Financial Risk and Control Review of CCOF Application CCFRI Enhancements

British Columbia | Ministry of Children and Family Development

August 2018

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Executive Summary

The interim Child Care Fee Reduction (CCFRI) Payment spreadsheet-based system went live on April 2, 2018.

The permanent CCFRI process has been developed on top of the existing Child Care Operating Funding system (CCOF). The new functional design eliminates the use of spreadsheets and uses different screens to facilitate the process. Although the new system is designed to reduce manual processes, certain tasks will still be performed manually such as the data entry of Program Confirmation Form (PCF) information, adjudication, verification of closure information, sending the CCFRI approval email, and adjustment of payments for closures. For certain information such as enrollment reports, Vendor IDs, and the associated facility IDs, the CCFRI component will be interacting with CCOF to retrieve data.

The purpose of this review is to assess the financial risks and controls associated with the new function design changes and enhancement to the CCOF application. The ministry review team used a basic risk and controls methodology to analyze the strengths and limitations of the changes in processes and to record the findings. The review team identified a number of risks and related controls in place or planned controls to mitigate them.

The results of this assessment indicate that the risk of going live is **Low to Medium** and controls/planned controls are appropriate.

The key findings of the controls are summarized in the table below.

Control Objective	Controls/Planned Controls
To ensure completeness, accuracy, and security of data received via PCF.	• Administration staff contacts the facility to fill information gaps. • Program Confirmation Form (PCF) will be linked to the facility within the system to facilitate comparison. • Adjudicator can file only one record under one facility ID. • Information regarding changes in license type, fee schedule and closures is captured.
To ensure accurate payment authorization.	• Payment Authorization section in the Adjudication screen will be disabled for not approved/ineligible facilities. • No payments can be generated prior to the approved status confirmation email. • No payment line will be created if the enrollment report is not verified. • Unchecked boxes will appear on Apply Expense Authority screen against the payment line to prompt the Accounts Team Lead to verify the closure information.
To ensure segregation of duties	• Closure adjustment made by Accounts Clerk is verified by the Accounts Team Lead. Event log is reviewed by the Accounts Team Lead before payment approval is granted.

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Approvals

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Adam McKinnon, Chief Executive Officer and Executive Director   Date

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Katherine Jess, Director   Date

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Philip Twyford, Executive Financial Officer and ADM   Date

Background

Goals and Objectives

The review examined detailed payment processes for the new CCOF Fee Reduction Initiative (CCFRI) program with the goal of:

- Identifying deficiencies in the new payment system regarding operational business risk and control objectives.
- Ensuring that sufficient and comprehensive controls are in place, or will be introduced in a timely manner, to mitigate the business and financial risks.

Scope

The review included documentation and a walkthrough to understand the process flow for CCFRI payment processing.

Financial Services worked with key contacts to:

- Identify operational risks, and rank the impact of each risk.
- Identify existing or planned controls to mitigate the risks.
- Summarize for the CFO and the EFO the significant residual risks (those rated medium or high), and provide recommendations for addressing them.

Risk Rating Process

The review applied the risk framework developed by the Ministry of Finance's Risk Management Branch (RMB). RMB defines risk analysis as the process of calculating the likelihood of an event and the consequence if it were to occur. The intersection of these two variables on a matrix determines the risk ranking for each identified risk.

For each program, all of the risk information discussed above as well as related controls, planned controls and concluding assessments and recommendations for addressing weaknesses was recorded on a risk and controls table.

