was doing what it was doing and set up and didn't have some of these pretty basic governance structures in place?

Ms. Cramer: Coming from a department that had over 300 non-profits—not that this is a non-profit, it's an agency, a mandated agency—but I can say that governance, governance training and boards understanding what their roles are when they're volunteers is a challenge. It's an ongoing—also an ongoing opportunity to train and educate them. But am I surprised? Unfortunately, yes, but also no, because I think that if you look at board members, a lot of agencies, it's hard work, and I can tell you from looking from the outside in—and now I'm in again—that the child-welfare system is a tough place to be a volunteer on a board because you're really taking in a lot of risk. And so I think that—I think it's very important for authorities to ensure that boards are trained and I think it's very important for authorities to make sure that they're accountable to the public and to government, that they take that responsibility seriously.

So for me, my job is to ensure that authorities have the right tools to make sure that the agency boards are well trained and they understand what their responsibilities are delivering mandated services. I hope that answers your question.

Mrs. Driedger: Is the deputy confident that there are enough people on the board that have the financial

expertise to provide the kind of oversight that is needed for the agency?

Ms. Cramer: Yes, I am. I know that they went out to deliberately look for the right types of folks to sit on boards with the financial expertise. And then we also—like I said earlier, we—there's a coach that the authority assigned to the board to make sure that the board, if they were lacking in some areas, were able to get some training to ensure that they're able to oversee their responsibilities.

Mrs. Driedger: Who appoints the board members?

Ms. Cramer: From my understanding, there is a selection committee—a recruitment committee from the board, and many boards do have that—and that board committee looks at recruitment and bringing on board members.

Mrs. Driedger: What kind of support would that agency be given by the southern authority or by the minister's office?

Ms. Cramer: The southern authority has provided and continues to provide it. And the person is available to them in terms of governance, so there is that ability.

We also, I believe, and I'll look here—we've also—the board met with Meyers Norris Penny, auditors, to also help and support with respect to the audit for the fiscal year and discuss management. Later, the board did meet with the auditor and so on, so that there is—and we are actively looking and working with the authority to ensure that they're making sure that Animikii is doing business properly.

Mrs. Driedger: Who sets their budget?

Ms. Cramer: They're required to submit a business case, a business plan, and the authority looks at their budget and they submit that to the authority and then the authority works with us.

Mrs. Driedger: And what role does the department have in all of that, because the department has maintained control over all the—you know, the agencies. In the case of Family Services, the minister is still ultimately responsible, according to how it's all set up. So, what is the role of the minister in the department in overseeing all of this and oversight of all of—well, this agency and all of the others?

Ms. Cramer: Sorry, there's a few—I'm going to answer that in a few parts.

So, there's a system oversight in terms of the legislation and the man—and the work that's required,

the mandated work. So, the authorities oversee the agencies, of course, under legislation, and the CFS division has the responsibility twofold. One is to provide quality assurance and oversight of the authorities and also to work with the authorities in a partnership environment under the standing committee. So that's where they would look at policies and system issues that affect the delivery of child welfare. So, that's one piece of it.

And then there's the financial piece of it, which is where we provide the funding to the authorities for the operating—for the operating of the agencies. And that piece of it is reviewed also by our—by the—by our division and also by the finance and admin division and also by our agency accountability unit which is within that division.

The child-in-care maintenance is direct billed from the agency to the Province, and we have oversight over that, and we review special placements and the rates for special placements, and so forth. We also can request and have the authorities—and the authority's mandate is also to provide quality assurance and to review children in care, to review their needs, to review whether their care needs are being met, and also to review whether or not the associated cost per day per child is adequate and meets the needs of the child that's in care.

* (20:40)

We are also—based on many recommendations that this department has taken over many years, we are also implementing and looking at a new financial oversight model and we are looking at implementing that kind of model to attach more of a financial transparency aspect between the division and the authorities as well.

Mrs. Driedger: Looking at the foster home licences and a place of safety, the deputy has indicated that recommendations 18, 19, 20 and 21 have not been completed but are under way. What is the time frame in terms of hoping that these might be completed?

Ms. Cramer: We have been in ongoing discussions with the southern authority, and through that, through Animikii with respect to their policies around foster care place of safety and relicensing and so forth, and we have been looking at a schedule to review the draft policies and have them tabled for us by mid-November. That is what we've been informed of and we've been working towards that goal.

