

OFFICE OF THE  
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of British Columbia

**Management of  
Child Care Grants**

**Ministry of Women's Equality**

**Performance Audit**

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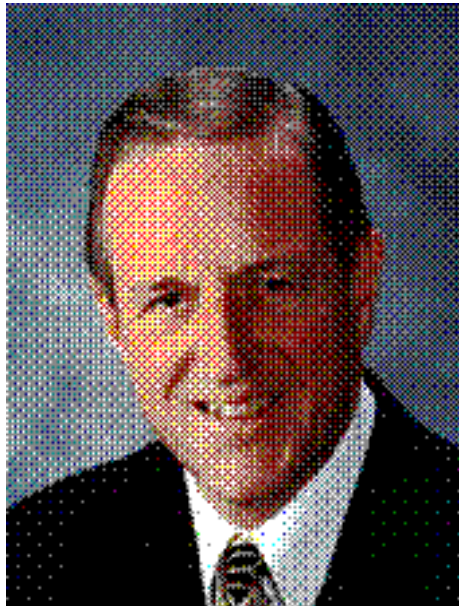
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# auditor general's comments

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This report, my first to the Legislative Assembly for the 1996/97 year, contains the results of my office's performance audit of the management of child care by the Ministry of Women's Equality.

The ministry is responsible for coordinating child care policy across government. As part of this coordination it provides information about child care needs to decision-makers in other ministries. The ministry also provides grants to community groups and child care facilities to improve the quality, affordability, and accessibility of all types of child care.

In this audit we first assessed whether, over the past three years, the ministry had properly coordinated child care information for the government-wide BC 21 Child Care Expansion Initiative, which resulted in approximately 3,000 new or relocated child care spaces at a cost of

\$32 million. Proper coordination of child care information was needed to ensure that facilities being approved for construction by other government agencies conformed with provincial objectives for child care.

We also examined the ministry's management of annual spending of more than \$20 million, over which it has direct control, and its management for results. With increasing pressures to make good use of limited government funds, it is important to ensure that money is not being given to the wrong people or in the wrong amounts. Also, my Office is continuing to emphasize the need to focus on the actual results of government programs, rather than simply on activities and money spent, to improve the way programs are managed and delivered.

We examined ministry spending for: the Wage Supplement Initiative for raising child care worker wages; the Child Care Grant Program for providing incentives to child care facility operators to maintain or expand the existing number of child care spaces; and the Child Care Support Program for funding independent non-profit agencies that provide child care information to providers and parents.

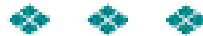
We concluded that the ministry is properly managing spending and making progress in managing for results. However, it could do more to determine where child care needs are greatest so that limited funding can be put to the best use—

**with respect to ministry spending and coordinating cross-government projects.**

**I greatly appreciate the cooperation shown to my audit staff by the ministry's executive and staff throughout the audit.**

*George L. Morfitt, FCA  
Auditor General*

*Victoria, British Columbia  
September 1996*



# highlights





# management of child care in british columbia

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## Audit Purpose and Scope

We conducted this audit to assess whether the Ministry of Women's Equality is:

- coordinating information so that new child care spaces are being built by other government agencies where the need is greatest, according to child care standards, and in locations that do not compete with existing facilities;
- managing spending so that ministry child care funds are used only for approved purposes; and
- managing for results by assessing the extent to which ministry spending is achieving intended child care goals.

As our focus was on the Ministry of Women's Equality, we did not audit the work of other ministries involved in child care, such as:

- Ministry of Social Services administration of day care subsidies for parents with low incomes or special needs children;
- Ministry of Health licensing of child care facilities and workers; and
- Ministry of Education, Skills, and Training provision of child care worker training and support services for child care at educational institutions.

Our audit field work took place from December 1995 to March 1996. During that time we examined ministry activities between April 1994 and December 1995. We also considered the effects of the ministry's newly developed strategies pertaining to those programs being audited, such as how to evaluate results of new programs being funded under the joint federal-provincial Child Care Strategic Initiative pilot project.

## Overall Conclusion

As part of the three-year \$32 million cross-government BC 21 Child Care Expansion Initiative that ended in 1995, over 3,000 child care spaces were created or relocated in hospitals, schools, colleges, and universities. We found that the ministry contributed positively to this initiative by approving new

spaces that were constructed according to child care standards and in locations where they would not compete with existing facilities. However, because it did not have adequate information about unmet needs on a regional basis, the ministry was not able to determine whether priority was being given to areas of the province where child care needs were greatest.

In managing its own spending, the ministry gave out \$34 million in child care grants from April 1994 to December 1995 with due regard for stated priorities for types of care, and all to eligible recipients in accordance with approval guidelines.

In managing for results, the ministry needs to do more to set measurable goals and collect information about the extent to which they are being met. In recognition of the desirability of stating goals in measurable terms, the ministry has joined a recent government-wide initiative to improve accountability. It has begun work to assess properly the impact of its spending by developing key measures for all of its child care programs, and by gathering initial data for most of these measures.

## Key Findings

**New child care spaces do not compete with those already existing, but may not be where they are most needed**

As coordinator for the BC 21 Child Care Expansion Initiative, the ministry provided child care information to other ministries that spent \$32 million to create or relocate approximately 3,000 child care spaces from 1993 to 1995. The ministry reviewed applications for funding to ensure that new spaces would meet child care standards and be built far enough away from existing facilities that they would not take away from existing enrollments.

Although the ministry had details about locations of child care facilities and enrollment numbers, this information had not been compared with estimates of demand for child care to produce a provincial picture of unmet child care needs. The ministry lacked information on where child care deficiencies were greatest and, as a result, its BC 21 partners simply responded to the areas where community child care groups were organized enough to apply for funding.

**Child care money is being spent only for approved purposes**

For each of its child care grant programs, the ministry has developed guidelines that agencies have to meet to qualify

for funding. The guidelines describe the standards of quality and types of services and expenditures that the government will subsidize. We concluded that the \$34 million given out by the ministry from April 1994 to December 1995 was given only to agencies that met specified standards and only for the types of services and expenditures included in approval guidelines.

The wage redress initiative raises caregiver wage levels, but its impact on accessibility, quality, and affordability of child care is not yet known

Child care workers have been identified as among the lowest paid in the social services sector. As part of a cross-government wage redress initiative, the ministry gave out \$15 million from April 1994 to December 1995 to child care facility operators to distribute to caregivers. It then followed up to see that operators had given the money to their employees in prescribed amounts. Since the program started in 1994, average wages for eligible child care workers in licensed child care centres have gone from \$11 to \$14 an hour.

The ministry believes that its wage supplement program has important secondary impacts on accessibility, quality, and affordability of child care. However, the ministry has not yet assessed the extent to which the program affects these goals. One reason the ministry gives for this is that the program focuses on a narrow section of existing child care arrangements—licensed child care centres serve only a small percentage of children receiving care. Therefore, the impacts on quality, accessibility, and affordability may not have far-reaching effects on the child care system as a whole. Another reason given is that measuring outcomes of program spending is still a relatively new concept in government, and the ministry needs more time to collect information about changes in worker turnover, worker qualifications, and parent fees.

Ministry gives priority to funding care for infants and toddlers, children in rural locations, and out-of-school care children, but does not set targets for meeting deficiencies in child care needs

The ministry supplies grant money to child care agencies as an incentive to create or maintain spaces for types of child care that have been identified as deficient. Grants audited were found to be given out with due regard for ministry priorities, namely child care for infants and toddlers, children in rural locations, and out-of-school care children.

Although priorities are established in terms of types of care to fund, no targets are set for the number of child care

spaces that are to be created or maintained with the resources assigned. To do this would require the ministry to develop standard cost guidelines for building and for maintaining child care spaces, and it has not done so.

## Ministry is making progress in measuring performance of its Child Care Support Program

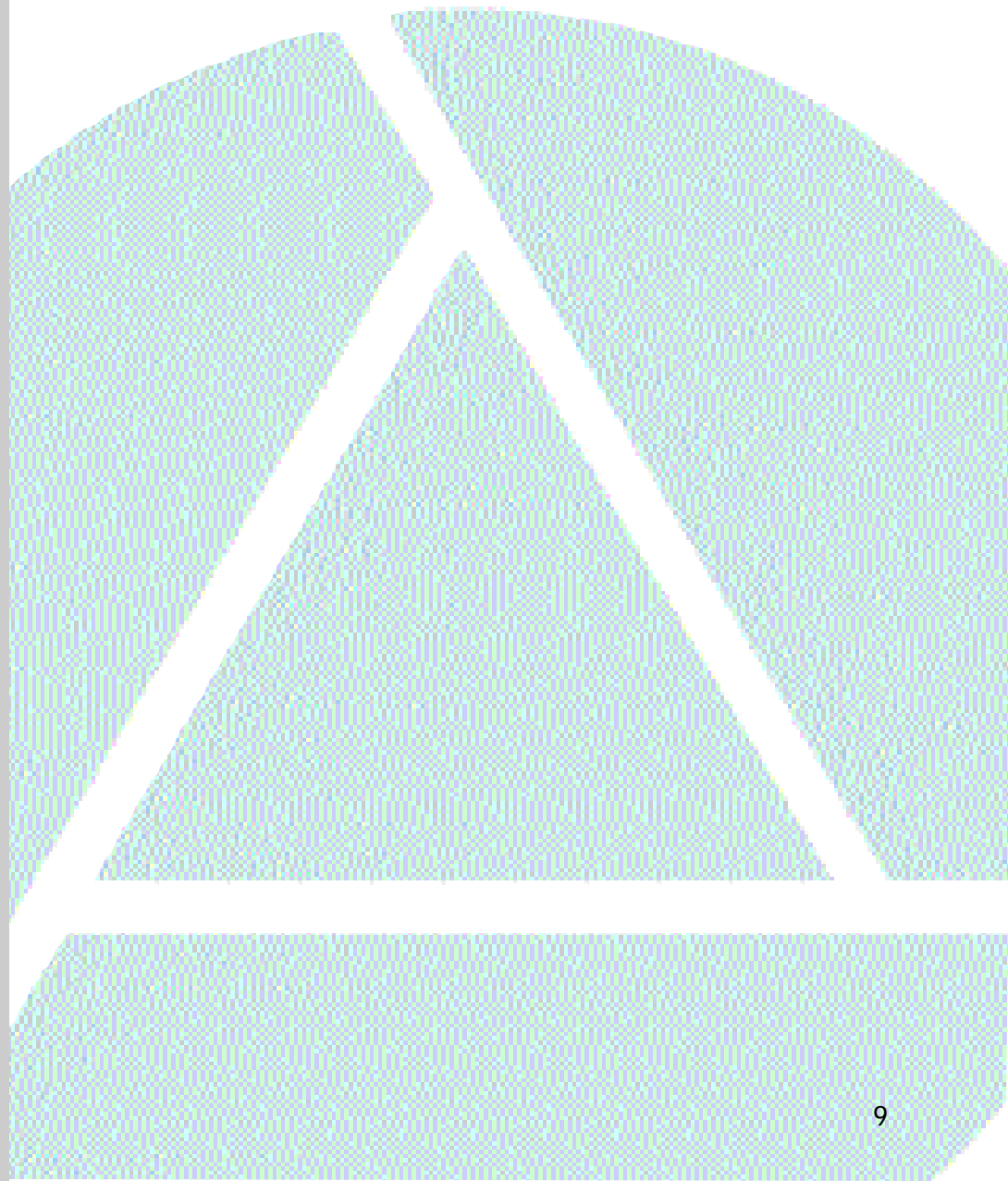
The ministry's Child Care Support Program contracts with non-profit agencies to assist caregivers in improving the quality of child care and parents in obtaining child care. Until recently, the ministry focused its measurement efforts on the activities of program agencies, such as the number of training courses given for caregivers and the number of parents referred to child care facilities. This was done as a means of monitoring whether agencies were meeting contract requirements.