Likelihood = Probability of the risk event actually occurring.			
Score	**Descriptor**	**Criteria**	**How Likely (%)**
A	Almost Certain	There is almost no chance the event won't happen. It will certainly happen this fiscal year or during the three-year period of the Service Plan.	Greater than 90
B	Likely	We expect the event to happen. It would be surprising if it did not happen.	65 – 90
C	Possible	Just as likely for the event to happen as not. We don't expect it to happen, but there is a reasonable chance.	35 – 65
D	Unlikely	Less likely for the event to happen as not. We won't worry about it happening.	10 – 35

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E	Improbable / Rare	It would be surprising if this event happened. There would have to be a combination of unlikely events for it to happen.	Less than 10

Consequence = Degree of severity, with respect to goals and values, should the risk event occur.		
Score	**Impact**	**Descriptor**
1	Insignificant	- Negligible effects; escalation of the issue is not required. - Can be dealt with internally at the branch level. - No media attention and no/manageable stakeholder and client interest.
2	Minor	- Normal administrative difficulties; can be dealt with at the departmental level but warrants disclosure to executive. - Delay in funding or change in funding criteria. - Stakeholders or clients would take note.
3	Significant	- Delay in accomplishing program or project objectives. - Recovery from the event requires cooperation across departments. - Generates provincial media attention.
4	Major	- Program or project re-design, re-approval and re-do are required. Fundamental re-work before objective can be met. - Problem can be resolved, but it will require a long recovery period. - Event generates prolonged provincial attention, or national attention.
5	Severe / Catastrophic	- Project or program irrevocably finished; objective will not be met. - Significant damage to the ministry's credibility or integrity. - Complete loss of ability to deliver one or more critical programs.

Risk Ranking: The amount of risk is categorized into four levels (low, medium, high, extreme) because neither the likelihood of an event occurring nor the consequence can be estimated with precision. For each risk, a matrix from the Guideline is used to arrive at this estimate:

Likelihood	**A**	Low	Medium	High	Extreme	Extreme
	B	Low	Medium	High	High	Extreme
	C	Low	Medium	Medium	High	High
	D	Low	Low	Medium	Medium	Medium
	E	Low	Low	Low	Low	Low
		1	**2**	**3**	**4**	**5**
		Consequence				

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Child Care Fee Reduction Initiative Application

The Child Care Fee Reduction Initiative (CCFRI) was announced for April 1, 2018. Child Care providers who opt-in will be provided with payments they are required to pass along to parents in the form of reduced fees (parents pay the operator's fee less the fee-reduction.)

The existing CCFRI payment process, which involves the use of multiple linked spreadsheets, is an interim solution. Spreadsheets are used to record facilities opt-in/out status and rates, adjudication decision, and to generate payments. As a result, there is a heavy dependency on manual processes to transfer, update, review, and store data to facilitate the decision making and generate payments. Therefore, the probability of human error in the existing CCFRI process is higher even with strong controls.

The permanent CCFRI process has been developed on top of the existing Child Care Operating Funding system (CCOF) to automate manual processes with no significant change in the current CCFRI payment process. The CCFRI component will be interacting with CCOF to retrieve facility enrollment reports, Vendor IDs and the associated Facility IDs for verification and payments. The system has new functional designs which will eliminate the use of spreadsheets to collect information, record adjudication decisions and generate payments. However, certain tasks will still be performed manually within the system such as the data transfer from Program Confirmation Form (PCF) to CCOF system, adjudication, verification of closure information, sending CCFRI approval email and adjustment of closure payments. The formula for payment calculation is embedded within the system.

The payment process will be straightforward for the facilities that do not have closure in a month. When enrollment reports are verified for a month, a payment approval auto check is generated in Apply Expense Authority screen. When there are closures, the above auto check is disabled prompting the Accounts Team Lead to re-verify an enrollment report before approving a payment.

Key Steps in CCOF CCFRI new payment process

The system uses one security matrix (refer to the appendix) that is shared by both CCOF base funding and CCFRI to ensure consistency in the segregation of duties in the payment process. The following steps are involved in the CCFRI payment process.

Step 1: Adjudicator assess facility eligibility based on the information gathered from the service provider via the Program Confirmation Form. Adjudication is a three stage-approval process to ensure that eligibility for funding is applied consistently and equitably.

Step 2: An eligibility confirmation email is sent to the service provider, and payment authorization is applied to confirm that the facility is eligible for payments.

