



**Fall 2015**

## **Reports of the Auditor General of Canada**

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### **REPORT 6**

Canada Pension Plan Disability Program



**Office of the Auditor General of Canada**

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OAG

## **Performance audit reports**

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# Introduction

## Background

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### Canada Pension Plan Disability program

6.1 Introduced in 1966, the Canada Pension Plan Disability (CPPD) program is the largest public benefit program for long-term disability in Canada. Employment and Social Development Canada (the Department) delivers the program.

6.2 The CPPD benefit provides partial earnings replacement to someone who has made sufficient contributions to the Canada Pension Plan and who cannot work because of a **severe and prolonged disability** (mental or physical), as defined in *Canada Pension Plan* legislation.

6.3 Beneficiaries of the CPPD program receive taxable monthly payments that are based on a flat rate plus an amount reflecting how much they contributed to the program during their entire working careers. In 2013, the maximum monthly benefit was \$1,213, the average monthly benefit was \$842, and almost 60 percent of beneficiaries were between 55 and 64 years old. At age 65, beneficiaries stop receiving the monthly CPPD benefit and begin receiving their Canada Pension Plan retirement pensions.

6.4 Beneficiaries have a range of disabilities, such as diseases of the nervous and circulatory systems, cancers, and mental disorders. Since 2009, mental disorders have been the most common condition among new beneficiaries.

6.5 The CPPD benefit is not intended to completely replace a beneficiary's income. As CPPD is not an income-tested benefit, Employment and Social Development Canada does not consider income in determining eligibility. The Department has noted that people with disabilities tend to have lower incomes.

6.6 According to the Department, the number of CPPD beneficiaries has increased over the years, partly because of the aging population with its rising prevalence of disabilities. In the 2000–01 fiscal year, the CPPD program had about 282,000 beneficiaries, who together received just over \$2.5 billion in disability benefits. By the 2013–14 fiscal year, the program had almost 330,000 beneficiaries (an increase of 17 percent), who received just over \$4.0 billion in disability benefits (an increase of 59 percent).

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**Severe and prolonged disability**—A disability is severe if the affected person “is incapable regularly of pursuing any substantially gainful occupation” and a disability is prolonged only if it is determined “the disability is likely to be long, continued and of indefinite duration or is likely to result in death.”

Source: *Canada Pension Plan*

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## Roles and responsibilities

6.7 **Employment and Social Development Canada.** As the federal organization responsible for delivering the CPPD program, the Department reviews applications and determines whether applicants are eligible. If denied, applicants may ask the Department to reconsider decisions.

6.8 The Department reported that in the 2014–15 fiscal year, it adjudicated 69,075 initial applications, of which 29,368 (43 percent) were granted and 39,707 (57 percent) were denied. The Department also reconsidered 13,159 of its decisions, of which 4,661 (35 percent) resulted in the initial denial being overturned.

6.9 Applicants who still disagree with the Department's decision after their applications are reconsidered may file an appeal with the Social Security Tribunal of Canada (the Tribunal).

6.10 After the Tribunal accepts an appeal, but before the appeal is decided, the Department may review the case further and determine that the appellant is in fact eligible for the CPPD benefit. Alternatively, the Department may recommend to the Tribunal that the appeal be summarily dismissed because it has no reasonable chance of success.

6.11 **Social Security Tribunal of Canada.** Independent from the Department, this administrative tribunal processes and decides appeals on income security programs, including the CPPD program. When the Tribunal began operations on 1 April 2013, it replaced four tribunals, including two that had been responsible for deciding CPPD appeals: the Office of the Commissioner of Review Tribunals and the Canada Pension Plan Pension Appeals Board.

6.12 Members of the Tribunal are located throughout Canada. The **Governor in Council** appoints full-time members for terms of up to five years, and a single member decides each appeal case.