I can tell you that they are working quite diligently in terms of their foster homes and how many are licensed and so forth, and they just have ramped up. As you know, we've just been talking about their budget as well, that they have now the ability to go and hire staff and to move on that as well. So that's what we're undertaking: to do the work that's outstanding, but also to develop the proper policies and procedures to ensure that they are completing them in a timely manner.

Mrs. Driedger: Number—well, I guess, No. 17 was recommending that the agency schedule and conduct licence foster home reviews before a licence expires, and the deputy has indicated that that recommendation is in place now?

Ms. Cramer: No, I'd like to clarify that we are going to be reviewing their draft policies and procedures on how they're going to do that. But I can tell you that—that meet the standards—that meet our standards. They are still conducting even—they are still conducting foster-care-home reviews and the licensing process. They have 70 licensed foster homes that aren't unlicensed. They have a total number of 40 places of safety, and the number of places of safety that are more than six months old and under the standard they need to make application for foster care and 23 of them have made application for foster care.

So they are working diligently to address their program deficit, if you want to call it that and, also, at the same time, developing their policies and procedures that they can provide to us in writing.

Mrs. Driedger: And can the deputy give us some information—recommendation No. 19 was recommending that the agency conduct and document quarterly foster home visits consistent with department standards. Where is that in terms of how it is working right now? Are there quarterly foster home visits and are the standards being met and, if not, is November sort of the happening date?

Ms. Cramer: I've been informed that they are still not in full compliance with the quarterly visits, but they are working to do that. I also am aware that we are making them do a lot of things at once and they are also still ramping up in terms of staff and they are having—they've had a bit of staff turnover and they're training new hires on the provincial foster-care standards, and that they've just hired two new alternative care providers as well, so.

Mrs. Driedger: So, if quarterly home visits are not being made, how often are they be—are those kids being checked on?

Ms. Cramer: Okay. Just to clarify, the quarterly visits are with respect to meeting with the foster parents. The child-in-care cases is a monthly face-to-face visit, documented within 60 days and they are in 91 per cent compliance with all their cases.

Mrs. Driedger: What is place of safety, in terms of its definition?

Ms. Cramer: Place of safety is a home that is identified when a child comes into care that could take care of the child, instead of it going into an emergency shelter or into foster care.

Mrs. Driedger: I'm just curious: Are there some of those available, and how many would there be?

Ms. Cramer: There are—a total number of places of safety are 40.

Mr. Ewasko: Deputy, if I may ask, how many kids again were in foster care? I know that you stated that a little bit earlier—as of, I believe, March.

Ms. Cramer: I believe I said 585—five hundred and eighty-five children.

Mr. Ewasko: But how many are in foster care, out of—so 585 are in foster care? I think that was total cases that you were talking about earlier.

Ms. Cramer: Three hundred and forty-four children-in-care cases—child-in-care cases.

Mr. Ewasko: And then, so—Deputy, thank you for that answer, but how many—how many staff are there or caseworkers are with Animikii?

Ms. Cramer: I apologize—I know that question was asked already and I'm not able to answer that. I will get that answer for you.

Mr. Ewasko: Okay. Then I'm just—and I thank you for that, and I will wait for that answer and I apologize for the repeat on the question. But then, if we know that 91 per cent of the—I believe that's what the deputy just had stated a little bit ago, as far as case workers seeing a face-to-face on a monthly basis with all those kids, to me that seems like that's quite a percentage. I'm going back to one of the questions that Ms. Driedger had asked earlier in regards to some of the recommendations that were brought out by the Auditor General.

Was the deputy—I know she had asked whether you were shocked or surprised on a couple of the recommendations that were not possibly implemented before you came on—before you came on board, but in regards to the quarterly foster home visits, where, generally, do these one-on-one, face-to-face visits happen, if they're not necessarily happening in those foster homes?