Step 3: If there is a facility closure, the Accounts Team Lead verifies the enrollment reports and the Accounts Clerk makes closure adjustments to the payment amount which is verified by the Accounts Team Lead, and the payment is approved subsequently.

If there is no facility closure, the Accounts Team Lead applies the Expense Authority auto check and approves payment.

Step 4: Payment data is transmitted to CAS through the CCOF feeder and CAS generates payments.

Step 5: A feedback file from CAS is sent to the Accounts team for verification of success of payments.

The following sections identify the operational business risk and control objectives in the CCFRI system with the help of a flow diagram.

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CCFRI Process (System)

Data transfer (manually) by Adjudicators

1 Program confirmation Form received from **Service Providers** via email or mail.

→ **Adjudicators** perform eligibility assessment to approve/not approve facilities

→ Facility approved for CCFRI?

No → **2** No approved decision /No payment authorisation

Yes → Approved email sent to facilities by **Operation supervisor**

3 Approval email sent to Service provider?

No → Hold payment until confirmation is received

Yes → **4** Payment authorisation for each month on **Adjudication Form**

→ **5** Is there a closure?

Yes → **6** No auto check carried over to expense authority

No → **Accounts Team Lead** applies **Expense Authority** auto check and approves payment

7 Is Parent charged for closure?

No → **9** **Accounts Team Lead** applies **Expense Authority** and approves payment

Yes → **8** **Accounts Clerk** adjusts closure payment → **Accounts Team Lead** verifies the Enrollment Reports

CCOF Enrollment Reports via Child Care Web Application

10 Payment released by **Accounts Team Lead**

CCOF CAS Vendor ID and Associated Facility ID

→ **11** Payment records sent to CAS using **CCOF MERCATOR**

→ CAS feedback file is generated

→ **End**

Financial Risk and Control Review

Control Objective	Risk Description	Risk & Control points	Likelihood A-E	Consequences 1-5	Risk LXC	Controls/Planned Controls	Residual Risk	Assessment/Recommendations
Data received from the Program Confirmation Form (PCF) is complete and accurate.	Incomplete and/or inaccurate data may result in delay and could affect the adjudication.	1	C	3	Medium	Administration staff contacts the facility if the data is incomplete or/and inaccurate. CCOF facility data is used for verification.	Low	
Duplicate PCF from facilities are identified to avoid duplicate records.	Duplicate records may lead to overpayments.	1	C	1	Low	Adjudicator can file only one record under one facility ID. Duplicate forms are subjected to cross verification. Only single record is displayed under Active Adjudication.	Low	
Data received from PCF is manually entered into the CCFRI system by the adjudicator.	Manual data transfer from PCF to the CCOF system may result in human errors.	1	C	3	Medium	PCF will be tagged to the facilities within the system to facilitate comparison.	Medium	Periodic checks by the Quality Control team for accuracy and validation.
Any changes in the facility/child care information that impact the payment is identified and recorded immediately in the system.	Changes in facility/child care information, if not received/recorded in time, may cause delay/incorrect payments.	1	C	3	Medium	A change in license type information is notified online by Service Provider via a Change Notification Form. A change in fee schedule is notified via a new PCF and, the facility is subsequently re-adjudicated. A change in closure information is reported by the facility in adjustment closure report via Child Care Web Application. The information is reviewed by the Adjudicator, Accounts Clerk and Accounts Team Lead.	Medium	Temporary inactivation of Payment Authorization upon the receipt of a change in fee schedule information. Integrate a communication plan to identify and incorporate the changes in a timely manner. The Quality Control team should identify the facilities with the changes and follow up on the re-adjudication process.
Data received from PCF is secured and is only viewed by appropriate program staff.	Potential privacy breaches may happen because information can be viewed by ministry staff processing transactions	1	C	1	Low	PCF contains business information only. Only Adjudicators and Program Administrators can view the PCF data in the system.	Low	