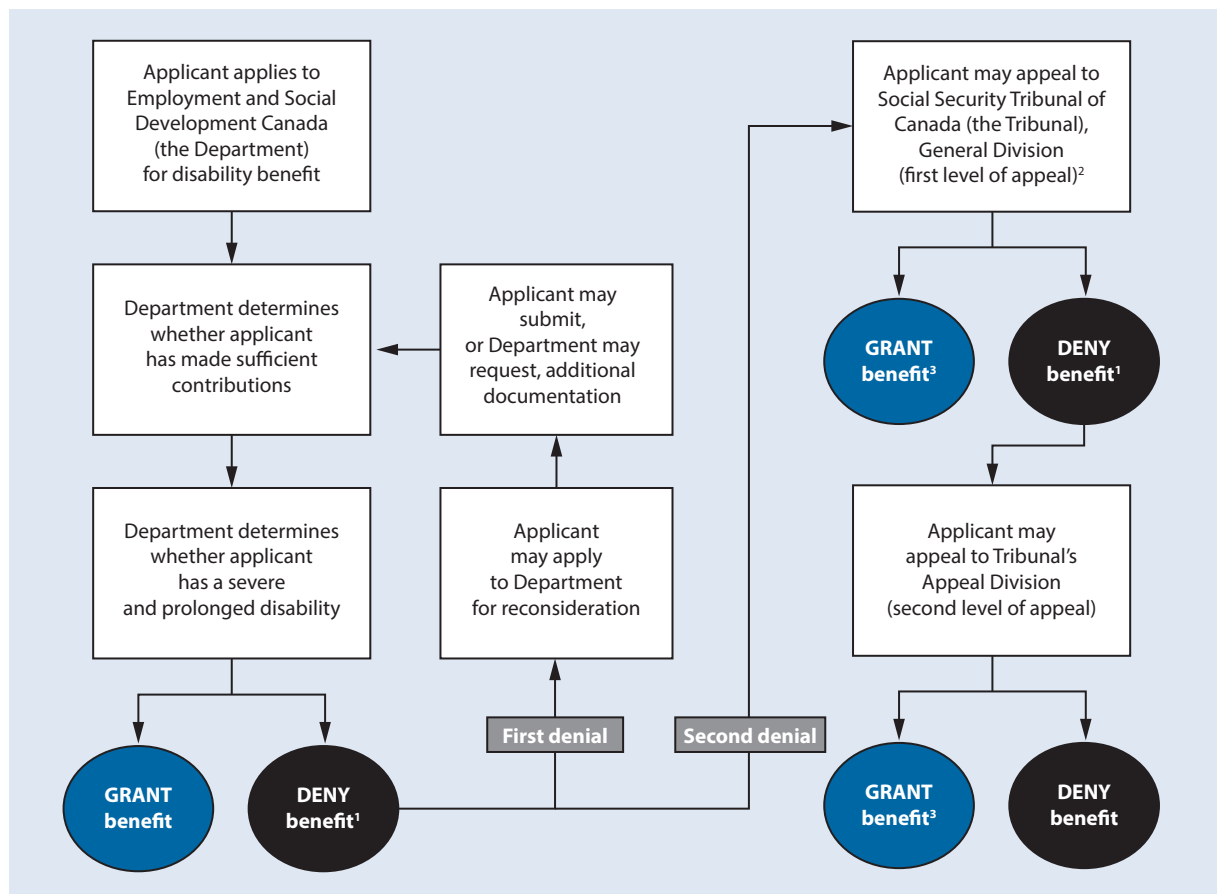
6.13 An applicant may have to follow several steps to apply for and receive the CPPD benefit, or to appeal a decision that denied the benefit (Exhibit 6.1).

6.14 **Administrative Tribunals Support Service of Canada.** Created in November 2014, this organization provides support services and facilities to 11 federal tribunals, including the Social Security Tribunal of Canada. The Tribunal had previously been supported by the Department.

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**Governor in Council**—The Governor General, acting on the advice of the Privy Council, as the formal executive body that gives legal effect to those decisions of Cabinet that are to have the force of law.

## Exhibit 6.1 Application process for the Canada Pension Plan Disability benefit



<sup>1</sup> Applicants who are denied the benefit may decide not to request a reconsideration or appeal.

<sup>2</sup> Before a Tribunal member makes a decision, the Department may determine that the applicant is eligible for the benefit.

<sup>3</sup> When the Tribunal grants a benefit, the decision can be appealed (by the Minister of Employment and Social Development, for example).

Source: Adapted from Employment and Social Development Canada documentation

## Focus of the audit

6.15 This audit examined whether Employment and Social Development Canada (the Department) assessed applications for the Canada Pension Plan Disability (CPPD) benefit in a consistent and timely manner. The audit also examined whether the Social Security Tribunal of Canada (the Tribunal), supported by the Administrative Tribunals Support Service of Canada, decided CPPD appeals in a timely manner.