Ms. Cramer: So, from what I understand is that if they're going to do a month to—a face-to-face visit monthly, then they could be surely making the quarterly visit. I believe that, from what I understand around the face-to-face, is that it's specific to see how the child is doing, and that the time spent is done there. I think that when you meet with the foster home, and I can clarify this, but I know that when you're meeting with a foster home you're talking to them about, sort of, how is the service being provided; you're going through a process with them. Now, I gather there could be workers who do both at the same time, but I do know that there's an enormous amount of pressure for workers to see every child once a month, and I think that if they had to choose which one they were going to do, if they were time limited, they would pick seeing the child face-to-face once a month, so.

* (20:50)

Mr. Gerrard: Let me just start by once more going over the numbers: 585 children, 344 children in care. I think that there were 18 which were extensions of care and then there were something over 200. Maybe you can give me that number again in protection.

Ms. Cramer: Two hundred and seventeen in protection.

Mr. Gerrard: And the remainder?

Ms. Cramer: Voluntary family services five, expectant parent services one, for a total of 585.

Mr. Gerrard: Now, the—those who are listed in protection, are those children which are in a place of safety or emergency shelters?

Ms. Cramer: The protection, those would be part of the children in care cases.

Mr. Gerrard: Okay, you—okay, so we've got 344 children in foster care, I presume in foster homes, and then you've got 217 who are in protection. Those children who are in protection, are they in places of safety or emergency shelters or where are they?

Ms. Cramer: Okay, so there are 344 children in care. They could be in foster care. They could be in places of safety, and the 217 that are identified in protection, those are open protection files where those children are at risk of coming into care.

Mr. Gerrard: You mentioned at one point that they had 86 per cent of the children that they were looking after in care. What is—where are the other 14 per cent?

Ms. Cramer: One—I'm just looking for the answer, and I'll—I have it. It's somewhere in here. I know where it—I'll find it.

So the question is where's the other 12 per cent? So we're looking at different timelines. So you're asking me about a caseload on a specific time frame. So March 31st, 2013, when I indicated 86 per cent, I was indicating that that was one of the challenges that Animikii faced when the audit was taking place. So the challenges Animikii faces are unique to Animikii primarily due to receiving only provincial funds, this despite having a high rate, 86 per cent of children in care from Treaty 3 communities, and this is a reflection of an overall percentage as opposed to a moment in time. So this would have been taken overall from '12-13 in terms of the caseload, because it's reflected in our—in the—when we did the review in terms of the financial statements from '12-13. That's the information I had.

Mr. Gerrard: When you mean '12-13, you're talking—I thought this review was done in two thousand and—well, it was completed in 2012, right, but it was done before that. Where does the '12-13 come from?

Ms. Cramer: Okay, so we are always looking at their financial statements, since they've been audited. We are also looking at—and we provided a new funding model to them based on their needs and based on their children in care.

So at any given time during the audit, after the audit, we would have looked at their children-in-care numbers and we would have then—and as we had indicated earlier, the number of children in care dictate the funding formula in terms of how they get operating dollars. So we could probably look at next year and we could say that their, you know, 72 per cent of the caseload are children in care, and their funding would reflect that, based on that caseload.

But if you asked me for the caseload today, it's going to be different than March 31st, 2013, as well.

So I apologize if I've made some confusion here in terms of the numbers or the percentages I was using, but they're two different moments in time.

Mr. Gerrard: Now, one of the things that you—by the way, welcome here, and we appreciate the fact that you're struggling a little bit and on the hot seat with—after just being two weeks on the job.

One of the things which you mentioned earlier on is that there are children and there's provisions where it's possible to safely support a child in a home and there's needs to provide for those needs. Are you saying that in circumstance where a child is not in care but it is supported in the home, that there's no operating provision for operating funding for children in that category?

Ms. Cramer: Okay, so in part of my opening remarks, we talked about a new system and a new way of doing—delivering child-welfare services. And part of that process includes providing services to children who, if not—if the family doesn't receive those types of services, then they—those children are at risk of coming into care.

So that's part of the new funding model for the CFS authorities, and it's also indicated in the explanatory guide for them, that there's three reasons why they are receiving this funding and the way that they are receiving it, and one of them is to enhance capacity for the child-welfare system to provide support services to families where immediate child protection services or the apprehension of a child is not warranted but where families are struggling with challenges that, left unaddressed, could result in children being at risk in the future.

So there is funding provided for that service, and that has been something that agencies and front-line workers have said, you know, if we just could help them here, we would not have to bring these children into care.