Control Objective	Risk Description	Risk & Control points	Likelih ood A-E	Consequ ences 1-5	Risk LXC	Controls/Planned Controls	Residual Risk	Assessment/Recommendations
No payment authorisation is given to facilities that are not approved or eligible.	Payment authorization may be given to the facilities not approved/eligible.	2 & 4	C	1	Low	Payment Authorization section in the Adjudication screen will be disabled for not approved/ineligible facilities. Approval status gets recorded in the Adjudication Form. The status is visible to all the users of CCFRI system (Read Only).	Low	
No payment is released without the approved status confirmation via email.	Payments can be released prior to the approved status confirmation email.	3	C	3	Medium	Approval email is generated by the Operations Supervisor. Accounts Team Lead signs off approval emails. The Senior Adjudicator will change payment authorization after verifying that the approval email has been sent.	Low	
Closure information is recorded accurately and is secured.	Closure information could be altered resulting in overpayments.	5	C	3	Medium	Closure information is entered by Adjudicators. The information can be edited by Accounts Clerk and must be verified/ approved by Accounts Team Lead.	Low	
No auto check is carried over to expense authority without the verification of the enrollment report.	Expense Authority and payment approval may occur without the verification of enrollment report.	6	C	1	Low	No payment line will be created if the enrollment report is not verified.	Low	
Verification of closure information before payment is made.	Payment adjustment could be made without verifying the closure information. This may lead to overpayments.	7	C	3	Medium	Unchecked boxes will appear on Apply Expense Authority Form against the payment line to prompt the Accounts Team Lead to verify the closure information.	Low	
Bulk selection and approval function should not result in approval of non-verified closure information.	Select All and Approve Selected tab may result in mass approval without verification.	9	C	3	Medium	Only the Accounts Team Lead approves the payments after individual verification of the each payment line.	Medium	

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Control Objective	Risk Description	Risk & Control points	Likelih ood A-E	Consequ ences 1-5	Risk LXC	Controls/Planned Controls	Residual Risk	Assessment/Recommendations
Segregation of duties between Accounts Team Lead and Accounts Clerk.	Closure payment adjustment can be altered (Undo/re-verify) at any point by both Accounts Team lead and Accounts Clerk.	8	C	1	Low	Closure adjustment made by Accounts Clerk is verified by the Accounts Team Lead. Event log is reviewed by the Accounts Team Lead before payment approval is granted.	Low	
Payment must not exceed the approved limits.	Overpayments	10	C	2	Medium	System enables visual comparison between enrolment amount and licenced amount.	Medium	No system control in place. Set a maximum daily limit for the payment in the system.
Payment accounting information recorded is complete and accurate.	Inaccurate payment information	10	C	1	Low	Account coding is hard coded per type of payment and ensures the accuracy of payment information.	Low	
Payment via CHQ is sent to the correct address.	Inaccurate mailing address	10	C	1	Low	Follow up procedure in place for returned mail.	Low	
All payments generated are successfully integrated with CAS and payment is made as intended.	Payment records may not integrate into CAS. CAS integration occurs but the payment is not generated.	11	C	2	Medium	Manual check is in place to ensure payments are integrated within CAS. A feedback file from CAS is sent to the Accounts team for verification of success of payments.	Low	
Data protection from system failure.	Loss of data may occur due to system failure.		C	2	Medium	CCOF business continuity plan is in place. Production back-up happens daily.	Low	

Risk & Control Points (numbers) reference the appropriate locations on the program flowchart (non-General issues only). **Likelihood** of the risk occurring: A = Almost Certain / B = Likely / C = Possible / D = Unlikely / E = Rare. **Consequence (or impact)** should the risk event actually occur: 1 = Insignificant / 2 = Minor / 3 = Moderate / 4 = Major / 5 = Catastrophic. **L x C (Likelihood x Consequence)** is the potential risk = Extreme, High, Moderate, Low. **Controls/Planned Controls:** Controls are considered to be in place unless specified as "Planned" (for the future) **Residual Risk** is the risk after the controls and planned controls are implemented, as contemplated by the decision-making team = High, Medium, Low. **Assessment/Recommendation:** is the risk and controls expert's assessment of the control, with input from the decision-making team