6.16 This audit is important because Canadians who have contributed to the Canada Pension Plan and cannot work because of a severe and prolonged disability may have to rely on the CPPD program as a source of income. The Department and Tribunal must manage the program as

efficiently as possible to ensure the timely provision of the benefit to applicants who are entitled to it.

6.17 We did not examine the Department's efforts to ensure the accuracy of benefit payments or the eligibility of applicants' dependents for benefits. We also did not assess the Department's outreach activities, vocational rehabilitation programs, or efforts to combat fraud. We also did not examine Tribunal activities that were unrelated to the CPPD program.

6.18 More details about the audit objectives, scope, approach, and criteria are in **About the Audit** at the end of this report (see pages 26–28).

## Findings, Recommendations, and Responses

### Application process

#### The initial application process for the Canada Pension Plan Disability benefit was lengthy and complex

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##### Overall finding



6.19 Overall, we found that applying for the Canada Pension Plan Disability (CPPD) benefit was a lengthy and complex process, requiring the completion of many forms. It can take several months for an applicant to complete a regular application, partly because of the complexity of the application documents. We also found that the process was largely paper-based, creating an administrative burden for Employment and Social Development Canada (the Department). This contrasted with programs, such as Employment Insurance, that offered online services. Finally, we found that the Department had not surveyed applicants' satisfaction with program accessibility or assessed the efficiency of the application process.

6.20 These findings are important because an applicant with a severe and prolonged disability may find completing the complex application forms challenging. A paper-based process may be difficult for applicants with mobility-related or visual impairments, whereas an online process may be more accessible. Moreover, the date on which the Department receives an application affects when the benefit begins, so delays in completing an application may result in the applicant's loss of several monthly payments.

6.21 Our analysis supporting this finding presents what we examined and discusses

- the initial application process.



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**Context**

6.22 The initial application process is designed to help the Department determine whether an applicant meets the basic eligibility requirements for the CPPD program. An applicant must submit personal information, medical documents, and explanations of any physical or other limitations. Some of this information must be obtained from the applicant's doctors, which may require considerable time, according to the Department.

6.23 To determine eligibility, a benefits officer at the Department reviews the applicant's contributions to the Canada Pension Plan. An applicant must have contributed to the Canada Pension Plan in 4 of the previous 6 years, or in 3 of the previous 6 years if he or she contributed for at least 25 years.

6.24 A medical adjudicator at the Department, who is a health care professional working in a regional service centre, then reviews all application documents to determine whether an applicant has a severe and prolonged disability.

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**Recommendations**

6.25 Our recommendations in this area of examination appear at paragraphs 6.33 and 6.34.

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**Analysis to support this finding**

6.26 **What we examined.** We examined the initial application process for the CPPD benefit, specifically the application kit, to see whether applicants could easily access the program.

6.27 **Initial application process.** The application kit contained eight documents, which totalled 42 pages. The kit included

- two guides intended to help the applicant complete the required forms;
- up to five forms to be completed by the applicant, including an application form, a consent form, and a questionnaire; and
- a medical report to be completed by the applicant's doctor.

6.28 Some of the forms contained the same questions, and each required a signature. Department officials stated that the application kit could take applicants several months to complete. However, we found that the Department did not formally monitor completion times to identify ways to improve the forms and the efficiency of the process.

6.29 In 2011, the Department completed an evaluation of the program, and found that both applicants and Department employees saw the application forms as lengthy and complex. The evaluation noted that employees suggested combining the application form, consent form, and questionnaire into one form. Although the Department accepted the evaluation's recommendation to simplify the application process, it did not reduce the complexity of the application kit.

6.30 We noted, however, that the Department was able to streamline the application kit for terminally ill applicants. In March 2012, the Department made available to applicants in this category a single, 11-page condensed application form.

6.31 We also found that the application process remained largely paper-based, creating an administrative burden for the Department. For example, the Department maintained large warehouses to store the files. When it needed to process the files, it had to mail them back and forth among its regional service centres. The Department offered online services for some of its programs, such as Employment Insurance, to improve accessibility and speed of service; however, it did not do so for the CPPD program. The Department recognized that online access and increased use of technology to manage applications would generate administrative efficiencies and help contain costs.