Mr. Gerrard: That funding which goes to children in families who are having difficulty, who could be supported so that they don't have to come into care, is that a block funding or is that based on the number of children and families in this circumstance?

Mr. Chairperson: If I can interrupt for a moment, we are approaching 9 o'clock, at which time we said we were going to revisit. What is the will of the committee?

Mr. Pedersen: Mr. Chairman, I would suggest we go 'til 9:30, with the idea that we would finish this

report that we're working on right now and if time allows, to go to the special audit, society of Manitoba with disabilities. And if we can finish that by 9:30, or else we'll just have to revisit at 9:30.

* (21:00)

Mr. Chairperson: Okay. It's the will of committee?
[Agreed]

Ms. Cramer, are you ready to respond?

Ms. Cramer: Absolutely.

Okay, so how they look at how they fund in terms of a block that is provided to the agencies to provide support to families where they are concerned or children are at risk of coming into care, there are several options, and that funding is provided to an agency and it's based on—partly it's based on the previous cases in the year, so part of their annual reporting. They also receive \$1,600 a case for family support, and then we also have a family enhancement program that's also able to support them and we also—the system has a differential response in the intake part of the child-welfare system. So if a call is received or the intake area is notified that they need to visit a family, then they'll make an assessment and a differential response model is used, and it's decided at that point whether or not support services would be better serving this family so that they could be more stabilized. Otherwise they go into the protection response, and that becomes more intense, obviously.

Mr. Gerrard: The 86 per cent which was and whatever it is precisely now, but 86 seems like a fairly high number. How would that compare with other agencies in terms of the per cent of children in care?

Ms. Cramer: That's a very difficult question because in other agencies they're bound by certain—either geographic boundaries or they're bound by First Nation communities, or in the Metis example they would be bound by self-identifying as Metis with Animikii. Animikii's sort of boundaries are all of Canada. So anyone who ends up in Winnipeg that's out of province, that's Aboriginal would be a potential Animikii client if they've become involved with the child-welfare system.

So right now primarily that service is servicing families coming from the Treaty 3 northern Ontario area: Kenora, Wabauskang, Grassy Narrows, Fort Frances, that kind of—that—those communities in that area. So I hope that—was able to answer the question.

Mr. Gerrard: I—it provides a little bit of—level of understanding. It still seems like quite a high proportion of kids in care, and it would seem to me that one of the questions which is important is this performance standards and what are the performance standards. So what are the performance standards and targets that you're looking at in terms of an agency like Animikii?

Ms. Cramer: So we would be looking at in terms of performance targets with respect to their adherence to—and I say we, meaning the system, meaning the authority that has the oversight and responsibility to ensure they're meeting the mandated services and the provincial standards. So the performances would be indicators within those standards and, also, we are implementing performance measures around national outcome measures, and so the first one, for example, that Manitoba is starting to test within the agencies is reoccurrence. So once a case is closed, does that child or that family come back into the system? So we are measuring that to see how often that happens and then we will go forward and measure some other ones, and I can go—if you give me a minute, I can go and find them and—so we are looking at the recurrence of service which is defined as child-welfare reinvolvement within 12 months after case closure. We are also looking at intake disposition, the number of intakes; family enhancement cases by agency; extensions of care by agency; and safety of child, which is made up of two components: child death while receiving service and serious child injury while receiving service.

Those are things we're going to be looking at, they're not—and let me be clear, that's not a performance indicator, those are things we're looking at under national outcome standards but we also are looking at some of these for performance indicators.

Mr. Gerrard: Yes, it seems to me that one of the very first things that I would like to know in terms of the outcome measures for these kids is how many are graduating and—from high school. And I don't know whether you are measuring this or not but I would hope that you are, and I would wonder if you have any measures in terms of the results from this agency.

Ms. Cramer: I don't have that information. And I agree that that would be a very important measurement to have and I can get that for the committee.

Mr. Gerrard: Yes, I look forward to getting that information in due course.

The children who are in Animikii, they may have come from Treaty 3 a month ago or it might have been 20 years ago. I presume it's going to be quite a mixture in terms of how long they've been in Winnipeg. Is that correct?

Ms. Cramer: Yes, that's correct.