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Appendix

Security Matrix

User Role Assignment	Accounts Clerk	Accounts Team Lead	Adjudicator	Call Team Admin	Accounts Clerk Team Lead	Program Coordinator
User Role - CCOF Coordinator		✓	✓		✓	✓
User Role - CCOF Data Entry	✓	✓	✓	✓	✓	✓
User Role – Document Management Clerk		✓	✓	✓		✓
User Role – Finance CAS Data Entry	✓	✓	✓		✓	✓
User Role – Finance Payment Authority	✓	✓			✓	✓
User Role - CCOF Program Administrator	✓	✓	✓		✓	✓
User Role – CCOF Program Clerk	✓	✓	✓	✓	✓	
User Role – System Admin						✓
User Role – CCOF Table Maintenance						✓
User Role - User	✓	✓	✓	✓	✓	✓

Form Name	User Role	Create Data	View Data	Update Data	Delete Data
Adjudication	User Role - CCOF Coordinator	✓	✓	✓	✓
Adjudication	User Role – CCOF Program Clerk		✓		
Parent Fees	User Role - CCOF Coordinator	✓	✓	✓	✓
Parent Fees	User Role – CCOF Program Clerk		✓		
Closures	User Role - CCOF Coordinator	✓	✓	✓	✓

Closures	User Role – CCOF Program Clerk		✓		
Family CCFRI Funding Monthly Details Form	User Role - CCOF Coordinator	✓	✓	✓	✓
Family CCFRI Funding Monthly Details Form	User Role – CCOF Program Clerk		✓		
Group CCFRI Funding Monthly Details Form	User Role - CCOF Coordinator	✓	✓	✓	✓
Group CCFRI Funding Monthly Details Form	User Role – CCOF Program Clerk		✓		
Monthly Business Days	User Role – System Admin	✓	✓	✓	✓

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Financial Risk and Control Review
Affordable Child Care Benefit

British Columbia | Ministry of Children and Family Development

July 2018

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Executive Summary

BC Government will end the Child Care Subsidy Program (CCS) and introduce the new Affordable Child Care Benefit (ACCB) program in September, 2018. Parents who are currently in receipt of CCS benefits will continue to be supported under the new benefit. The funding will be available for child care based on family size, type of care, and household income. Families that are currently approved for CCS will receive the same financial support; regardless of the type of care they use.

There are three primary differences between ACCB and CCS:

1. **My Family Service online portal (MyFS)** - The ACCB application forms can now be submitted by the parents using the MyFS online portal. This was previously done through paper applications only. Child Care providers can also now submit claims electronically through the portal.

2. **Income testing with Canada Revenue Agency data** - Families will now be income-tested for program level eligibility using federal income tax information from the Canada Revenue Agency (CRA). This means parents will now provide consent to have their income confirmed directly with CRA. Under CCS, parents stated their income and provided documentary proof.

3. **Eligibility calculation method** - The ACCB amount is calculated based on three factors:

   (1) adjusted annual gross income of the family
   (2) type of child care required
   (3) amount of care

   CCS has been calculated using only family net income.

Regulatory changes introduce the changes for ACCB for September 1, 2018. These changes are being incorporated into My Family Services (MyFS), an existing online web portal, as well as the Integrated Case Management system (ICM). The soft launch of the system changes will occur on the July 16th to a restricted group with full implementation scheduled for August 1st 2018.

The purpose of this review is to assess the financial risks and controls associated with the policy changes. The ministry review team used a basic risk and controls methodology to analyze the strengths and limitations of the changes in processes and to record the findings. The review team identified a number of risks and related controls in place or planned controls to mitigate them.

The results of this assessment indicate that the risks of going live is **Moderate** and controls/planned controls are appropriate. Additional controls are recommended to ensure sufficiency and effectiveness of the process.