To meet the evaluation requirements of a joint federal-provincial Child Care Strategic Initiative pilot project, the ministry is now giving more attention to program results by measuring indicators that are linked to changes in quality and accessibility of child care. For example, increased usage of training and other resources provided to caregivers will be used as an indicator that the quality of care they provide is likely to improve.

In so doing, the ministry is moving toward being able to evaluate the extent to which this program is having an impact on quality and accessibility of child care. However, we believe the ministry should also consider ways of measuring more directly the extent to which, as a result of using program services, caregivers actually do provide better quality care and parents are better able to access child care arrangements.



# detailed report





# introduction

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## A Brief History of Child Care in Canada

The evolution of child care in Canada mirrors the country's social and economic development during the last century. Before the second world war, not many mothers worked outside the home. During the war that situation changed, as women entered jobs left vacant by men involved in the war effort. When the war was over, many of these women decided to remain in the work force and the need for non-parental child care became apparent. Within a few years, government saw the need to regulate the quality of care, and began to license and inspect child care facilities.

In the 1950's, the need for training of child care workers was recognized, with a growing emphasis on how to provide quality care. In the 1960's, government began to offer child care subsidies to low income families to enable parents to enter or stay in the work force. In the 1970's and 1980's, the number of working mothers continued to grow and, at the same time, the demand for child care increased. A number of federal studies were conducted during that time, all of which pointed to a need for improved access to child care.

In 1987, in response to continuing public demand for more adequate child care, the federal government commissioned the Canadian National Child Care Study to assess the adequacy of child care and the need for government involvement. The study found that more than half

of the parents who wanted to use licensed child care were unable to receive such care, usually because of the lack of available spaces. The study concluded that:

*Canada's child care and parental leave programs fall short of meeting the needs of children, parents and society. The time is long overdue for governments to take action to remedy the situation, as all Canadians pay for the effects of inaction. Parents pay in terms of stress, earnings interruptions, and missed employment opportunities. Children pay when they fail to develop the skills needed to succeed in this complex world. Employers pay through lost productivity, now and in the future. Society pays for the creation and maintenance of remedial services.*

In the 1990's, the debate about how much government funding should go to support child care has continued at both the federal and the provincial levels.

## Government's Response to the Call for Child Care

In British Columbia, as in the rest of Canada, families are becoming more diverse in their composition, work patterns, and needs. As people continue to move away from their places of origin, they are less likely to have family members close by to assist with child care. Rising divorce rates have resulted in a corresponding increase in the number of single-parent families, mostly led by women. Also, most

two-parent families are today likely to be two-income families.

The proportion of women in the British Columbia work force has been steadily rising and is now more than 45%, thus increasing the need for child care. Of 640,000 children aged 12 years and under in

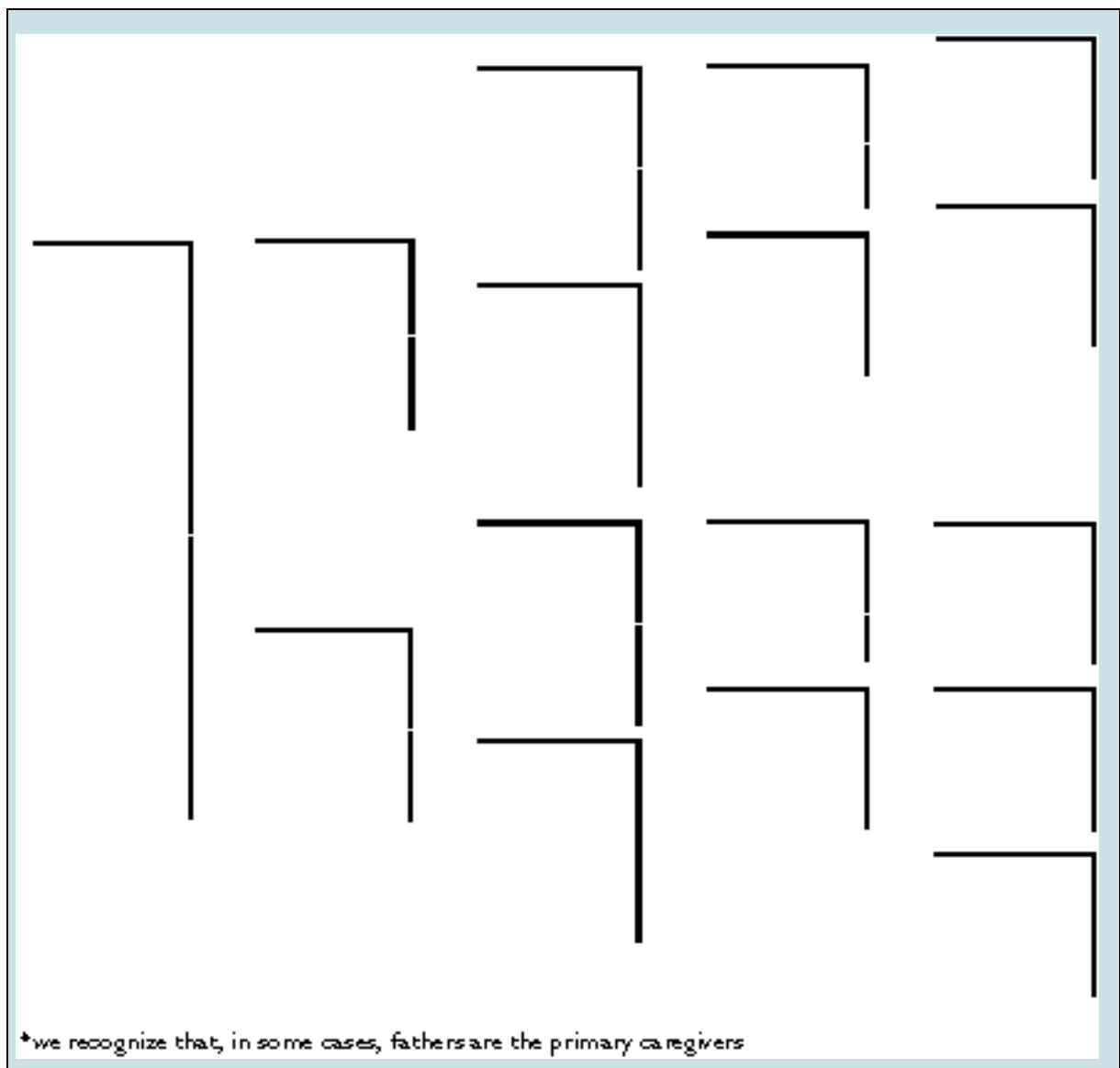
1995, approximately two-thirds did not have a parent at home full-time (Exhibit 1).

In 1991, in the wake of the National Child Care Study, the British Columbia government established the provincial Task Force on Child Care. The report of

## Exhibit 1

### Child Care Arrangements for Children in British Columbia

Children 12 years of age and under



Source: Prepared from information provided by Ministry of Women's Equality based on current estimates for the number of children and percentage estimates in the 1987 Canadian National Child Care Study



its work, *Showing We Care—A Child Care Strategy for the 90's*, identified the need for coordination and funding to support, stabilize, and expand child care services.

The Task Force found that one of the main barriers to expanding child care was that no individual ministry had responsibility to oversee the development, delivery, and support of a full range of child care options. It also pointed to research findings suggesting that a \$1 investment in child care returns \$6 in taxpayer savings because of lower costs of public welfare and crimes and higher worker productivity.

The Ministry of Women's Equality was formed in 1991 and given responsibility for managing all child care spending, including day care subsidies and special needs day care funding administered by the Ministry of Social Services.

The Ministry of Women's Equality now coordinates child care policy across government and is responsible for the development, implementation, and delivery of programs designed to meet the following goals:

- assist communities to address child care needs;
- improve the quality, affordability, and accessibility of all types of child care;
- stabilize existing child care facilities; and
- expand child care services and options.

The ministry's child care branch, which has 22 full-time equivalent staff, has three program areas: the Wage Supplement Initiative, Child Care Grants, and Child Care Support.

To encourage an increase in the number of regulated spaces, most of the province's funding for child care in the last five years has gone toward licensed care. From May 1991 to July 1995, the number of licensed child care spaces in the province has grown by almost 50%—from 43,000 to 63,000. At the same time, care arrangements for which licenses are not required continue to provide the majority of child care spaces. Growth figures are not readily available for this sector because it is not regulated by government and, while some such spaces are registered with the ministry's Child Care Support Program, it is not known what percentage they are of the total.

## On-Going Initiatives Related to Child Care

### Ministry of Women's Equality

A number of initiatives now underway are expected to have significant effects on the delivery of child care. One of these is the *Child Care Strategic Initiative* project, a joint federal-provincial cost-sharing program set up in 1995/96 to examine the planning, delivery, and effectiveness of new and innovative ways of managing and delivering child care services.

One component of this ministry initiative is "Community One-Stop Access Centres" that will deliver centralized and coordinated access for caregiver training and equipment loans, and for parent referral to child care facilities or financial assistance.

Another component, "Community Demonstration Projects," aims to test new approaches to improving the quality

of child care in a variety of settings including the unregulated sector. These projects will also examine ways of improving child care financial and administrative management; integrating and coordinating child care services to meet specific community needs; and improving accountability for the use of public funds.

### Ministry of Social Services

The *BC Benefits* program was set up in 1995 to encourage people on income assistance to enter the work force or job training programs. One child care-related impact of this program is that single parents requiring assistance now have to look for work as soon as their children reach seven years of age, rather than the former age of 12. As those affected return to work, the need for child care is expected to increase.

### Transition Commission for Child and Youth Services

Recent events have captured the public's interest in the care and welfare of children. Following the death of young Matthew Vaudreil in 1994, Judge Thomas Gove conducted an inquiry into the adequacy of child protection services in British Columbia. His report contained recommendations that led to the recent appointment of a Transition Commissioner for Child and Youth Services. During her three-year term, the Commissioner is to develop and implement new ways for protecting children. This will include, among other things, an examination of how child care providers are recruited, trained, and accredited.

## Child Care is a Shared Responsibility

The Ministry of Women's Equality is responsible for supporting, stabilizing, and expanding child care in conjunction with other government agencies having complementary child care responsibilities (Exhibit 2). It does this by leading an interministry Child Care Policy Team that supports government's child care objectives and coordinates child care policies and programs.