Mr. Gerrard: Yes, in terms of the number of children in care in the province, we've got about 10,000 children in care which is high by comparison with other jurisdictions. And are you going to be looking at performance measures which try to look at how well we're doing in supporting kids in home as opposed to having to bring kids into care?

Mr. Chairperson: We're a little off the Animikii topic here, Dr. Gerrard, but I'll allow the deputy to answer if she wishes.

Ms. Cramer: Yes, your—I agree with you that we do have a lot of children in care, and, yes, we do have some of the highest numbers not only in Canada but in the world in terms of indigenous children in care. So for certain we're going to try and make every effort as did the previous deputy and the previous deputy and the ministers before. We're all trying to work at the same goal as well as the First Nations and the Metis community and families.

And I know in terms of even taking on this role my son asked me, he said, so, he goes, you're not going to have any more children coming into care? And I said mommy doesn't have a crystal ball, you know, we do the best we can with the standards we have, the legislation and the staff and the training and we rely a lot on the community, as well, to help.

Mr. Gerrard: Yes, I would just say, I think it's actually quite relevant here because we've got 86 per cent of the kids in care in this agency, which seems to me to be quite high although we're not given precise comparisons.

But I would ask a question on the Thunderbird Nest, on the Pedro Lake Lodge, which seems to have the capability of actually a fairly small number of families. And can you tell us what the need is in terms of is that the right kind of capacity or what, you know, sort of is the situation with this Pedro Lake Lodge?

Ms. Cramer: Pedro Lake Lodge is closed.

Mr. Gerrard: Was it—can the deputy minister tell us, you know, why it was closed and what's happened?

Ms. Cramer: It was closed because it wasn't licensed properly. It was licensed somewhat as a foster-care situation, which it is not. It had to be licensed as a residential facility and it was not making any of the—it didn't meet the criteria and standards for a residential-care facility [*inaudible*].

Mr. Gerrard: Yes, it seems to me that there are potential—that there is potential, in terms of discussions that I've had with people in various parts of Manitoba, for taking family and helping the family sort their issues out. In fact, it seems to me that when I was in Nelson House, that they seemed to have a very effective program which is not quite like what Pedro Lake is or was. So what's the approach that the department is going to take to funding say models like that being used at Nelson House, which seem to, you know, be effective, you know, right, in helping families and having fewer kids come into care. But you're no longer providing—well, I mean you're telling us that this model doesn't fit, so what does fit?

* (21:10)

Ms. Cramer: To clarify, I'm not saying that the model or a model doesn't fit. It needs to be licensed in the proper—the model needs to be licensed in the proper standards in the proper way. I can tell you that there are different agencies that have different family reconciliation programs that are similar to Pedro lodge, but they've gone through the process of being licensed in the appropriate manner to receive so that we are able to review them in the appropriate way as well to ensure that they're meeting all the service delivery standards and so forth. If Pedro lodge chose to go through a residential-care facility licensing process, then they would be open today. They made a decision not to do that.

Mr. Gerrard: Yes, thank you, that's much clearer.

The 36 per cent of foster homes, which I think were not licensed, you were giving us some figures, I think, in terms of foster homes that—what's the total number of foster homes? How many are licensed, how many are not licensed as of the latest numbers that you've got?

Ms. Cramer: I can tell you that the number of foster homes that are licensed are 70. The number of foster homes that are unlicensed are 38. The number of places of safety are 40. The number of places of safety that are more than six months old are 24, and of those 23 are in application for foster home.

Mr. Gerrard: Okay, so of the places of safety there are 16 or 17 which are—well, there are 17 which have not made application for—to become foster homes, and of those 17 some are fairly new to the system. How long do you expect, you know, it to take for a place of safety to make application to become a foster home?

Ms. Cramer: So the standards—there's a couple of standards. One is that a place of safety doesn't have to become a foster home. They can be time limited and child specific, and once they are a place of safety for up to six months then they can make application to become a foster home. So I would suggest that the 16 that are not making application, they are below the standard that requires us to offer them to make application to go to foster care. There's one of the 24 that is deciding not to make application to foster care.

Mr. Gerrard: Yes, there are 38 foster homes which are not licensed. What's the timeline for those to be licensed?