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The key findings of the controls are summarized in the table below.

Control Objective	Controls/Planned Controls
To ensure validity of information received from parents	• Follow-up by the Verification and Audit team to confirm information such as annual income.
To avoid incorrect payments	• A series of tests has ensured that the eligibility calculation as per new policy gives accurate results. • Post-audit review invoices for review by Verification and Audit.
To ensure data is complete and not corrupt	• MyFS uses system logic which does not allow the submission of an application unless mandatory information is provided. Uploaded documents on the portal are verified by the staff. After verification, the information is transferred to the ICM. • Data received via MyFS portal is copied over to a non-editable PDF file. Data is backed up by Canadian Cloud.
To ensure data privacy	• Staff cannot request tax records if the parent is not either the primary applicant or spouse, does not have a SIN, or the request is prior to the period for which consent was granted. • Only the Adjudicator can create a tax data request.
To ensure proper documentation and protection of consent forms	• The emailed forms are sent to ICM. The paper consent forms are scanned and attached to the ICM case. The physical copies then get destroyed.

Approvals

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Katherine Jess, Director, Accounting Operations   Date

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Adam McKinnon, Executive Director and CFO   Date

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Philip Twyford, Assistant Deputy Minister and EFO   Date

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Background

Goals and Objectives

To review the system and process changes introduced to implement the Affordable Child Care Benefit (ACCB), identify the risks, review the existing controls, and make recommendations.

Scope

The review included documentation and a walkthrough to understand the changes introduced through ACCB.

Financial Services worked with key contacts to:

- Identify system risks, and rank the impact of each risk.
- Identify existing or planned controls to mitigate the risks.
- Summarize of any significant residual risks (those rated medium or high), and provide recommendations for addressing them.

Risk Rating Process

The review applied the risk framework developed by the Ministry of Finance's Risk Management Branch (RMB). RMB defines risk analysis as the process of calculating the likelihood of an event and the consequence if it were to occur. The intersection of these two variables on a matrix determines the risk ranking for each identified risk.

For each program, all of the risk information discussed above as well as related controls, planned controls and concluding assessments and recommendations for addressing weaknesses was recorded on a risk and controls table.

Likelihood = Probability of the risk event actually occurring.			
Score	**Descriptor**	**Criteria**	**How Likely (%)**
A	Almost Certain	There is almost no chance the event won't happen. It will certainly happen this fiscal year or during the three-year period of the Service Plan.	Greater than 90
B	Likely	We expect the event to happen. It would be surprising if it did not happen.	65 – 90
C	Possible	Just as likely for the event to happen as not. We don't expect it to happen, but there is a reasonable chance.	35 – 65
D	Unlikely	Less likely for the event to happen as not. We won't worry about it happening.	10 – 35
E	Improbable / Rare	It would be surprising if this event happened. There would have to be a combination of unlikely events for it to happen.	Less than 10

5

Score	Impact	Descriptor
1	Insignificant	- Negligible effects; escalation of the issue is not required. - Can be dealt with internally at the branch level. - No media attention and no/manageable stakeholder and client interest.
2	Minor	- Normal administrative difficulties; can be dealt with at the departmental level but warrants disclosure to executive. - Delay in funding or change in funding criteria. - Stakeholders or clients would take note.
3	Significant	- Delay in accomplishing program or project objectives. - Recovery from the event requires cooperation across departments. - Generates provincial media attention.
4	Major	- Program or project re-design, re-approval and re-do are required. Fundamental re-work before objective can be met. - Problem can be resolved, but it will require a long recovery period. - Event generates prolonged provincial attention, or national attention.
5	Severe / Catastrophic	- Project or program irrevocably finished; objective will not be met. - Significant damage to the ministry's credibility or integrity. - Complete loss of ability to deliver one or more critical programs.

Consequence = Degree of severity, with respect to goals and values, should the risk event occur.