The Minister of Women's Equality also solicits advice on provincial and community child care needs from a Provincial Child Care Council. Members are nominated by community groups and are appointed by the Minister, who aims to get representation from a range of geographical areas and interest groups in the province.

## Child Care Principles

Three principles are generally accepted as vital for a sound, comprehensive child care system: accessibility, quality, and affordability.

### Accessible Child Care

Accessibility relates to a parent's ability to obtain child care that meets her or his needs—licensed or informal, family- or centre-based, full- or part-time, and during normal or other working hours. Improving accessibility of child care is primarily the responsibility of the Ministry of Women's Equality.

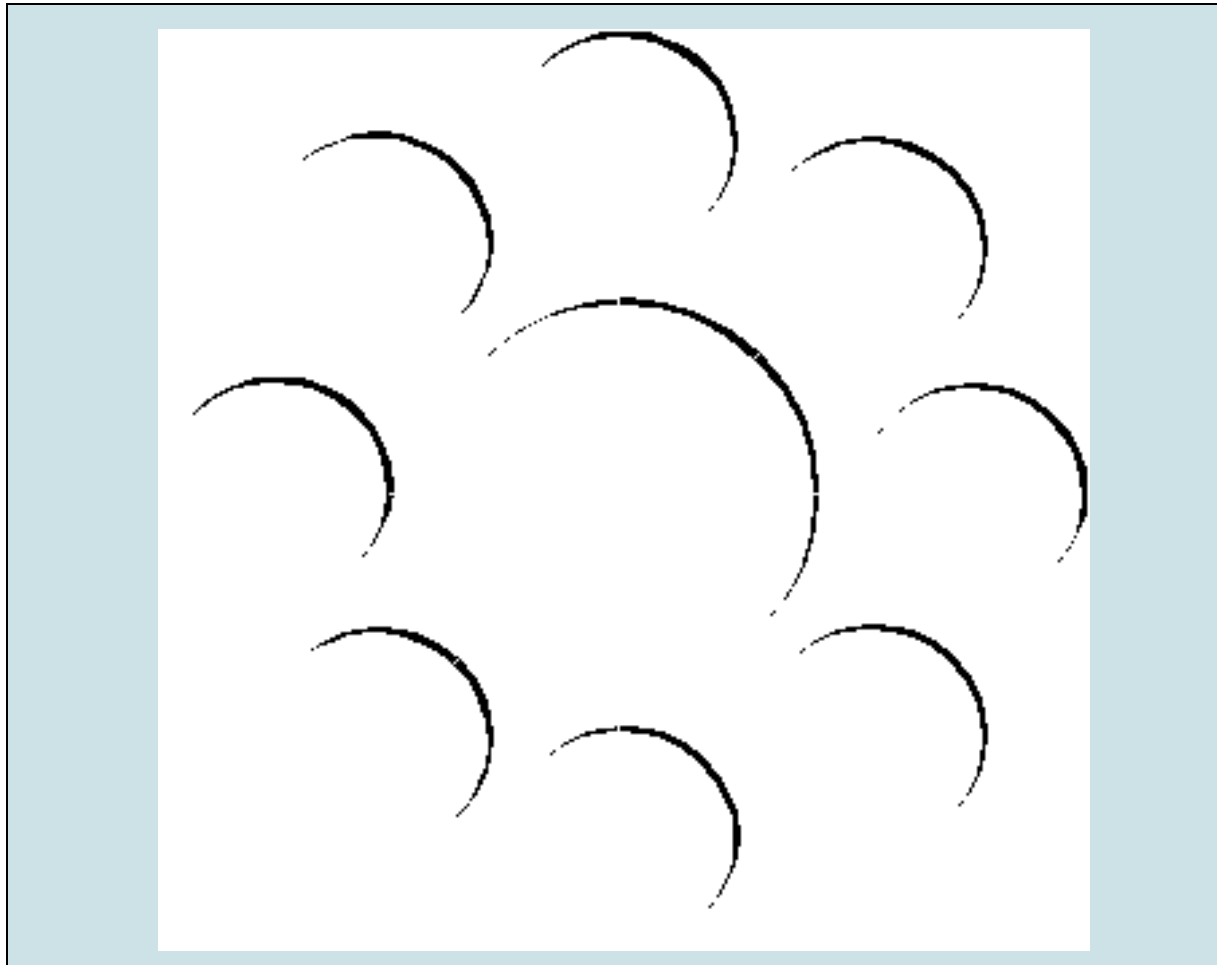
The ministry has a number of programs to stabilize, support, and expand access to child care.

## Exhibit 2

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### Child Care Policy Team

#### *Partnerships and Responsibilities*



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Adapted from *Child Care: A Community Partnership*, Ministry of Women's Equality

- **Stabilizing** child care includes spending to maintain the existing supply of child care spaces and workers from one year to the next. This is funded through the ministry's Wage Supplement Initiative, Infant-Toddler Incentives, and Emergency Repair, Relocation, and Renovation grants.
- **Supporting** child care includes providing information to caregivers about quality child care and to parents about access to child care. This is funded through the ministry's Child Care Support Program.
- **Expansion** includes creating new spaces in both new and existing facilities. The ministry funds this through its Infant-Toddler Incentives and Facilities and Equipment grants, and coordinates this by sharing child care information with other ministries, as it did for the BC 21 Child Care Expansion Initiative.

## Quality Child Care

Quality child care is usually assessed in terms of two main components: aspects of the physical setting (safety features, group sizes, caregiver to child ratios, size of space per child, and toys and equipment) and the behavior of caregivers (assumed to be positively influenced by suitable training).

In British Columbia, the Ministry of Health inspects and licenses child care facilities, and reviews and certifies caregiver qualifications (Exhibit 3). The Ministry of Education, Skills and Training provides funding for Early Childhood Education courses in post-secondary educational institutions (Exhibit 4).

### Exhibit 3

#### Ministry of Health

##### *Child Care Related Programs*

#### **Child Day Care Licensing Program**

The purpose of child day care licensing is to provide public assurance that essential standards for health, safety and care are developed, implemented, monitored and enforced, in order to protect the health, safety, and well-being of children in licensed facilities.

In 1988 there was a total of 35 licensing officer positions in provincial health units and municipal health departments across the province. Currently there are approximately 76 licensing officer positions across the province which spend about 68% of their time on child care licensing issues. This is equivalent to approximately 52 licensing officer positions dedicated to child care licensing.

#### **Certification of Early Childhood Educators**

The Community Care Facilities Branch, under the *Community Care Facility Act* has responsibility for the certification of Early Childhood Educators and the approval of early childhood educational programs.

Work has commenced to transfer the responsibility for certification and educational program approval from the Ministry of Health to a College of Registration for Early Childhood Educators established under the *Health Professions Act*. This transfer is consistent with the Ministry of Health's new role under New Directions as being primarily responsible for planning, development of policy, standards, and guidelines, health promotion, and service evaluation.

#### **Early Intervention Program, Child Development and Rehabilitation Section**

The Early Intervention Program provides intervention and support to children with special needs and to their families to prevent or reduce the consequences of disabling conditions, particularly in young children. The Early Intervention Program provides therapy services in the form of physiotherapy, occupational therapy, and speech-language intervention, as well as family support services to children who have, or are suspected of having, a neurological disorder or a significant developmental delay. The Early Intervention Program offers these services from the time of the child's birth or after the identification of a special need, until school entrance.

Source: Ministry of Health

The Ministry of Women's Equality, under its Wage Supplement Initiative, provides funding to operators of licensed child care facilities to provide higher wages to

workers. It also funds Child Care Support Program agencies, which provide advice and training on quality child care to caregivers in the licensed and license-not-

## Exhibit 4

### Ministry of Education, Skills and Training

#### *Early Childhood Education and Care Training*

In British Columbia, students can study early childhood education (ECE) in community colleges, private training institutions, and universities, or through continuing education programs of colleges or schools. The Ministry of Education, Skills, and Training supports the following types of ECE training either through base or grant funding of training delivery, funding development of new curricula, or partnerships with other ministries and other levels of government on initiatives which further support training in this sector:

**Basic ECE Certificate** – Most often offered as either a 10 month or 3 semester program. A “basic training program” is a provincially legislated requirement that includes completion of satisfactory practicum placements before the student qualifies for an ECE certificate.

**Post-Basic ECE Infant/Toddler and Post-Basic ECE Special Needs Certificate** – Seventeen post secondary institutions offer post-basic certificates in infant/toddler care, and 20 offer post-basic certificates in special needs (caring for children who require extra support). Students who have completed basic training may take advanced courses toward a post-basic certificate. The length of a post-basic program usually ranges from one semester to 10 months, with most institutions offering post-basic programs on a part-time basis.

**Early Childhood Education and Care Diploma Equivalencies** – Sixteen institutions currently offer an ECE Diploma at the completion of some combination of post-basic and/or advanced course work. The length and composition of these programs varies widely.

**Family Daycare Training Certificate (FDC)** – Family daycare providers do not have legislated mandatory training requirements; however, care providers are encouraged to participate in FDC training. Twenty-hour introductory training is available, as well as more in-depth training through the 150 hour Certificate Program. Seven colleges are currently offering the 150 hour Certificate Program in over 25 communities.

**School-Age Training** – Training for School-Age care providers is not regulated, but is encouraged. Specific school-age courses have recently been developed and piloted at a number of institutions, with additional institutions expected to begin offering school-age training.

**Laddering Opportunities** – Graduates of child care training programs can often ladder into other levels of ECE programming or advance into degree programs. For example, block transfer of credits to Child and Youth Care bachelors programs is available for ECE graduates who meet established criteria. Family Daycare providers completing 150 hours of training can receive advanced credit for some Basic ECE certificate courses should they wish to pursue further training in the field.

Source: Ministry of Education, Skills and Training

required sectors. Both of these programs are described in more detail throughout this report.

Canada, most parents use informal child care for which they pay the full cost.

### Affordable Child Care

Affordability of child care is driven by the amount parents have to pay to obtain suitable child care spaces for their children. Fees vary, depending on the age of the child and the type of care provided. In British Columbia, as in the rest of

Government subsidizes parent fees in two ways: by giving grants to licensed child care facilities to encourage them to provide child care at a reasonable cost; and by paying part or all of the fees for low-income families who would otherwise not benefit financially by working. The former type of

## Exhibit 5

### Day Care Subsidy Program

*Average number of children in subsidized care each month in 1995/96*

	HALF DAY	FULL DAY	TOTAL
Family Day Care (0–18 months)	117	1,348	1,465
Family Day Care (19–36 months)	189	2,676	2,865
Family Day Care (3–5 years)	775	6,740	7,515
<b>Total Family Care</b>	<b>1,081</b>	<b>10,764</b>	<b>11,845</b>
Group Day Care (0–18 months)	33	382	415
Group Day Care (19–36 months)	51	988	1,039
Group Day Care (3–5 years)	203	4,399	4,602
<b>Total Group Care</b>	<b>287</b>	<b>5,769</b>	<b>6,056</b>
In-Home Care (1st child, 0–18 months)	59	349	408
In-Home Care (1st child, over 18 months)	468	2,084	2,552
In-Home Care (2nd child, 0–18 months)	6	30	36
In-Home Care (each additional child)	532	1,637	2,169
<b>Total In-Home Care</b>	<b>1,065</b>	<b>4,100</b>	<b>5,165</b>
Out of School (Kindergarten)	46	202	248
Out of School (Grade 1 and up)	2,721	4,160	6,881
<b>Total Out-of-School Care</b>	<b>2,767</b>	<b>4,362</b>	<b>7,129</b>
Nursery School	1,677	9	1,686
<b>Total Nursery School Care</b>	<b>1,677</b>	<b>9</b>	<b>1,686</b>
<b>Total Child Day Care Subsidies</b>	<b>6,877</b>	<b>25,004</b>	<b>31,881</b>

Source: Ministry of Social Services

funding is distributed through child care grants managed by the Ministry of Women's Equality, and is discussed in more detail throughout this report. The latter is administered by the Ministry of Social Services, on behalf of the Ministry of Women's Equality, through the province's income assistance district offices.