Ms. Cramer: I know that Animikii is working diligently to try and license them. So it's an ongoing effort for them. I don't know when they'll be finished because I don't know where they are in the 38, whether they are at the end, the beginning or in the middle of their licensing process. So I can't give you a date as to when all of them will be finished, completed. I'm sorry.

Mr. Ewasko: Now, the deputy mentioned that out of the 25 recommendations, 21 were completed and there's four still ongoing. So I'd like to ask the Auditor General if she is happy with the fact that those 21 recommendations have been looked at or have been completed?

Ms. Bellringer: We're currently conducting our follow-up procedures for the report that will be issued in the new year, and this is going to be included in there. So we reserve judgment until we've finished our work because, at that point, we'll verify whether or not the status that the agency and the authority are reporting are indeed the case.

Mr. Ewasko: And thank you, Auditor General, for that answer.

To the deputy, just—and I thank Mr.—or Dr. Gerrard for the question on the Thunderbird Nest Children and Family Centre question, and it's interesting to hear that it is now closed. It's interesting that the initial lease was signed for five years at an amount of \$2,200, plus GST, to the

once-known Pedro Lake Lodge and then additional—if there is any type of renovations to the facility, it had to be—those renovations and the furniture, et cetera, had to be occurred—incurred by the agency itself. And so we're looking at \$159,000 on renovations to the facility and then another \$27,000 that was spent by the agency on furniture and equipment for the facility, on top of the \$2,200 per month which is, you know, a nice sum of money—close to—well, over \$300,000 in five years. And to top that all off, it's very interesting to read that there was no business plan put into place. So it seems that somebody had thought that this program was going to be worthwhile, but didn't do their due diligence in checking whether it was going to be sustained over quite the period of time, and we're looking at a lease of five years. So to me, it just seems that—it seems very, very odd that the department would agree for this—agree to this agency to carry on with this program and now has shut it down, so I'd like a comment from the deputy.

Ms. Cramer: We are and have asked the authority to look into this matter, as to how this came to be, in terms of similar questions that you have.

Mr. Ewasko: Okay, so then I guess—I thank the deputy for that answer.

So, I guess, to the Auditor General, a question or possibly a comment: Just when they're going into the follow-up to then maybe take a look into who owned—who owns the Pedro Lake Lodge and who is—who owns it now, and then also some of the, you know, possible board members and from listening to—earlier on in our—in some of our discussions, maybe some conflicts of interest. It's very interesting to me that that sum of money has been put into this place and now the agency sort of has walked away. So comment—question—I don't know if you have—

Mr. Chairperson: Ms. Bellringer?

Ms. Bellringer: Can you just give me a second?

Mr. Chairperson: Oh, sure.

Ms. Bellringer: In a situation like this where we would hear that the—it's now been closed down, that wouldn't—we wouldn't just leave it at that. We would want to know more about it. I'm glad to hear that the department is asking the authority to look into it. It was an unusual situation, so we had concerns but we didn't know any specifics. For example, we were not made aware of any definite conflicts of interest, but we were not comfortable with the whole arrangement.

Mr. Chairperson: Any further—oh, Ms.—Honourable Dr. Gerrard.

Mr. Gerrard: Yes, one further question. I mean, this is an instance where most, if not all, of the children, are—well, they may be Aboriginal, but they're not living in their home community and therefore all the dollars, from what I can understand, are provincial. In the case where there is federal dollars involved, is the federal dollars contribution identical to that of the provincial contribution, or there's a—or is there a differential?

* (21:20)

Ms. Cramer: For children in care, for First Nations children in Manitoba, there's a direct billing relationship to the federal government, and the federal government does provide operating dollars to the First Nation agencies for their agencies that are located on reserve. So they do receive funding for that. The children in care, in terms of their needs, are assessed, and what that assessment ends up looking like is what the child-in-care rate is for those children if they're special rates. We do set children-in-care rates that are not special placement-in-care rates, if you're able to follow that.

Mr. Gerrard: Just, if I may, is the federal allocation identical to the provincial allocation or—in the same circumstance, or they're completely different models?

Ms. Cramer: Their—so the children-in-care costs are the same. Their operating dollars, I'm not aware of if they're the same or not. The—I will tell you that CFS agencies report to the authorities and they would provide that overhead cost or the operating cost that the federal government provides to the First Nation agencies. I can tell you that the First Nation agencies combined, for on-reserve children in care, an operating total about \$60 million.