Risk Ranking: The amount of risk is categorized into four levels (low, medium, high, extreme) because neither the likelihood of an event occurring nor the consequence can be estimated with precision. For each risk, a matrix from the Guideline is used to arrive at this estimate:

Likelihood						
	A	Low	Medium	High	Extreme	Extreme
	B	Low	Medium	High	High	Extreme
	C	Low	Medium	Medium	High	High
	D	Low	Low	Medium	Medium	Medium
	E	Low	Low	Low	Low	Low
		1	2	3	4	5
		Consequence				

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Affordable Child Care Benefit

BC Government will end the Child Care Subsidy Program (CCS) and introduce the new Affordable Child Care Benefit (ACCB) program in September, 2018. Parents who are currently in receipt of CCS benefits will continue to be supported under the new benefit. The funding will be available for child care based on family size, type of care, and household income. Families that are currently approved for CCS will receive the same financial support, regardless of the type of care they use.

The changes introduced through the ACCB have not resulted in a net new system. Instead, changes have been made to the existing CCS functionality in ICM as well as the MyFamily Services (MyFS) portal. In addition, income testing is being enhanced to use federal income tax information from the Canada Revenue Agency (CRA).

MyFS Online Portal - The existing MyFS portal has been enhanced to permit families to submit the ACCB application forms electronically based on authentication through BCeID. Forms can also be submitted by mail or fax, as has been the case for CCS.

Child Care providers can also now submit claims electronically through the portal, based on authentication through BCeID. Forms can also be submitted by mail or fax, as has been the case for CCS.

Income testing with Canada Revenue Agency data - For families, financial eligibility for CCS was determined based on information provided by the family and supported with proof of income documents, such as pay stubs. With the change to ACCB, family income will be verified using CRA data.

This means parents will now provide consent to have their income confirmed directly with CRA, and are no longer required to provide supporting documentation. For families who do not have the previous two years available through the CRA, income will be based on their signed statement and proof will be examined by the Verification and Audit Department in a post-audit sample.

Different ACCB eligibility calculation method- The ACCB amount is calculated based on three factors –

   (1) adjusted annual gross income of the family
   (2) type of child care required
   (3) amount of care.

The CCS amount has been calculated using solely family net income.

The soft launch of the system changes will occur on July 16, 2018 for a restricted group of families and service providers in order to conduct an additional system test with live data and real child care scenarios. Full implementation will occur on August 1, 2018.

The table below captures the financial risks and controls of the process changes. It provides recommendations which may ensure more effective process and sufficiency. The controls points are marked on ACCB process flow diagram on Page 15.

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Summary of changes	Control Objective	Risk Description	Control Points	Likeli-hood A-E	Conseq -uence 1-5	Risk L x C	Controls/Planned Controls	Residual Risk	Assessment / Recommendations
Use of MyFS online portal to file application	To ensure data is complete and secure.	Information provided by the parents may not be complete.	1	B	2	Medium	MyFS uses system logic which prevents submission of an application unless the mandatory information is provided. Uploaded documents on the portal are verified by the staff. After verification, the information is transferred to ICM.	Low	Acceptable
	To ensure data is not corrupt and cannot be altered.	Information provided could be changed by staff inadvertently or deliberately.	1	B	2	Medium	Data received via MyFS portal is copied over to a non-editable PDF file. Data is backed up by Canadian Cloud. Only Adjudicators are authorised to make changes to key information that impacts ACCB amount calculation. ICM records when the changes have been made and by whom.	Medium	Acceptable
Income testing with CRA	To ensure income/tax data protection.	Unauthorised access. Income information can be altered.	3	B	2	Medium	CRA request can be made only with a valid SIN and client consent. Tax request is received in encrypted files by CRA. CRA electronically sends tax information in a "Read Only" file which is imported into ICM. Tax information is viewable only by the Adjudicators.	Low	Acceptable