In 1995/96, parents of more than 30,000 children under the age of 12 years were supported through the Day Care Subsidy Program administered by the Ministry of Social Services, a \$100 million expenditure (Exhibit 5). A further \$27 million was allocated to support the parents of over 3,500 children with special needs (Exhibit 6). To qualify for these subsidies, parents must meet social and financial criteria specified in the *Guaranteed Available Income for Need (GAIN) Act* regulations.

## Objectives of This Audit

We had three objectives in conducting this audit. One was to assess the ministry's coordination of child care information with other government agencies involved in building child care spaces. For the past three years, this has been done through the government-wide BC 21 Child Care Expansion Initiative.

Our other two objectives were to examine the ministry's management of spending over which it has direct control, and its management for results. We focused on: the Wage Supplement Initiative for raising child care worker wages; the Child Care Grant Program for providing incentives to child care facility operators to maintain or expand the existing number of child care spaces; and the Child Care Support Program for funding independent non-profit

## Exhibit 6

### Support for Children With Special Needs

#### *Special Needs Day Care*

Over 3,500 children receive Special Needs Day Care, with a 1995/96 budget of \$26.6 million.

This program, funded by the Ministry of Women's Equality and administered by the Ministry of Social Services, provides child care experiences for children with one or more handicapping conditions. It is intended to facilitate the participation of these children in child care, and to support their parents in maintaining financial independence. Service may be provided through the purchase of "special needs spaces" via contract, or through the provision of supports in typical child care settings via individual "authorization." Typical child care settings may include group day care, preschool, out of school care, licensed family day care, license-not-required family day care, or care in the child's home.

A 1993 program review and report entitled *Supported Child Care* emphasized the need for family-centered service and the inclusion of children who require extra supports in community child care settings with their typical peers. The provincial government has committed to making the shift to this approach by 1999, by which time the program would be called Supported Child Care. This shift is occurring at different rates throughout the province, with implementation funding through the federal-provincial Strategic Initiatives Agreement on Child Care.

Source: Ministry of Social Services

agencies that provide child care information to providers and parents.

## Coordinating Child Care Information with Other Government Agencies

Because the ministry's role in cross-government projects to expand access to child care did not involve direct control of spending, we looked instead at whether the ministry had adequately coordinated information used in decision-making.

Proper coordination of child care information is important to ensure that facilities being approved for construction by other government agencies conform with provincial objectives for child care. To use limited funding to the best advantage, decision-makers need information about where the needs are greatest, what child care standards have to be met, and how to avoid funding projects that will compete with existing facilities.

Proper coordination of information being shared by various agencies requires a sound coordination strategy, preferably established at the outset, with working level agreements for each of the players. Suitable information then has to be available so that it can be provided as needed. Finally, reliable progress information needs to be prepared and given to decision-makers in a timely way.

## Managing Spending

To assess the ministry's management of child care spending, we looked at whether recipients had been adequately screened for eligibility requirements and whether payments were made

in accordance with approval guidelines.

With increasing pressures to make good use of limited government funds, it is important to ensure that money is not being given to the wrong people or in the wrong amounts. To properly manage spending, applicants for funding have to be screened to see if they meet pre-determined eligibility criteria. Decisions then have to be made about which of those eligible applicants should receive a share of limited government funding and how much they each should get. This requires the use of approval guidelines that spell out the types of expenditures that are to be funded, along with standard costs. Finally, these guidelines have to be properly applied so that payments are made in accordance with the guidelines.

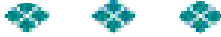
## Managing for Results

To determine whether the ministry is adequately managing for results, we looked to see whether the ministry has developed relevant measures and is using them to assess progress toward its goals.

Government is in the process of implementing a comprehensive accountability framework to assist it in improving performance by managing for results. The framework provides guidance to government ministries for clarifying objectives and measuring and monitoring impacts of program efforts. It is based on the premise that focusing on the actual results of government programs, rather than simply on activities and money spent, should improve the way programs are managed and delivered.



**Managing for results is knowing what you actually achieved in comparison to what you intended to achieve. For ministries, this involves setting performance targets and measuring the extent to which they are met. By focusing on results, government can determine what difference it has made in the lives of its citizens. In turn, citizens can judge for themselves whether government programs are relevant and whether they are effective and efficient in meeting the objectives that government has set.**



# coordination of information for the BC 21 child care expansion initiative

## History of the Initiative

The BC 21 Child Care Expansion Initiative began in 1993/94, as part of the government-wide BC 21 Initiative established to improve the Province's investment in infrastructure such as buildings and roads.

The child care component of the overall initiative was set up in response to ministry estimates that, for 330,000 children in the province at that time potentially in need of non-parental care, only 42,000 licensed spaces were available. Of the 288,000 children remaining, it was estimated that 70,000 were in informal arrangements with family or friends of the parents, and many others were in unlicensed spaces that met parent standards. Aware that the 1987 National Child Care Study had shown that the majority of parents prefer to place their children in licensed, regulated child care spaces if they are available, government decided to allocate \$32.3 million over three years to create additional licensed child care spaces. The new spaces were to be established in public institutions, such as schools, colleges, and hospitals.

This funding was given to three different ministries to control as part of each of their capital budgets: the (former) Ministry of Education, \$19.5 million; the (former) Ministry of Skills, Training and Labour, \$10.3 million; and the Ministry of Health, \$2.5 million.

In 1993/94, the first year of the initiative, \$8.5 million was spent; in

1994/95, \$13.8 million; and in 1995/96, the remaining \$10 million. This led to the creation or relocation of about 3,400 child care spaces in total: 2,600 of these in schools, 600 in colleges, and 200 in hospitals.

## Role of the Ministry of Women's Equality

The ministry's role was clearly defined in a 1993 Cabinet Submission as being that of having:

*responsibility for planning and coordinating the implementation of expansion initiatives, and providing expertise and resources to assist individual ministries to ensure effective implementation.*

The ministry, which prepared this joint submission with its partner ministries, committed to providing information about locations and types of child care already in place. It was expected that new spaces would be constructed to meet licensing standards at a reasonable cost, would not compete with existing spaces, and that government funding would be used where needs were greatest.

The ministry was already performing a similar function for the funding of new spaces under its Facilities and Equipment grants—described in more detail in this report under “Incentive Grants for Child Care Facilities.” The difference in the ministry's role for the BC 21 Initiative was that it did not have control of spending decisions—that lay with each of its partner ministries. Another difference for the BC 21 Initiative was that the

ministry did not require the agencies involved, namely school districts and college and hospital boards, to come up with matching funds. Other non-profit agencies applying for Facilities and Equipment grants are expected to raise 50% of funding themselves.

## Coordinating Information for a Cross-ministry Project

Coordinating a project that requires communication across agencies operating under different controls can be a complex undertaking. For this initiative, we believe that three components were essential:

- establishment of a sound coordination strategy with clear objectives, guidelines, and working level agreements among the various players;
- provision of suitable child care information that was reliable and complete; and
- preparation and transmission of relevant progress information to decision-makers, with explanations of any variances from plans.

## Conclusion

The ministry did not establish a sound coordination strategy at the outset of the initiative, largely because of the difficulties it faced in coordinating a group of ministries over which it had no authority.

Once working agreements were established, however, the ministry was able to properly facilitate the sharing of available child care information. Unfortunately, the available information did not include an analysis of unmet child

care needs on a regional basis, so funding approvals were not based on greatest needs.

The ministry gave relevant progress information to decision-makers, and it showed that initial problems did not negatively affect the outcomes of the initiative in terms of cost per child care space.

## Findings

### *Establishing a Sound Coordination Strategy*

Project objectives were clearly defined in individual ministry Treasury Board Submissions, where targets for the numbers of child care spaces and costs for each space were spelled out. Following the acceptance of the initiative by Treasury Board, guidelines for how the objectives were to be achieved had to be developed.

We found that the ministry initially tried to set guidelines for approving applications, a step that would have led to consistent treatment of applicants for each of the ministries. First, however, each partner ministry would have had to change their existing capital funding processes—something they objected to.

After consulting with each of the other ministries, the Ministry of Women's Equality concluded that there were reasonable justifications for applicants being treated differently by each ministry. This was not only because of the resistance to change, but also because some types of child care were found to have unique aspects that required special treatment. School districts, for example, were granted additional funds to cover administration costs incurred in encouraging new facilities to



Courtesy: Ministry of Women's Equality

*Child care facilities constructed on school grounds with BC 21 funding enable young parents to continue with their studies*

**provide child care on or near school grounds for the Young Parent Program.**

There were no clear written agreements about how the Ministry of Women's Equality was to have a say in the approval processes of other ministries, nor was there a clear understanding of how disagreements were to be resolved. While these differences were settled informally, the project experienced some initial administrative inefficiencies when ministry staff had to sort out different interpretations about whether it was the role of the Ministry of Women's Equality to "coordinate" or "manage." The wording of the Cabinet Submission had been drafted by the Ministry of Women's Equality, and was open to varying interpretations by the agencies wanting control. As the project progressed and agreements were

reached, working level relationships improved—with the ministry coordinating information and managing project approvals.

#### *Providing Child Care Information Giving Priority to the Greatest Needs*

One of the original expectations of the ministry was that it would provide child care information to help partner ministries focus funding on areas of the province where child care needs were greatest.

This did not happen for two reasons. First, the ministry does not have a comprehensive database that can be used to identify unmet child care needs. Second, the partner ministries did not specifically encourage school districts and college and hospital boards in areas with the greatest need for licensed child care to apply for funding.

We believe that both of these problems should be addressed by the ministry to guide construction of new child care facilities under any future cross-government initiatives and for on-going facilities and equipment grants (discussed later in this report under “Incentive Grants for Child Care Facilities”). A child care database exists, with information about locations and numbers and types of child care spaces taken from grant applications received from various child care facilities around the province. This database is being used to keep track of funds given to facilities over time. We believe that, if the ministry were to add information that already exists about available child care (location, types of care, and capacity of licensed facilities from the Ministry of Health) and estimates of child care needs by geographical location (from provincial child care surveys), this database could be used to identify those parts of the province that have the greatest need for government child care funding.

After the ministry has determined where the need is greatest, it can encourage applications from, and give preference to, community groups in those areas that are most deficient.