6.32 We also noted that since the Department's 2011 program evaluation, it had not sought feedback from applicants and beneficiaries regarding their satisfaction with the program's initial application process.

6.33 **Recommendation.** Employment and Social Development Canada should assess ways to streamline and simplify the initial application process for the Canada Pension Plan Disability program.

*The Department's response. Agreed. Employment and Social Development Canada is committed to ensuring that the Canada Pension Plan Disability (CPPD) program continues to be responsive to the needs of Canadians. To accomplish this, the Department is developing a Canada Pension Plan Service Improvement Strategy, which will include the CPPD program, as part of a broader agenda to modernize its employment and pensions benefit programs. The strategy is a comprehensive, phased plan, being developed with partners, that will transform program delivery to ensure that it is adaptable, innovative, and cost-effective. The long-term vision of the strategy is one of continuous improvement and of maximizing the use of technology, with emphasis on electronic services and automation to simplify processes and increase efficiency. As the Department pursues this modernization agenda, it will incorporate the recommendations of this report to ensure the objectives of the government and the expectations of Canadians are achieved.*

*Through the strategy, the Department will assess ways to leverage new system functionalities to streamline and simplify the application process for the CPPD program, including the potential to offer online access for components of the application process. The Department will complete this assessment by June 2016.*

6.34 **Recommendation.** Employment and Social Development Canada should regularly seek feedback from applicants and beneficiaries to identify ways to improve access to the Canada Pension Plan Disability program.

***The Department's response.** Agreed. Employment and Social Development Canada recognizes the importance of regularly consulting with applicants and beneficiaries to identify ways to improve the Canada Pension Plan Disability (CPPD) program. The client experience is a fundamental consideration for all program improvements, and the Department is committed to ensuring that Canadians are able to access the program in an easy, secure, timely, and efficient manner. The Department established the CPPD Client Roundtable in 2001. Since its creation, the roundtable has served as a forum for discussion with individuals from the community who have direct experience with the program. Building on our experiences with the roundtable, the Department will reassess the best manner to regularly engage applicants and beneficiaries to identify ways to improve access to the program. The Department will complete this reassessment by March 2016 and implement enhancements by December 2016.*

## Initial, reconsideration, and appeal decisions

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### Overall finding



6.35 Overall, we found that Employment and Social Development Canada (the Department) met its service standards for initial and reconsideration decisions on Canada Pension Plan Disability (CPPD) applications. However, it did not respect its guidelines for making faster decisions for applicants with terminal illnesses or grave conditions. Moreover, some applicants who were granted the benefit after reconsideration or appeal had waited more than a year. We also found that the Department did not have a quality assurance framework in place to ensure that medical adjudicators followed the adjudication framework to make appropriate and consistent decisions.

6.36 We also found that the Social Security Tribunal of Canada (the Tribunal) did not decide appeals in a timely manner. This was partly because of the Department's poor transition planning before the Tribunal was established. Once established, the Tribunal was not ready to handle the inherited backlog of 6,585 CPPD appeals. We also found that the backlog continued to grow, reaching 10,871 appeals in December 2014, and it took longer for the Tribunal to decide appeals. The Tribunal explained this was partly because it had to wait for appellants and the Department to indicate that they were both ready to proceed, as required by the *Social Security Tribunal Regulations*. The Tribunal also faced operational challenges. A study completed for the Tribunal in March 2015 identified more than 60 opportunities for improvements. Finally, we found that to assist the Tribunal in reducing the backlog, the Department reviewed appeals waiting to be decided and determined that some previously denied applicants were in fact eligible to receive the benefit.

6.37 These findings are important because delays in appeal decisions may significantly affect applicants' ability to support themselves financially.

According to the Department, people with disabilities tend to have lower incomes. The Tribunal was created to make the appeal process more timely and efficient.

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**Context**

6.38 The Department last updated its service standards for issuing initial and reconsideration decisions more than 10 years ago. The Department also established guidelines in 2002 for making faster decisions for applicants with terminal illnesses, and it did the same in 2013 for applicants with grave conditions. (See Exhibit 6.3 for examples of terminal illnesses and grave conditions.)