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Use of consent forms to access tax records	To ensure proper documentation and protection of consent forms.	Unauthorised use of the information in the form.	2	B	2	Medium	The emailed forms are uploaded to ICM. The paper consent forms are scanned and attached to ICM case. The physical copies then get destroyed.	Low	Acceptable
New Eligibility calculation	To ensure a correct formula is in place.	The new calculation may provide inaccurate results.	3	B	2	Medium	Oracle Policy Automation is used to calculate the amount. A series of tests has ensured that the eligibility calculation as per new policy gives accurate results.	Low	Acceptable
	To provide accurate ACCB amount when no CRA information is available.	The calculation without CRA information may provide an inaccurate ACCB amount.	3	B	2	Medium	Oracle Policy Automation is used to calculate the amount. A series of tests has ensured that the eligibility calculation as per new policy gives accurate results.	Medium	Periodic post-audit is recommended for families without CRA-based income testing.
Transition Adjustment	To ensure segregation of duties	Biased valuation of ACCB amount	4	B	2	Medium	Oracle Policy Automation is used to calculate the amount. Adjudicators initiate the addition of a transition amount upon review by a specialized team. Data entry and approval are segregated.	Medium	Acceptable
Transition Adjustment will remain in effect until the circumstances of the family change.	To avoid payments to ineligible families or overpayment/underpayment to the families	A change in family circumstances may go unreported due to client error. A change in family circumstances may	6	B	2	Medium	Periodic post-audit is recommended for families in receipt of a transition amount.	Medium	Acceptable

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		not be documented due to administrative error.								
Parents without CRA-based income testing are no longer required to provide proof of income.	To receive accurate information from the parents	Inaccurate information may result in payments to ineligible families or overpayments/under payment to the families.	5	B	5	High	Periodic post-audit is recommended for families without CRA income testing.		Medium	Acceptable

Risk & Control Points (numbers) reference the appropriate locations on the program flowchart (non-General issues only). **Likelihood** of the risk occurring: A = Almost Certain / B = Likely / C = Possible / D = Unlikely / E = Rare. **Consequence (or impact)** should the risk event actually occur: 1 = Insignificant / 2 = Minor / 3 = Moderate / 4 = Major / 5 = Catastrophic. **L x C (Likelihood x Consequence)** is the potential risk = Extreme, High, Moderate, Low. **Controls/Planned Controls:** Controls are considered to be in place unless specified as "Planned" (for the future) **Residual Risk** is the risk after the controls and planned controls are implemented, as contemplated by the decision-making team = High, Medium, Low. **Assessment/Recommendation:** is the risk and controls expert's assessment of the control, with input from the decision-making team.

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ACCB Process Flow Diagram

Parents submit application via MyFS online portal or paper form

`1`

A Care Arrangement form is signed both by the **parent** and the **care provider**. Parents provide consent for the provision of income information from CRA

`2`

The Administrative support team register the applicant and create or re-open a case record within ICM

If provider indicated is LNR, RLNR or ICH

`5`

Income is determined by a signed statement. Parents indicate what types of income they received, but will no longer be required to provide proof of income.

When eligibility is established, a letter is sent to both the parent and the provider indicating the number of full and half days eligible and the eligible amount

If provider indicated is licenced Family, Group or Preschool

Y

Provider Maintenance assess eligibility

Y

After the first of each month, the provider submits payment requests via MyFS portal for each child in their facility where the amount is approved

Information is entered into ICM. OPA calculates the total monthly benefit amount per child

Is there any discrepancy?

N

Y

Adjudicator (with appropriate Expense Authority) assesses the applicants to approve ACCB amount.

Adjudicator requests tax information from the CRA to calculate ACCB amount based on Gross Income.

`3`

Does tax record exist?

Is Max payment > Max amount authorized?

N

Invoice is received and reviewed by a **Qualified Receiver** for approval

Are children in care of the Ministry?

N

Is parent eligible for transition adjustment?

Y

Y

No Payments

Payment made via Corporate Financial System

Parents are provided with Increased ACCB payments for 1 year or until family's circumstances change

`6`

`4`

Y

11