***Recommendation: The ministry should improve its child care database so that it can identify areas of the province where needs are greatest. Then it should give preference to funding child care projects in those areas.***

### ***Meeting Child Care Space Standards***

The amount of room needed for each child care space varies according to such factors as the age of the child (younger children cared

for all day require more space for playing and napping, and for caregivers to prepare meals) and the number of children in a facility (smaller groups need the same basic requirements as larger groups, resulting in more average space per child).

Child care space standards were developed for this initiative by the Ministry of Women’s Equality based on those used by the British Columbia Buildings Corporation and the City of Vancouver. We found that these child care space requirements varied from as low as 7m<sup>2</sup> total space for each child in a group of 40 children in an out-of-school care program, to as much as 17m<sup>2</sup> total space for each child in a group of 8 infant-toddlers. We concluded that these space standards were reasonable, given that they were based on those developed by two large government entities and that they were not much above minimum acceptable space standards required by the Ministry of Health for licensing purposes.

Because the ministry had not been charged with overseeing the way other ministries approved the costs of projects, it did not question costs per space when giving its approval for individual projects. Nor, as is discussed later under “Incentive Grants for Child Care Facilities,” did the ministry have guidelines for standard costs of construction of child care spaces. Nonetheless, as auditors of public spending, we decided to examine the reasonableness of the average costs of child care spaces created under this initiative. To do this, we found that it was easier to look at the final costs incurred rather than review how projects were approved at each of the individual ministries.

When we calculated individual costs per space, we found these costs varied depending on the type of construction and the size of the facility being built. Costs per space ranged from about \$6,000 in the (former) Ministry of Education's out-of-school programs to about \$18,000 in the (former) Ministry of Skills, Training and Labour's combined programs for infant-toddlers and pre-school age children. Based on the number of square meters recommended in the Ministry of Women's Equality space guidelines for each category of care, we found costs averaged approximately \$1,000 per square meter (or \$100 per square foot). This average cost was found to be acceptable when we compared it to a generally accepted range of current replacement costs for this type of construction.

#### *Locating New Spaces Away From Existing Spaces*

We found that the Ministry of Women's Equality provided child care information to its partner ministries on a project-by-project basis, reviewing applications to ensure that funding would not create new licensed spaces that competed with existing ones.

Ministry staff did this by using licensing information from the Ministry of Health that included locations, types of care provided, and the number of child care spaces permitted for each licensed facility in the province. We believe that the ministry, by using this, and information about new spaces being built under Facilities and Equipment grants, used a reasonable approach to determine whether proposed facilities would compete with existing ones.

#### *Preparing and Communicating Progress Information to Decision-Makers*

A communication plan was drafted as part of the Treasury Board Submission requesting funds for the initiative. In it, the ministry committed to providing decision-makers with annual progress reports. We found that, except in the first year of the initiative, this plan was followed.

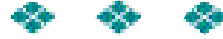
Progress information was collected and communicated to Treasury Board staff informally in meetings and more formally in reports submitted at the 50% and 95% completion stages. Based on our review of the processes used, we concluded that the information produced was complete and reliable.

In each report to Treasury Board, the ministry compared actual spending with budgeted amounts, and the actual number of child care spaces built with targets that had been set by each ministry. We found that spending was in keeping with budgeted amounts for each ministry. The number of spaces obtained for the money spent was also on target for all except the (former) Ministry of Education's Out of School and Community Child Care program. Originally, \$16 million allocated for this program was expected to produce 6,400 spaces, yet only 2,500 were created.

When we reviewed the reasons for this shortfall, we found that the (former) Ministry of Education had explained in its Treasury Board Submission that the 6,400 space target was only tentative, based on the assumption that school districts would be able to find surplus space in school buildings. We found that

those school districts applying for funding under this initiative made a case that, because of increasing school enrollments, surplus space was in short supply. As a result, spaces were created on school grounds using other means such as modular construction, a more costly endeavor than was originally planned. When we calculated the costs of these spaces, we found that

they ranged between \$3,000 and \$10,000 each, amounts that compare favorably with the range we calculated earlier for the other spaces produced under this initiative (permanent facilities cost from \$6,000 to \$18,000 for each space).



# wage supplement initiative for child care workers

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## Government's Wage Redress Strategy

The Wage Supplement Initiative is one of several provincial programs aimed at achieving fair and equitable wages for low paid workers in the public sector. This initiative provides wage lifts to employees working with children in licensed child care centres.

The program arose after two government reports focused on the low wages of child care workers in British Columbia. First, the 1991 Task Force on Child Care report, *Showing We Care—A Child Care Strategy for the 90's*, called for a salary enhancement strategy for child care workers to raise staff salaries to a level that reflects the training and responsibility required. Second, the report of the 1992 Commission of Inquiry into the Public Service and Public Sector (known as the Korbin Commission) acknowledged that child care workers are among the lowest paid workers in the social services sector, and recommended that this inequity be addressed by a government low-wage redress strategy.

In response to Korbin's recommendations, the ministry introduced the Wage Supplement Initiative program in January 1994. The first wage supplements took the form of one-time, lump sum payments to non-profit child care centres. Payment amounts were calculated on the basis of an increase of approximately \$1.60 per hour for each eligible worker employed during the last six months of fiscal

1993/94. In all, payments totaled \$3.4 million.

The program changed its approach in 1994/95, replacing the lump sum payments with a system of tying contributions to actual wages. This was more in keeping with government's overall wage redress initiative. In addition, the program was expanded to include licensed private centres and special needs day care staff and spending was increased to \$7.5 million.

For 1995/96, the Wage Supplement Initiative provided hourly wage increases to approximately 5,000 child care workers in close to 1,300 non-profit and private licensed child care centres at a cost of approximately \$13 million.

## Secondary Impacts of the Wage Supplement Initiative

Low wage redress, the primary goal of the Wage Supplement Initiative, attempts to provide comparable pay for comparable work. As well, it addresses the adequacy of wages by trying to ensure that people working in the public sector earn enough to support themselves.

The ministry believes that offering wage supplements to child care workers also has secondary impacts on the accessibility, quality, and affordability of child care. Secondary impacts are significant consequences, either intended or unintended, that occur as a result of a program. To assess a program's



design and operations properly, decision-makers need to be aware of a program's secondary impacts.

One secondary impact of the Wage Supplement Initiative is that it may increase the retention of child care workers, because higher wages increase the likelihood that workers will stay in the field. This could affect access to child care by maintaining the supply of workers to staff child care spaces. Access, after all, depends on the availability of both physical spaces and workers to care for children.

Reduced worker turnover can also affect quality because it leads to more consistent, continuous care, which is key to quality child care. In her 1992 commissioned report, Korbin describes the link between low wages, worker turnover, and quality:

*Skilled workers who are frustrated by the wage inequities in this sector frequently move to other public or private sectors when opportunities arise, thereby compromising the sector's ability to provide consistent quality services to the public.*

Offering child care workers higher pay through wage supplements has the potential to do more than reduce worker turnover; it may make child care work more attractive, thus increasing the likelihood that more people will become trained and pursue a career in the field. While a professional qualification such as an Early Childhood Education certificate does not guarantee quality care, it provides a level of assurance that caregivers are trained to identify and minimize risks in the child care setting. Professional training may also have a positive influence on the nature of the interactions between

caregivers and children, resulting in a higher quality of care. Clearly, the ministry recognizes the value of a trained, professional work force, as evidenced by its decision to spend the majority of its resources in the licensed child care sector.

Another secondary impact of the Wage Supplement Initiative is that it may help to make child care more affordable. Subsidizing worker wages enables child care operators to minimize increases in parent fees—a large component of worker wages.

## Managing Spending

We examined ministry Wage Supplement Initiative spending from April 1994 to December 1995 to determine whether funds had been given only to eligible agencies according to approval guidelines.

## Conclusion

The ministry made Wage Supplement Initiative payments only to eligible recipients and in accordance with approval guidelines.

## Findings

### *Determining Eligibility*

The ministry reviews all applications for wage supplement funding to see if the agencies involved are licensed by the Ministry of Health to provide group child care and if the number of staff they are claiming for is in accordance with the number of staff required under their license. Staff also require evidence that applicants are in good standing with the Registrar of Companies.

We tested the eligibility of successful applicants by reviewing evidence that they were licensed

and in good standing. As a result of our examination, we concluded that child care centres receiving funds from April 1994 to December 1995 were eligible for wage supplements.

#### *Applying Approval Guidelines*

All regular full- and part-time staff who work directly with the children as part of the regulated child-to-staff ratio are eligible to receive compensation increases under the Wage Supplement Initiative.

Child care agencies apply to the ministry on behalf of their workers. For those approved, the ministry calculates worker wage supplements based on information supplied on the application form, the centre's license, hours of operation, and required child-to-staff ratios. Ministry staff apply this information to a wage scale developed for this purpose by the Public Sector Employers' Council in conjunction with the Community Social Services Employers' Association. Twice a year, wage supplements are sent to agencies, accompanied by detailed distribution guidelines to assist child care operators in calculating hourly wage lifts for individual child care workers.

We tested a representative sample of supplement payments and found that amounts the ministry paid to child care agencies were all within spending approval guidelines.

Upon recalculating payment amounts, we also found that the ministry paid only for the number of staff allotted in Ministry of Health licensed staff-to-child ratios. In addition, wage increments were all found to be within the range set out in the Public Sector Employers'

Council and Community Social Services Employers' Association wage scale.

## Managing for Results

We examined the ministry's management of performance information to see if it has developed relevant measures and is using them to determine the extent to which progress is being made toward intended goals.

### Conclusion

The ministry is assessing the extent to which Wage Supplement Initiative spending is achieving intended results. It has determined that funds are reaching the workers for whom it is intended, and that the average wage level has increased as a result.

The ministry has also identified secondary impacts of wage supplements on the accessibility and quality of child care (specifically these are a reduction of worker turnover and an increase in worker qualifications) and on the affordability of child care (through smaller parent fee increases). Although it has not yet developed a means for measuring changes in worker turnover, the ministry is developing ways to collect information about changes in worker qualifications and has been collecting parent fee information.

### Findings

#### *Measuring Wage Redress Results*

The goal of the ministry's wage supplement program is to make sure that funding is distributed to workers according to the guidelines established by the Public Sector Employers' Council and the Community Social Services



Courtesy: Ministry of Women's Equality

*The Wage Supplement Initiative provides wage lifts to employees who work with children in licensed child care centres in recognition of their level of training and responsibility*

**Employers' Association. To gauge its progress in meeting this goal the ministry has developed two performance measures: individual worker wage levels and average wage levels. Since they relate directly to the goal, we concluded that both measures are relevant for the ministry's purpose.**

**The ministry has taken steps to collect this performance information. It recently conducted a review of 1994/95 payments to determine recipient child care centre compliance with distribution guidelines. In order to receive wage supplements, child care centres are required to periodically submit statements showing how those funds were actually spent. As part of its review, the ministry compared child care agency submissions with confirmations from individual workers who received wage lifts to ensure they had received their entitlements.**

**We found that the ministry's review and follow-up efforts demonstrated that it is achieving its goal of getting wage supplements to child care workers in the correct amounts.**

**The second performance measure, average worker wage levels, has been tracked for those receiving wage supplements as a general means of assessing increases in worker wages. Using information in its program database, the ministry has determined that the average wage level of child care workers receiving supplements went from less than \$11 per hour in 1993 to just over \$14 per hour in 1996.**

**In future, the ministry is to be assisted in gathering performance information on average worker wages by the Community Social Services Employers' Association, whose mandate is to assess the overall effects of wage redress**

on the wage levels and job classifications of child care workers.