6.39 The Department's medical adjudicators can request additional reports from doctors or previous employers to help inform their decisions. Adjudicators are guided by a medical adjudication framework and by their professional experience and judgment. Applicants who disagree with the Department's initial decision can request a reconsideration, which is carried out by a different medical adjudicator within the Department. This adjudicator may confirm or overturn the initial decision.

6.40 The Tribunal's creation was announced in Budget 2012 as part of the Department's Deficit Reduction Action Plan. The Plan was intended to reduce departmental costs by streamlining programs and services. The Tribunal was also created to make more timely and efficient appeal decisions. According to the Social Security Tribunal Regulations, the Tribunal "must conduct proceedings as informally and quickly as the circumstances and the considerations of fairness and natural justice permit."

### **Employment and Social Development Canada met its service standards for initial and reconsideration decisions, but did not respect guidelines for making faster decisions for applicants with terminal illnesses or grave conditions**

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**What we found**

6.41 We found that although the Department met its service standards for initial and reconsideration decisions on CPPD applications, it did not respect its guidelines for making faster decisions for applicants with terminal illnesses or grave conditions. We also found that it had not reviewed its service standards in the last 10 years to determine whether they remained appropriate.

6.42 Our analysis supporting this finding presents what we examined and discusses

- service standards for initial and reconsideration decisions,
- guidelines for applicants with terminal illnesses or grave conditions, and
- data quality.

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**Why this finding matters**

6.43 This finding matters because waiting for a decision on the CPPD benefit may be financially difficult for people with disabilities; those with terminal illnesses or grave conditions could face particularly severe situations.

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**Recommendations**

6.44 Our recommendations in this area of examination appear at paragraphs 6.51, 6.55, and 6.57.

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**Analysis to support this finding**

6.45 **What we examined.** We examined whether the Department made decisions on applications in a timely manner. We looked at the service standards established by the Department and whether it met them. We also looked at whether the Department met its guidelines for applicants with terminal illnesses or grave conditions.

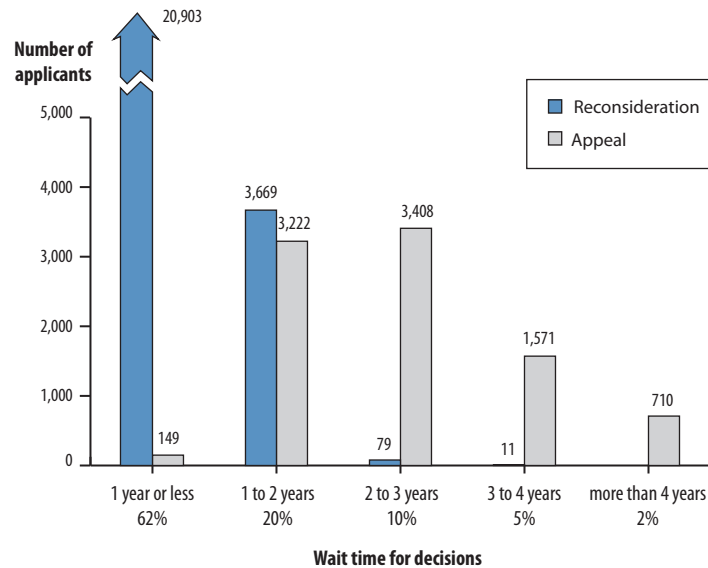
6.46 **Service standards for initial and reconsideration decisions.** The Department established service standards for initial and reconsideration decisions. It committed to make

- 75 percent of its initial decisions within 120 days of receiving complete applications, and
- 70 percent of its reconsideration decisions within 120 days of receiving requests for reconsideration.

6.47 We found that the Department met its service standards for initial and reconsideration decisions for the 2012–13 to 2014–15 fiscal years. We also conducted a detailed analysis of decisions made in the 2014–15 fiscal year and found that the Department made decisions within 120 days on 81 percent of just over 69,000 initial applications. However, 5 percent of applicants (just over 3,400) had to wait longer than six months to receive initial decisions. The Department also made decisions within 120 days on 79 percent of about 13,000 reconsideration requests. However, 5 percent of applicants (almost 700) had to wait longer than six months for reconsideration decisions. Department officials told us that the time required for seeking further medical information from physicians and specialists could explain why some decisions took longer.