Mr. Chairperson: Are there any further—oh, there is another response to a question, Ms. Cramer?

Ms. Cramer: So the address for Animikii is 352 Donald.

Mr. Chairperson: Thank you. Any further questions? Or another response, Ms. Cramer?

Ms. Cramer: Just to confirm, the children-in-care costs are the same as I had mentioned.

Mr. Chairperson: Okay, thank you. Further questions of the deputy on this particular report?

Seeing none, we will move on to Auditor General's Report—Follow-Up of Previously Issued Recommendations—dated January 2013, Section 7—Special Audit: Society for Manitobans with Disabilities. And the deputy minister has included a statement in her previous statements, so I'll ask the Auditor General if she wishes to make a statement regarding this report.

Ms. Bellringer: Seeing as it's a follow-up report, I will not.

Mr. Chairperson: Thank you.

Questions from the committee?

Mr. Pedersen: And you may have covered this in your opening comments, which seem like a long time ago now, but—so if you've answered it already, just tell me so, but there was—the department was to improve co-ordination between the three areas that monitor compliance. And so has that been done, and if it's ongoing, what is the timeline for getting that co-ordination done?

Ms. Cramer: So I can tell you that since 2009 the departmental staff have been meeting with SMD staff on an ongoing basis at least quarterly to review the budget, expenditures, service targets and outcomes, and these meetings are also a forum to share information, address emerging issues and seek clarification as required on both sides, the program side and the service delivery side. These meetings include government representatives from the program branch, financial analysts and staff from the agency accountability support unit. And the SMD representatives include the COO of SMD services, the program managers and the agency's senior financial officers. So we are meeting at least quarterly as a group to go over any issues that are arising.

Mr. Pedersen: If I heard you correctly, you—there have been guidelines developed for co-ordination between these?

Ms. Cramer: I just wanted to get clarification because that answer is kind of for two different—it's recommendation No. 2, I believe, and I'm going to give you an answer that's a little bit more fulsome.

So we continue to work on the development of a clear definition of an administration and overhead costs, so that's being clarified. We're defining these costs, and it's a complex task, primarily because of the very needs and circumstances of the agencies and

the items that may be considered appropriate for funding.

So we're doing this overall for all the agencies that provide disability services for us or for our clients. So it's not just for one organization; there's 200 organizations that will be impacted by this definition. So we need to make sure we're carefully and thoroughly looking at what that means for them. And we plan on finalizing the definition as part of the funding model review and anticipate will be completed by the end of March 2014.

Mr. Pedersen: So the review will be done by March 2014, or will it be implemented then, and if—or when is the implementation date for these guidelines?

Ms. Cramer: So we plan on finalizing the definition by March 31st, 2014, and then, at that point, we'll go through the process of making sure everyone's satisfied, and then we'll start the implementation process.

Mr. Pedersen: In recommendation No. 3, there was a recommendation that the department's position on intercompany transfers, putting provincial money at risk: Will there be a clause added to service purchase agreements indicating that this practice will not be allowed?

Ms. Cramer: So, I can tell you this, that it currently exists in our service purchase agreement, section 504, so what we've done is that we've started to clearly indicate to our agencies that that piece does exist and we've clearly indicated that to SMD that the section states that the service agreement, that all payments under the SAP are to be used for the sole purpose of providing the services outlined in the agreement, unless otherwise agreed to in writing by Manitoba. This clause was brought to the attention of SMD and a letter was sent to the agency, November 5, 2010, directing them to immediately cease the practice of intercompany transfers, 'incl'—involving public funds. So it does exist in our current SPA, and I did ask to see the current SPA, and I did look, and it does exist, so.

Mr. Pedersen: So, to the Auditor General, that would cover the—your recommendation on intercompany transfers?

Ms. Bellringer: As soon as it's in an SPA, we—service purchase agreement, we would be fine with it, but not until then.

Mr. Pedersen: So is it in a service purchase agreement, an SPA?

Ms. Cramer: Yes, a service purchase agreement is an SPA.

Mr. Pedersen: Just a couple more questions here. As part of this review that you've done with SMD, and I would imagine—you mentioned 200 other agencies—does—has SMD developed a strategic plan, then?