*Measuring Effects on Child Care*

The ministry recognizes that wage supplements probably influence accessibility, quality, and affordability of child care, and that relevant measures exist to gauge these effects. However, because the program was not set up to achieve these goals, the ministry has not yet begun to organize, or in some cases even collect, the necessary information to assess the long-term secondary impacts of this program on child care.

The ministry points out that the program's impacts on accessibility, quality, and affordability may not have far-reaching effects on the child care system as a whole because licensed child care centres serve only a small percentage of children in day care. Also, measuring outcomes is a relatively new concept in government, and the ministry needs more time to gather and analyze the relevant data.

We believe that the ministry should continue its efforts to collect and analyze this type of information so that it can be used to assess the total impacts of this program and assist decision-makers in allocating program resources.

***Accessibility***

We found that the ministry is not measuring whether the program is improving access to child care by keeping workers from leaving the child care field for higher paying jobs. At the moment, the ministry's measurement for accessibility focuses on the the number of

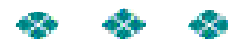
available spaces but not on whether suitably qualified workers are available to staff those spaces.

***Quality***

Attracting and keeping qualified child care workers is also key to providing quality child care. The ministry has developed ways of tracking worker qualification levels to help measure whether the program is affecting the quality of child care by attracting workers with higher qualifications. One method of collecting data on qualifications is through the ministry's periodic Provincial Child Care Survey. While this information had not been assessed before we completed our audit, the ministry plans to compare baseline data collected in 1993 with results from the next survey, tentatively scheduled for later in 1996.

***Affordability***

At the end of our field work, the ministry did not know whether the program was helping to make child care affordable by minimizing increases in parent fees. However, sources on parent fee information do exist, such as the Provincial Child Care Survey. The ministry should be able to compare results of the upcoming 1996 survey with 1993 baseline information. Another source is the Wage Supplement Initiative application form, which asks how much agencies charge for child care services. Unfortunately, this information is not in a readily usable form. The ministry is, therefore, developing ways to reorganize and analyze this information so that it can be used to determine changes in parent fees.



# incentive grants for child care facilities

## Purposes for Incentives

In 1992/93 the ministry created a number of child care grant programs with the primary purpose of motivating facility operators to improve access to quality child care, by maintaining and adding to the existing number of licensed spaces.

The secondary purpose for these grants is to maintain affordability of child care. If operating costs are subsidized by government grants, facilities should have a reduced need to raise parent fees.

## Types of Funding Available

The ministry gave out approximately \$13 million in child care grants to approximately 1,700 child care facilities between April 1994 and December 1995, under four types of grants: Infant-Toddler Incentives; Facilities and Equipment; Emergency Repair, Replacement, and Relocation; and other needs.

### Infant-Toddler Incentive Grants

The 1991 provincial Task Force on Child Care identified a significant shortage of licensed, quality child care spaces for infants and toddlers. It attributed this shortage partly to the higher cost of caring for infants and toddlers relative to older children. Younger children require more space per child and closer supervision. The Infant-Toddler Incentive Grant Program was introduced in the fall of 1992 as an incentive for eligible licensed centres and family providers to provide care for infants and toddlers.

Infant-Toddler Incentives from April 1994 to December 1995 totaled \$7.1 million (\$4.8 million in 1994/95, and \$2.3 million from April to December 1995).

### Facilities and Equipment Grants

The Facilities and Equipment Grant Program helps respond to the need for more licensed child care spaces. Grants of up to \$500,000 are available to non-profit societies and local governments to purchase, renovate, and expand or construct licensed child care facilities, or to purchase furnishings and equipment for new or expanded facilities. To qualify for this grant, non-profit agencies must raise at least 50% of the money needed through fund-raising efforts of their own.

Facilities and Equipment purchases totaled \$3.7 million from April 1994 to December 1995 (\$2.3 million in 1994/95, and \$1.4 million from April to December 1995).

### Emergency Repair, Replacement, and Relocation Grants

Emergency Repair, Replacement, and Relocation grants help licensed, non-profit child care centres meet provincial health and safety regulations for child care. Grants of up to \$5,000 are available to help centres adequately maintain their facilities and equipment and meet the costs of sudden, unanticipated relocation costs.

Examples of improvements funded over the past year include:

installation of safety glass, replacement of hazardous equipment, purchase of appliances that meet health standards, roof and water main repairs, and creation of bike paths and adventure playgrounds.

Emergency Repairs, Replacements, and Relocation purchases totaled \$1.7 million from April 1994 to December 1995 (\$1.0 million in 1994/95, and \$0.7 million from April to December 1995).

## Other Grants

During 1994/95, the ministry also approved grants of up to \$10,000 to applicants who could show that they had developed viable projects aimed at assessing or providing for unmet child care needs, or at demonstrating new models for delivering existing services. Total spending for 1994/95 was \$400,000. This funding was not available for 1995/96.

## Managing Spending

We examined the ministry's management of grant spending from April 1994 to December 1995 to see if recipients met eligibility criteria, and if payments were made only for approved purposes.

## Conclusion

The ministry made Child Care Grant payments only to eligible recipients and in accordance with approval guidelines. Approval guidelines for most grants were found to be comprehensive, but construction grant guidelines did not include standard costs. Although this did not result in overspending for the period under review, acceptable ranges for costs per

space are needed to assist the ministry in setting measurable goals and to optimize the benefits from future spending.

## Findings

### *Determining Eligibility*

The ministry has developed a set of eligibility criteria that facilities must meet before they can receive any money under each of its grant programs. Applications are then reviewed to determine whether these guidelines have been met. In some cases, like the Infant-Toddler grants, all eligible applicants receive funding. In others, like the Facilities and Equipment grants, applications are ranked according to ministry child care priorities and then available funding is distributed starting at the top of the list.

We examined a representative sample for each program and found that, for the money given out between April 1994 and December 1995, all of the recipients were eligible and that ranking processes were properly used.

### *Applying Approval Guidelines*

For each program, applicants are reimbursed based on ministry decisions about whether the expenditures in question meet approval guidelines. These guidelines apply to both the amount and type of expenditure incurred. We found that limits for the types of expenditures to be approved were clearly spelled out and followed for all grant programs.

Limits for the dollar amounts for grants were clear for some programs. For Infant-Toddler Incentive grants, standard dollar amounts are paid, based on the



Courtesy: Ministry of Women's Equality

*Hanna Court Children's Centre in Burnaby was built with Facilities and Equipment Grant funding*

location of care (a centre or a home setting) and the number of hours of care. For Emergency Repair, Replacement, and Relocation grants, there is some standardization through the use of an individual ceiling of \$5,000 for each recipient. Also, independent cost quotes must accompany applications. These requirements help to limit cost per child care space, and we found that they were adhered to for grants issued during the period under audit.

However, for the ministry's Facilities and Equipment grants, we found that limits were set only for the total amount to be funded, namely \$500,000 for each project undertaken. As discussed earlier under "Coordination of Information for the BC 21 Child Care Expansion Initiative," the ministry had not developed any standards for costs

per space. Indeed it expected agencies applying for funds to create the most spaces possible, since more spaces can translate into higher revenues for them.

Upon examining actual spending for these grants, we found that most projects resulted in costs per space that ranged from \$3,000 (for renovations) to \$10,000 (for new construction). After considering the average square meter requirements for each space and the generally accepted building costs per square meter (discussed earlier under "Coordinating Information for the BC 21 Child Care Expansion Initiative"), we concluded that the lack of standard costs had not led to misspending. However, we believe that developing standard costs would be a straight-forward task. These would not only help the ministry to ensure that child care

spending is achieving the maximum number of spaces possible, but they would also enable it to develop measurable goals for the number of spaces to be built with available funding. The need for measurable goals is discussed in the next section.

## Managing for Results

We examined the ministry's management of performance information to see if it has developed relevant measures and is using them to determine the extent to which progress is being made toward intended goals.

## Conclusion

The ministry has determined that it is continuing to meet its goal of increasing access for types of child care that have been identified as priorities, that is: for infants and toddlers, rural locations, and out-of-school care. It has not, however, determined the extent to which there is still unmet need for these types of care, in general and for different parts of the province. The ministry also does not specify the number of child care spaces it is aiming to create or maintain with assigned resources. Without an indication of unmet needs or specific goals to address these needs, it is difficult to assess the results of ministry efforts. Concerning its goal of improving the affordability of child care related to parent fees, the ministry does not have sufficient information to assess the impact of its spending.

## Findings

### *Measuring Changes in Accessibility of Child Care*

The ministry has developed three program goals related to accessibility: creating new child care spaces; maintaining existing spaces that would otherwise close; and encouraging types of child care that are deficient (for example, infant-toddler care). We found that the ministry assesses its performance by counting the number of child care spaces created or retained on a project-by-project basis, and determines annual totals for each program. We concluded that the number of spaces is a relevant measure to use in assessing results of ministry efforts.

Provincial priorities for the types of child care to fund are determined with the input of the inter-ministry Child Care Policy Team and the Provincial Child Care Council. In 1991 and 1993, the ministry also conducted a Provincial Child Care Survey to assess, among other things, the level of demand for child care. It plans to conduct another survey in 1996. The ministry's approach to allocating funding has been driven by information collected in its surveys, as well as by individual community efforts to identify needs and raise funds to match with provincial grants. We found that due consideration had been given to these priorities when it came to allocating grant money among applicants.

For individual Infant-Toddler and Emergency Repair, Replacement, and Relocation grants the ministry has established spending limits that can be used to set measurable goals for the number of child care spaces



that can be maintained with available funding. However, for Facilities and Equipment grants, the ministry does not set targets for the number of spaces that will be created or assisted. It simply points to annual increases in the number of available child care spaces as an indication of how it is improving access to child care.

We believe that what is needed to measure and assess performance better for Facilities and Equipment grants is some indication of the optimum number of spaces that could be created with the resources expended. This target could then be compared with actual achievements to see whether results of program efforts are acceptable or need to be improved. However, as discussed in the previous section, determining the optimum number of spaces requires the setting of standard cost guidelines, which the ministry has not done.

To estimate the number of child care spaces that can be created with available funding, the ministry needs to develop standard costs. This should put it in a better position to set measurable goals and, ultimately, to assess its progress toward meeting them.

***Recommendation: The ministry needs to develop standard costs for use in setting measurable goals for creating new child care spaces.***

### *Measuring Changes in Affordability of Child Care*

We found that the ministry uses the average level of parent fees to track progress toward its goal of minimizing parent fee increases. We concluded that parent fee levels is a relevant measure to use in assessing the impact of ministry spending.