6.48 We also assessed performance over the longer term by analyzing just over 212,000 applicants who were granted the benefit between the 2009–10 and 2014–15 fiscal years. We examined how long applicants had to wait to find out they were granted the benefit. We found that 84 percent of these applicants (just over 178,000) were granted the benefit at the initial application stage, the majority within one year. However, for the remaining applicants (just under 34,000) who were granted the benefit at reconsideration or appeal, it took longer. We found that almost 38 percent of these applicants (about 13,000) waited more than one year to be granted the benefit (Exhibit 6.2).

**Exhibit 6.2** Between the 2009–10 and 2014–15 fiscal years, more than a third of Canada Pension Plan Disability applicants who were granted the benefit after reconsideration or appeal had waited more than one year



Note: Because of rounding, percentages do not total 100.

Source: Based on data from Employment and Social Development Canada's Information Technology Renewal Delivery System and Appeals Directorate Management System, and from the Social Security Tribunal of Canada.

6.49 We also found that the Department last updated the service standards for initial and reconsideration decisions more than 10 years ago. Since then, it had not reviewed them to determine whether they remained appropriate.

6.50 Finally, we noted a significant number of decisions overturned at the reconsideration stage. The Department reported that in the 2014–15 fiscal year, it overturned 35 percent of the initial decisions it reconsidered. In our opinion, the 120-day service standard for making a reconsideration decision may be excessive, given the number of overturned decisions. A medical adjudicator should have obtained the documents needed for the initial decision. Therefore, little, if any, additional documentation should have been needed at reconsideration—and reconsiderations could possibly be done more quickly. However, because the Department had not reviewed this service standard in more than 10 years, it could not demonstrate that the standard remained appropriate.

6.51 **Recommendation.** Employment and Social Development Canada should review its Canada Pension Plan Disability service standards for initial and reconsideration decisions to determine whether they are appropriate.

*The Department's response.* Agreed. As part of ongoing efforts to manage the delivery of its pension programs, Employment and Social Development Canada is undertaking a review of its service standards, including all

elements related to the delivery of the Canada Pension Plan Disability program. The Department will complete the review and develop an implementation plan by March 2016.

**6.52 Guidelines for applicants with terminal illnesses or grave conditions.** The Department recognized that applicants with terminal illnesses or grave conditions should have their applications processed as quickly as possible. In 2002, the Department established guidelines for applicants with terminal illnesses. It committed to making decisions for these applicants within 48 hours of receiving a complete application. In 2013, the Department established guidelines for applicants with grave conditions. It committed to making decisions for these applicants within 30 days of receiving a complete application (Exhibit 6.3).

**Exhibit 6.3 Employment and Social Development Canada established guidelines for making decisions more quickly for Canada Pension Plan Disability applicants with terminal illnesses or grave conditions**

	<b>Terminal illnesses</b>	<b>Grave conditions</b>
<b>Description of the category</b>	<p>A disease that cannot be cured or adequately treated and that is reasonably expected to result in the death of the applicant within a short period of time.</p> <p>Terminally ill applicants have specific needs and require an immediate decision on their disability applications. There is an urgency to determine eligibility quickly so that Canada Pension Plan Disability benefit payments can start as soon as possible.</p>	<p>A list of 25 grave conditions that are severe enough to cause marked and severe functional limitations. Many of the conditions are progressive and are expected to result in death.</p> <p>Those 25 grave conditions have been found to have a high probability of meeting the definition of disability.</p>
<b>Examples of illnesses and diseases that fall within the category</b>	<p>Medical adjudicators look for key terms, such as stage III or IV cancer, malignant, or carcinoma, which indicate a terminal illness. They have no specific list of terminal illnesses.</p>	<p>Alzheimer’s disease, liver cancer, Parkinson’s disease, and paranoid schizophrenia.</p> <p>An applicant may have a grave condition that is also a terminal illness. In these cases, the grave condition is treated as a terminal illness.</p>
<b>Guideline</b>	Decision within 48 hours.	Decision within 30 days.
Source: Adapted from Employment and Social Development Canada documentation		

6.53 We found that the Department did not respect its guidelines for these two categories of applicants (Exhibit 6.4). In the 2014–15 fiscal year, only 7 percent of applicants identified as having terminal illnesses received a decision within 48 hours, and only 59 percent of applicants identified as having grave conditions received a decision within 30 days.