Mr. Chairperson: Ms. Cramer?

Ms. Cramer, maybe before we ask you for your answer, Ms. Cramer, we agreed to sit 'til 9:30, and we're approaching that time. Is there a suggestion from the committee?

Mr. Pedersen: Ten minutes at the most, and I think—

Mr. Chairperson: Shall we say 9:45?

Mr. Pedersen: Yes.

Mr. Chairperson: Is that the will of the committee?
[Agreed]

Very good. Thank you.

Ms. Cramer: Thank you. So, we work with SMD and we also understand that SMD is an entity of Alliance, which is an independent, autonomous entity with full control over its structure and operation. And so we've, through the—through our working relationship with SMD, and we are asking and encouraging SMD and Alliance to update their organization's strategic plan and share it with the department, so we have made that request to them. And we are waiting for them to provide us with a strategic plan.

Mr. Pedersen: Along with the strategic plan, would that include a policy manual?

* (21:30)

Ms. Cramer: Yes. And we've been advised that they are developing and maintaining and revising a policy as an ongoing task, which is—they're committed to. Progress has been made in this area and the agency will continue to proceed with this work.

So they are developing and maintaining and revising their policies. So developing the ones they need, maintaining the ones they have and revising them as they need to.

Mr. Pedersen: From my experience with volunteer agencies and other agencies, policy manuals are a work-in-progress all the time. But is—so is there a

system of—have you developed a protocol for reviewing this, both the strategic plan and the policy manual, or is it just—are you content with it just being an ongoing work-in-progress?

Ms. Cramer: So I can advise that the board has met on several occasions and has had numerous discussions on this matter and the discussion continues about the scope and the impact of the strategic planning, and also that a task force will be used to feed the strategic planning process which continues in the months ahead. That's directly from SMD.

I can also advise that, as I said, that in—I agree that it is an ongoing process for all entities to continue to update and revise their policies, as it's an ongoing requirement, and that several papers have been reviewed by the board in terms of the policy development, from SMD to their board, and that a report was received with existing procedures and policies that reviewed and highlighted to all SMD entities for compliance.

Mr. Pedersen: Just a follow-up question on one of the other facts that came out. It was listed as approximately 170,000 people with disabilities. Is that—or one in six Manitobans. Is that number still accurate, or what—where do you peg people and, I guess, defined as with disabilities?

Ms. Cramer: I will have to ask that I can get back to you on that question.

Ms. Howard: Yes, my understanding, the information I have, having been here 'til 4 in the morning talking about this issue, is that there's about 200,000 Manitobans that would self-identify as having a disability. Whether all those folks would qualify for or use the services of SMD is another question.

Mr. Chairperson: Are there any further questions of the deputy minister on this report?

Seeing no further questions, does the committee agree that we have completed consideration of

chapter 6 of the Auditor General's report, Office of the Fire Commissioner, dated January 2013?

An Honourable Member: Agreed.

Some Honourable Members: No.

Mr. Chairperson: Hearing no, all right.

Does the committee agree that we have completed consideration of the Auditor General's Report—Annual Report to the Legislature—dated January 2012, Chapter 3, Animikii-Ozozon Child and Family Services Agency: First Nations of Southern Manitoba Child and Family Services Authority; Department of Family Services and Consumer Affairs? *[Agreed]*

Hearing yes, Auditor General's Report—Annual Report to the Legislature—dated January 2012—pass.

Does the committee agree that we have completed consideration of the Auditor General's Report—Follow-Up of Previously Issued Recommendations—dated January 2013, Section 7—Special Audit: Society for Manitobans with Disabilities? *[Agreed]*

All right, thank you. That concludes the business before us this evening.

So we will refer the other two reports to a future meeting of the Public Accounts Committee, and before we rise, I would appreciate if members would leave behind any unused copies of the reports so they may be collected and reused at the next meeting.

Do we have agreement with the committee—from the committee that those two reports are not to be dealt with this evening? *[Agreed]*

That concludes the business before us. The hour being 9:35, what is the will of the committee?

Some Honourable Members: Committee rise.

Mr. Chairperson: Thank you. Thank you to everyone, to the minister and deputy ministers.

COMMITTEE ROSE AT: 9:35 p.m.

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