As part of its 1993 Provincial Child Care Survey, the ministry began to collect information about parent fees for licensed child care throughout the province. It has also collected parent fee information from Wage Supplement Initiative applicants, who are in the licensed child care sector, but the data has not been organized or analyzed in a systematic way. Ministry management has assured us that, in the Provincial Child Care Survey planned for 1996, the ministry will be collecting follow-up information about parent fee levels and comparing it to 1993 figures. The trend information about parent fees on a geographic basis that will be produced should be useful in helping the ministry focus its spending and set measurable goals.



# child care support program for caregivers and parents

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## Supporting Child Care at the Local Level

Child Care Support Program agencies provide caregivers and parents across British Columbia with training and support for child care at the local level. Caregivers in the licensed and license-not-required sectors can get information, training, and support in delivering quality child care; parents looking for child care can access a resource and referral service on child care choices available in their communities.

The province has supported these types of services for over six years, beginning in 1990 when the Ministry of Social Services established the Family Day Care Support Program and contracted with 24 community non-profit societies to provide the services. In 1992/93, the program was transferred to the Ministry of Women's Equality. At that time, the program consisted of 31 agencies and \$2.5 million in spending. In 1994/95, as part of the federal-provincial Child Care Strategic Initiative Project, the number of contracted agencies was expanded to 34 and spending increased to \$3.9 million. Spending increased again in 1995/96 to \$4.7 million.

British Columbia's 34 Child Care Support Program agencies provide assistance to parents and caregivers in over 140 communities. Approximately 25% of the 4,800 facilities registered with this program provide informal care for which a child care license is not

required (this being the only ministry funding available for the unlicensed child care sector); about 30% are licensed group child care facilities; and 45% are licensed family child care situations.

The agencies in this program are operated by local non-profit societies through continuous service contracts to the ministry. While all Child Care Support Program agencies provide a core set of services, individual agencies may provide additional services in response to community needs and available resources.

## Child Care Support Program Services

Agencies under the Child Care Support Program serve two key purposes in assisting the ministry to fulfill its mandate. First, they help to improve the quality of child care by providing information to caregivers through child care training courses and one-on-one consultations. Second, they help to improve the accessibility of child care by maintaining a caregiver registry that provides information to parents about child care options in their community.

## Managing Spending

We examined ministry Child Care Support Program spending from April 1994 to December 1995 to determine whether funds had been given only to eligible agencies and according to approval guidelines.

## Conclusion

The ministry made Child Care Support Program payments only to eligible recipients and in accordance with approval guidelines.

## Findings

### *Determining Eligibility*

We found that all Child Care Support Program agencies receiving funds from April 1994 to December 1995 were eligible for funding; that is, they had undergone local tendering or community development processes and were non-profit societies in good standing with the Registrar of Companies. For those that are successful in gaining program status, the ministry enters into an annual contract to pay for specified services.

We examined the contracted arrangements for a representative sample of Child Care Support Program agencies and found that they had been adequately screened for eligibility.

### *Applying Approval Guidelines*

We examined all major payments, and a representative sample of smaller ones, made to Child Care Support Program agencies receiving funds from April 1994 to December 1995. Based on this, we were able to conclude that amounts to program agencies were paid in accordance with spending guidelines in approved contracts.

We also found the ministry's processes for determining whether agency services are delivered as contracted to be acceptable. Ministry staff scrutinize agency annual work plans and budget submissions and review reports on prior year achievements to see that contract

services are delivered as agreed. Staff also maintain on-going contact with agencies which enables them to identify and address problems that may arise.

As well, the ministry has periodically conducted in-depth reviews of individual agencies contracted under the program. In 1993, for example, the ministry participated in an internal audit of the service contracts of four agencies it had identified as having problems. We found that the ministry had taken action to address all the problem areas identified by the audit.

## Managing for Results

We examined the ministry's management of performance information to see if it has developed relevant measures and is using them to determine the extent to which progress is being made toward intended goals.

## Conclusion

The ministry has developed and is using performance measures designed to assess whether Child Care Support Program agencies are delivering services as contracted. Although this type of performance measurement is vital, it should be extended to include measuring whether the services are achieving what was intended. The ministry is aware of this and has begun to look for ways to assess the results of delivering services. We believe that the ministry's initial pilot efforts to do this are a good start, but propose that performance measures be extended to include those that focus on actual changes in quality and accessibility of child care.



Courtesy: Ministry of Women's Equality

*Child Care Support Programs provide caregivers with information, training, and support in delivering quality child care*

## Findings

### *Measuring Changes in Quality and Accessibility*

One goal of the Child Care Support Program is to improve the quality of child care in the province by providing information and training to caregivers. Another goal is to improve the accessibility of child care by giving parents referral information and support.

To assess its performance in meeting both of these goals, the ministry has developed a number of measures that logically relate to quality and access. These measures, designed for monitoring the contracts of program agencies, focus on whether services have been delivered as contracted. In other words, the ministry is measuring program *outputs* (Exhibit 7).

One quality-related output currently being tracked by the ministry, for example, is the number of caregiver training courses delivered. A corresponding accessibility-related output is the number of home visits to recruit caregivers for the registry that is used to refer parents seeking child care arrangements.

This is a reasonable place to start in collecting information on program results. However, we do not think the ministry will be able to assess properly its progress toward meeting its goals to improve quality and accessibility until these indicators are extended to focus more on *outcomes* (Exhibits 7 and 8). For example, the immediate outcome of a program output—such as a home visit—may be that a new caregiver is recruited for the child care registry. A longer-term

## Exhibit 7

### Performance Measurement

#### Definitions

**outputs** — measurable direct results of activities, such as products or services provided

**outcomes** — measurable consequences of a program's outputs and impacts on the client or the public, and the results of the impacts

**performance measure** — a statement specifying a desired output, outcome, or event that is expected to occur; the "what" that is to be measured

**performance goal** — the target level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate

Source: Based on wording used in *Enhancing Accountability for Performance: A Framework and Implementation Plan*, second joint report by the Auditor General and the Deputy Ministers' Council of British Columbia, 1996

outcome could be that, by recruiting more caregivers for the registry, parent access to child care is improved.

We recognize that developing outcome measures can be challenging, due in part to the sometimes tenuous link between program activities and program impacts and the difficulty of measuring qualitative aspects. In light of this, output measures can be useful as indirect measures of results. However, they are only reliable to the extent that the outputs logically lead to the desired results. At the end of the day, it is on the basis of results, or outcomes, that the success of the program is judged by legislators and the public.

We found that the ministry is taking steps to shift from measuring outputs to assessing outcomes as part of its evaluation of the federal-provincial Child Care Strategic Initiative pilot project. The ministry Child Care Support Program coordinator has been working with Strategic Initiatives evaluators to

develop tools for monitoring and evaluating this program. In the coming months, the ministry plans to assess how well it is doing in meeting the needs of caregivers and parents. This will be done by collecting data from caregivers and parents about their usage of agency services.

We believe that the ministry is headed in the right direction. Following its pilot evaluation we think it should examine how to apply each of its performance measures to the rest of the agencies in the program. We also think that it can go further toward measuring the outcomes (Exhibit 8) of its program efforts—from how well it is meeting caregiver and parent needs to how much of an effect training and referrals are having on quality and accessibility of child care.

It may be reasonable to assume that caregivers who are assisted to meet licensing standards, or who receive training on how to improve the quality of care they provide, are likely to change their behavior

## Exhibit 8

### Transforming Output Measures Into Outcome Measures

Examples of measures for the Child Care Support Program (CCSP)

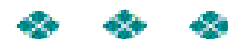
EXISTING OUTPUT MEASURES	PROPOSED OUTCOME MEASURES
<b>Goal: To Improve Quality of Child Care</b>	
<ul style="list-style-type: none"> <li>■ number of caregiver training courses delivered</li> </ul>	<ul style="list-style-type: none"> <li>■ % of caregivers attending courses</li> <li>■ changes in caregiver quality-related behavior resulting from attending training courses</li> <li>■ caregiver opinions about the usefulness of training courses in teaching how to provide quality child care</li> </ul>
<ul style="list-style-type: none"> <li>■ number of licensed facilities</li> </ul>	<ul style="list-style-type: none"> <li>■ number of caregivers who have become licensed following registration with the CCSP</li> </ul>
<b>Goal: To Improve Accessibility of Child Care</b>	
<ul style="list-style-type: none"> <li>■ number of home visits to recruit caregivers</li> </ul>	<ul style="list-style-type: none"> <li>■ number of registrations resulting from visits</li> </ul>
<ul style="list-style-type: none"> <li>■ number of caregivers registered with the CCSP</li> </ul>	<ul style="list-style-type: none"> <li>■ % of caregivers in a community registered with the CCSP</li> </ul>
<ul style="list-style-type: none"> <li>■ number of parents seeking child care referrals</li> </ul>	<ul style="list-style-type: none"> <li>■ % of parents seeking child care who received referrals</li> <li>■ parent opinions about the usefulness of referrals in finding suitable child care</li> </ul>

Source: Based on information provided by the Ministry of Women's Equality

accordingly. However, we believe that measuring the increased number of licensed caregivers and the increased use of training resources should be supplemented with some type of follow-up to determine whether the quality of caregiver interaction with children has improved. Similarly, for assessing the extent to which this program improves access to child care, the ministry should find a way to determine whether increases in the

number of registered caregivers, and parent referrals to those caregivers, are leading to parents finding suitable child care placements.

**Recommendation: The ministry should extend its performance measurement to assess the effects of program efforts on quality and accessibility of child care.**



# ministry response

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*The Ministry of Women's Equality appreciates the Office of the Auditor General's (OAG) Special Performance Audit Report on the management of Child Care in British Columbia. The audit was conducted in a very professional and open manner. The audit report successfully describes the functions of the province's child care programs for which the ministry is responsible.*

*It is our belief that a review such as this is fundamental to verify that appropriate policies and controls are in place within an organization that manages millions of dollars paid to individuals and agencies throughout the province. This report provides further credibility and confidence in the province's management of child care spending.*

*We are certainly pleased that the OAG concluded that the ministry is managing spending "with due regard for stated priorities for the types of care and only to eligible recipients in accordance with approved guidelines."*

*The ministry does recognize that there is always room for improvement in managing for results. In some cases (eg. working with the Community Social Service Employers Association to gather performance information on average worker wages to assist with assessing the overall effects of wage redress on wage levels) we are in the process of addressing the audit observations.*

*With regard to the three specific recommendations in the report, the ministry has the following comments:*

**Recommendation 1: The ministry should improve its child care database so that it can identify areas of the province where needs are greatest. Then it should give preference to funding child care projects in those areas.**

*The ministry supports this recommendation and is currently working on the development of an improved Child Care Management Information system. This new system is intended to:*

- improve accountability of the Child Care Branch, both to the people of British Columbia and to the Government of the Province;*
- provide a method to measure and compare program outputs to goals and objectives;*
- enhance the ability of program managers to make informed decisions regarding the allocations of finite resources;*
- provide a framework to monitor and evaluate program effectiveness; and*
- provide better access to information pursuant to the Freedom of Information Act.*

*The introduction of this data management system will greatly enhance the ministry's ability to track expenditures across programs and service areas on a regional basis and assist in assessing overall equity of expenditures by region. As well, the ministry is undertaking a follow-up to the 1991 and 1993 Provincial Child Care Surveys which will continue to build the Ministry data base on the status of licensed facilities in the province including such information as current*