**Exhibit 6.4** Employment and Social Development Canada did not respect its guidelines for applicants with terminal illnesses or grave conditions

	2012–13	2013–14	2014–15
Percentage of applicants with terminal illnesses for whom a decision was made within 48 hours	11% (464 of 4,250)	17% (508 of 3,078)	7% (293 of 3,920)
Percentage of applicants with grave conditions for whom a decision was made within 30 days	59% (1,677 of 2,832)	54% (2,058 of 3,823)	59% (1,490 of 2,544)
Source: Employment and Social Development Canada’s Information Technology Renewal Delivery System			

6.54 Although not a requirement, we also noted that the Department did not report publicly on its performance for these two categories of applicants.

6.55 **Recommendation.** Employment and Social Development Canada should establish specific service standards for processing Canada Pension Plan Disability applications from applicants with terminal illnesses or grave conditions. The Department should also measure and report on its performance in meeting the standards.

*The Department’s response. Agreed. The review of pension program service standards will include the identification of options for service standards for applications made by applicants with terminal illnesses or grave conditions. Employment and Social Development Canada will complete the review of the service standards and develop an implementation plan, which will include mechanisms for monitoring and reporting on these standards by March 2016.*

6.56 **Data quality.** Throughout our audit, we found problems related to data reliability at both the Department and at the Tribunal. For example, both Department and Tribunal officials informed us that some key dates were not always accurately captured in information systems and that manual corrections were sometimes needed. Although we are confident in our analyses and observations in this report, issues with data quality prevented us from doing more extensive data analyses. In our opinion, these issues also limited the extent to which the Department and Tribunal were able to analyze data to improve the management of their operations.



6.57 **Recommendation.** Employment and Social Development Canada and the Social Security Tribunal of Canada, supported by the Administrative Tribunals Support Service of Canada, should collect and accurately capture robust data to allow better monitoring of the Canada Pension Plan Disability program and accurate reporting of results.

***The Department's response.** Agreed. Employment and Social Development Canada will continue ongoing efforts to improve the quality of its data. As part of the Canada Pension Plan Service Improvement Strategy, the Department will identify and analyze data issues, and develop a plan to implement solutions. The plan to improve Canada Pension Plan Disability (CPPD) data quality will detail specific measures and system enhancements that will be pursued in order to provide timely, reliable, and comprehensive data to support the CPPD program. The Department will develop this plan by June 2016.*

***The Tribunal's response.** Agreed. The Social Security Tribunal of Canada, supported by the Administrative Tribunals Support Service of Canada, will continue to identify its statistical requirements and improve its case management system to collect better and more robust data that will ensure complete and accurate reporting of the Tribunal's workload and performance. One of the challenges that needed to be overcome in meeting this requirement was the limited state of preparedness of the Tribunal's new case management system when the Tribunal opened its doors. Furthermore, the transfer, from the former tribunals, of a high volume of backlog cases and related data from the former tribunal's case management system also created significant difficulties since very few staff had the knowledge of the former systems. Since 1 April 2013, eight releases of the Tribunal's case management system have enabled the Tribunal to develop operation dashboards and other performance reports. The Tribunal will continue to enhance its case management system to ensure effective decision making and monitoring of performance standards.*

## The Department did not review whether its medical adjudications were appropriate and consistent

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### What we found

6.58 We found that the Department did not have a quality assurance framework in place to ensure that medical adjudicators followed the adjudication framework to make appropriate and consistent decisions. We also found that the Department did not analyze program data, such as trends in regional granting rates, as a way to identify areas for improvement. Finally, we found that the Department did not analyze the Tribunal's appeal decisions to determine why it had overturned the Department's decisions, and to adjust the adjudication framework to reflect the rationales in those appeals.

6.59 Our analysis supporting this finding presents what we examined and discusses

- quality assurance.

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**Why this finding matters**

6.60 This finding matters because consistent adjudication is important to ensure fair treatment of all applicants across the country. Moreover, increasing the number of correct initial decisions may help to reduce the number of requests for reconsiderations and appeals.

