

2015: EYCC10

MEMORANDUM TO: Chief Administrative Officers, CMSMs/DSSABs
General Managers/Commissioners, CMSMs/DSSABs

FROM: Pam Musson
Director, Early Years Implementation Branch
Early Years Division
Ministry of Education

Marie Li
Director, Financial Analysis & Accountability Branch
Financial Policy and Business Division
Ministry of Education

DATE: **April 21, 2015**

SUBJECT: **2015 Child Care Financial Compliance Audit**

As outlined in the 2015 *Ontario Child Care Service Management and Funding* Guideline, the Ministry of Education has developed a financial compliance audit strategy for Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs). Auditing is a cornerstone of good public sector governance. By providing unbiased, objective assessments of whether public resources are responsibly and effectively managed to achieve intended results, auditors help organizations achieve accountability, improve operations and instill confidence in the taxpayers of Ontario and stakeholders.

The focus of the audit will be a review of child care fee subsidy, but does not preclude the inclusion of other audit components. The purpose of the financial compliance audit is to:

- strengthen accountability within the child care sector
- ensure that expenditures and data elements driving the funding entitlement are properly reported in EFIS

- to ensure fairness and consistency across the province in determining access to subsidized care
- gather field intelligence on data
- validate/strengthen existing processes to inform future policy decisions, and
- obtain best practices contributing to continuous sector improvement

The Ministry will roll out its financial compliance audit strategy in phases:

- Phase 1 (Pilot): June 2015, 2 CMSMs will be audited
- Phase 2 (Pilot): Fall 2015, 1 DSSAB will be audited
- Phase 3 (Maturity): 4 CMSMs and 1 DSSAB audit per calendar year

CMSMs/DSSABs selected for an audit will be notified in advance and provided with further information to get ready for the audit. The audit will involve:

- An interview of municipal staff to determine and evaluate the internal controls that have been established by the CMSM/DSSAB to ensure the accurate reporting of fee subsidy data to the ministry
- Fee subsidy field audits conducted by ministry staff at CMSM/DSSAB offices
- Audit findings report

Prior to the field audits, ministry staff will request information in order to perform an initial analysis and select the audit sample. The desk audit portion of this compliance activity will be undertaken approximately one month before field visits are scheduled.

In order to facilitate this compliance audit selected CMSMs/DSSABs will be asked to assign a municipal liaison to work with ministry staff. This will help ensure the audit process is efficient and timely receipt of records and documentation for completing both the desk audit and field visit.

The Ministry looks forward to strengthening our collaboration with CMSMs and DSSABs as we proceed to implement the audit strategy within child care. If you have any questions, please contact your Ministry assigned [Financial Analyst](#).

Sincerely,

Original signed by:

Marie Li
Director, Financial Analysis &
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Financial Policy and Business Division

Pam Musson
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