*unmet need identified through waiting lists and other information provided by licensed facilities regarding their ability to meet community needs in the delivery of child care services. In addition, the ministry is undertaking a Survey of Child Care Needs of British Columbia Parents as a follow-up to data collected in the 1988 Canadian National Child Care Study on parents' child care needs. All of the above noted initiatives should substantially enhance the ministry's ability to respond to the areas of greatest identified need.*

**Recommendation 2: The ministry needs to develop standard costs for use in setting measurable goals for creating new child care spaces.**

*Through the BC21 evaluation, the ministry has determined the average cost of developing new child care spaces in public institutions. To generalize this standard costing beyond this is not considered feasible as the cost variance depending on location, renovation versus new building space, stand alone facility versus inclusion in new multipurpose buildings, type of facility and age of children to be served, etc. would be substantial. To account for the level of variance would make standard costing too complex to administer with any degree of certainty that the standard costs proposed were reflective of the actual costs in the long term.*

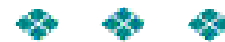
**Recommendation 3: The ministry should extend its performance measurement to assess the effects of program efforts on quality and accessibility of child care.**

*The ministry supports this recommendation. The ministry also recognizes the significant challenges inherent in extending its performance measurements to assess the effects of program efforts on quality and*

*accessibility. In order to assess these effects, it would be necessary to have standard measures of quality against which services would be regularly "tested" to determine if there is overall maintenance or improvement in quality over time. As well, assessing accessibility can only be done by regularly surveying parents to determine if they have access to the child care services they require. As parents' requirements for child care includes over 24 hour periods, 7 days a week for children age 0–12 years, the survey must be detailed enough to accurately capture the wide range of needs. In both cases, the level of government involvement in information gathering from service providers and parents may be too intrusive.*

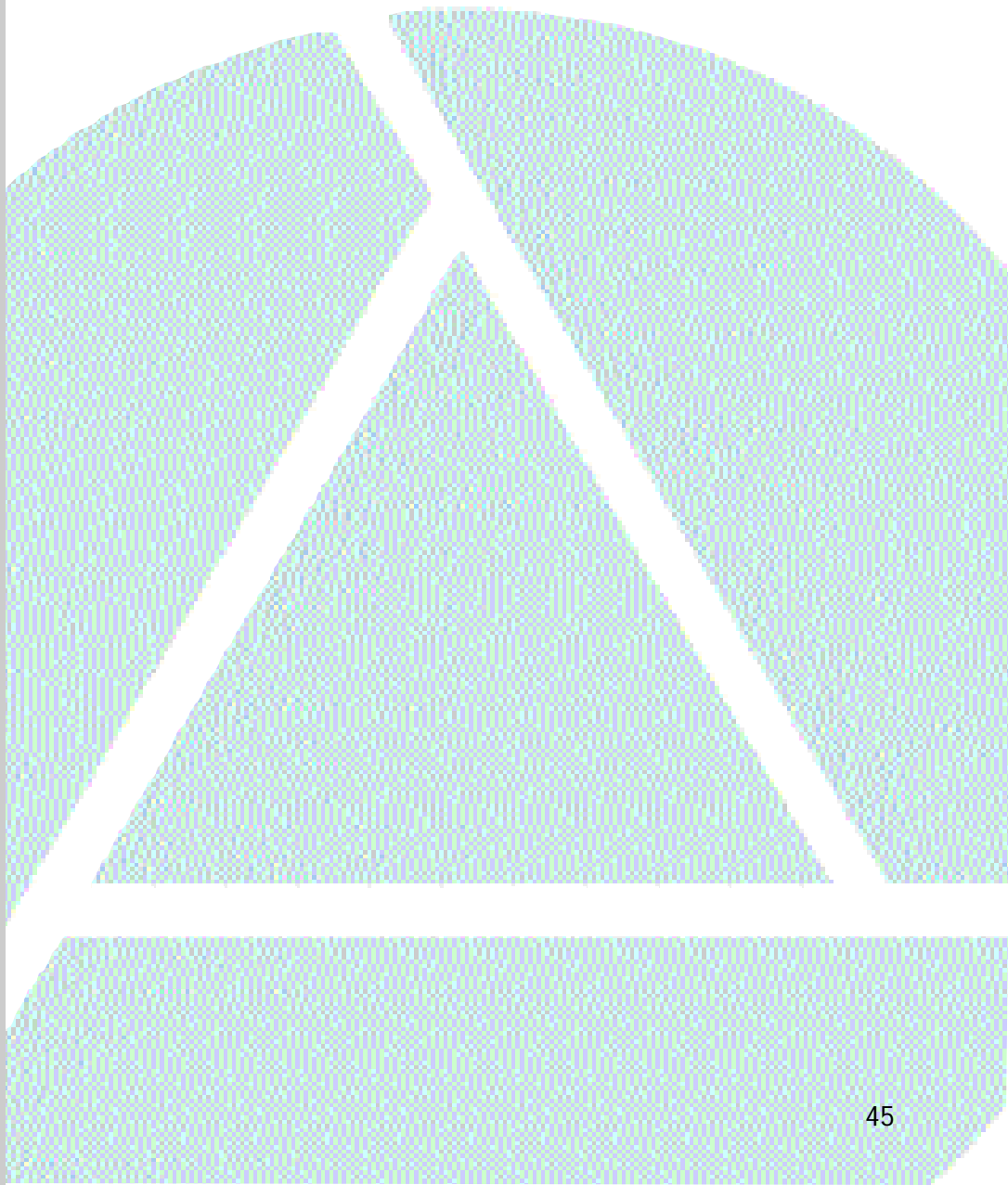
*While the OAG report is a confirmation that child care spending is managed prudently, we will continue to move forward. It is therefore our intent to address the remaining issues raised in the report.*

*We would like to extend our thanks to the staff of the OAG responsible for this report and for their diligent and professional approach in reviewing this very important social policy function.*





# appendix





## appendix

### Office of the Auditor General: Audit Objectives and Methodology

Audit work performed by the Office of the Auditor General falls into three broad categories:

- Financial auditing;
- Performance auditing; and
- Compliance auditing.

Each of these categories has certain objectives that are expected to be achieved, and each employs a particular methodology to reach those objectives. The following is a brief outline of the objectives and methodology applied by the Office for performance auditing.

#### Performance Auditing

##### *Purpose of Performance Audits*

Performance audits look at how organizations have given attention to economy, efficiency and effectiveness.

The concept of performance auditing, also known as value-for-money auditing, is based on two principles. The first is that public business should be conducted in a way that makes the best possible use of public funds. The second is that people who conduct public business should be held accountable for the prudent and effective management of the resources entrusted to them.

##### *The Nature of Performance Audits*

An audit has been defined as:

*... the independent, objective assessment of the fairness of management's representations on*

*performance, or the assessment of management systems and practices, against criteria, reported to a governing body or others with similar responsibilities.*

This definition recognizes that there are two primary forms of reporting used in performance auditing. The first—referred to as attestation reporting—is the provision of audit opinions on reports that contain representations by management on matters of economy, efficiency and effectiveness.

The second—referred to as direct reporting—is the provision of more than just auditor's opinions. In the absence of representations by management on matters of economy, efficiency and effectiveness, auditors, to fulfill their mandates, gather essential information with respect to management's regard for value for money and include it in their own reports along with their opinions. In effect, the audit report becomes a partial substitute for information that might otherwise be provided by management on how they have discharged their essential value-for-money responsibilities.

The attestation reporting approach to performance auditing has not been used yet in British Columbia because the organizations we audit have not been providing comprehensive management representations on their performance. Indeed, until recently, the management representations approach to value for money was not practicable. The need to account for the prudent use of taxpayers' money had not been recognized as a significant issue

and, consequently, there was neither legislation nor established tradition that required public sector managers to report on a systematic basis as to whether they had spent taxpayers' money wisely. In addition, there was no generally accepted way of reporting on the value-for-money aspects of performance.

Recently, however, considerable effort has been devoted to developing acceptable frameworks to underlie management reports on value-for-money performance, and public sector organizations have begun to explore ways of reporting on value-for-money performance through management representations. We believe that management representations and attestation reporting are the preferred way of meeting accountability responsibilities and are actively encouraging the use of this model in the British Columbia public sector.

Presently, though, all of our performance audits are conducted using the direct reporting model, therefore, the description that follows explains that model.

Our performance audits are not designed to question government policies. Nor do they assess program effectiveness. The *Auditor General Act* directs the Auditor General to assess whether the programs implemented to achieve government policies are being administered economically and efficiently. Our performance audits also evaluate whether members of the Legislative Assembly and the public are provided with appropriate accountability information about government programs.

When undertaking performance audits, auditors can look either at results, to determine whether value for money is actually achieved, or at managements' processes, to determine whether those processes should ensure that value is received for money spent.

Neither approach alone can answer all the legitimate questions of legislators and the public, particularly if problems are found during the audit. If the auditor assesses results and finds value for money has not been achieved, the natural questions are "Why did this happen?" and "How can we prevent it from happening in future?" These are questions that can only be answered by looking at the process. On the other hand, if the auditor looks at the process and finds weaknesses, the question that arises is "Do these weaknesses result in less than best value being achieved?" This can only be answered by looking at results.

We try, therefore, to combine both approaches wherever we can. However, as acceptable results information and criteria are often not available, our performance audit work frequently concentrates on managements' processes for achieving value for money.

We seek to provide fair, independent assessments of the quality of government administration. We conduct our audits in a way that enables us to provide positive assessments where they are warranted. Where we cannot provide such assessments, we report the reasons for our reservations. Throughout our audits, we look for opportunities to improve government administration.

### ***Audit Selection***

We select for audit either programs or functions administered by a specific ministry or public body, or cross-government programs or functions that apply to many government entities. There are a large number of such programs and functions throughout government. We examine the larger and more significant ones on a cyclical basis.

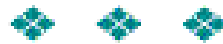
We believe that performance audits conducted using the direct reporting approach should be undertaken on a five- to six-year cycle so that members of the Legislative Assembly and the public receive assessments of all significant government operations over a reasonable time period. Because of limited resources, we have not been able to achieve this schedule.

### ***Our Audit Process***

We carry out these audits in accordance with the value-for-money auditing standards established by the Canadian Institute of Chartered Accountants.

One of these standards requires that the “person or persons carrying out the examination possess the knowledge and competence necessary to fulfill the requirements of the particular audit.” In order to meet this standard, we employ professionals with training and experience in a variety of fields. These professionals are engaged full-time in the conduct of performance audits. In addition, we often supplement the knowledge and competence of our own staff by engaging one or more consultants, who have expertise in the subject of that particular audit, to be part of the audit team.

As performance audits, like all audits, involve a comparison of actual performance against a standard of performance, the CICA prescribes standards as to the setting of appropriate performance standards or audit criteria. In establishing the criteria, we do not demand theoretical perfection from public sector managers. Rather, we seek to reflect what we believe to be the reasonable expectations of legislators and the public. The CICA standards also cover the nature and extent of evidence that should be obtained to support the content of the auditor’s report, and, as well, address the reporting of the results of the audit.



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