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**Recommendation**

6.61 Our recommendation in this area of examination appears at paragraph 6.69.

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**Analysis to support this finding**

6.62 **What we examined.** We looked at whether the Department had a quality assurance framework in place. We also conducted data analyses and reviewed a random sample of 60 application files to assess whether the process used to make decisions was consistent across regional service centres.

6.63 **Quality assurance.** In response to a recommendation in its 2011 program evaluation, the Department committed to implementing a quality assurance framework. We found that although the Department had developed a draft framework, it had not implemented it.

6.64 The Department and Tribunal reported a high proportion of overturned decisions at the reconsideration and appeal stages. For example, in the 2014–15 fiscal year, 35 percent of initial decisions were overturned at the reconsideration stage. In the same fiscal year, 67 percent of appeals were overturned by the Tribunal—or by the Department before the Tribunal decided—because it was determined that the applicant was eligible after all. These findings suggest to us that a quality assurance framework would be helpful in reducing the proportion of decisions overturned and the volume of appeals at the Tribunal.

6.65 We also noted that the Department’s data on granting rates for initial applications varied significantly across the regional service centres. For example, the national average was 43 percent for the 2014–15 fiscal year, but granting rates for individual service centres ranged from 35 to 49 percent. Granting rates for reconsideration decisions also varied by regional service centre, ranging from 31 to 45 percent. There may have been valid reasons for these variations; however, without a quality assurance framework, the Department had limited means of knowing whether the variations were acceptable. In our view, these variations reinforce the importance of analyzing data across the program to identify issues that should be addressed.

6.66 In our review of a random sample of 60 files across two regional service centres, we found deficiencies that a quality assurance framework may have identified and prevented. For example, we found that medical adjudicators conducting reconsiderations did not include explanations of why initial decisions were overturned. They also did not identify any new information that had been considered. Moreover, the Department did not have any mechanism in place to inform medical adjudicators as to why their initial or reconsideration decisions (following appeals at the Tribunal) had been overturned—a mechanism that could help reduce the rate of overturned decisions.

6.67 In the two regional service centres in which we conducted file reviews, we noted inconsistent practices that a quality assurance framework may have helped to identify and prevent. For example, to help support their decisions on the initial application, medical adjudicators in the Edmonton office requested additional medical reports in 16 of 30 files we reviewed. However, in the Chatham, Ontario office, we found that medical adjudicators requested additional information in only 7 of the 30 files we reviewed. Although there may be valid reasons for this difference, in the absence of a quality assurance framework, the Department was not in a position to know.

6.68 Finally, we found that the Department did not analyze appeal decisions made by the Tribunal to determine why the Tribunal had overturned decisions and to update the medical adjudication framework to reflect the rationales in those appeals.

6.69 **Recommendation.** Employment and Social Development Canada should implement a formal quality assurance framework for the Canada Pension Plan Disability program to review whether its medical adjudications are appropriate and consistent. This framework should include a process to inform medical adjudicators of the reasons why their decisions were overturned, and to support Department officials' efforts to improve processing procedures and provide training to adjudicators.

*The Department's response.* Agreed. Employment and Social Development Canada considers high-quality program delivery a priority. Building on work undertaken to date, the Department will continue to develop and implement a robust Canada Pension Plan Disability (CPPD) Quality Assurance Framework to support continuous improvement and consistency in decision making. This framework will guide the integration of quality into all aspects of program delivery and policy development, and will include mechanisms to identify opportunities to enhance business processes and develop clear guidance and training. It will also include an effective feedback mechanism for medical adjudicators to understand why their decisions were overturned or upheld by decision makers at reconsideration or appeal. The Department will finalize the CPPD Quality Assurance Framework by March 2016 and begin its phased implementation in April 2016.

## Poor transition planning by the Department led to the transfer of an unmanageable backlog of appeals to the Social Security Tribunal of Canada

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### What we found

6.70 We found that although the Department established a plan to transition CPPD appeals to the Tribunal, the plan included unrealistic target dates and planning assumptions. This led to a backlog of appeals that the Tribunal was not ready to manage when it began operations.

6.71 Our analysis supporting this finding presents what we examined and discusses

- transition planning.

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### Why this finding matters

6.72 This finding matters because poor planning by Department officials had an impact on the Tribunal's readiness and ability to decide appeals in a timely manner. As a result, some applicants had to wait years for an appeal decision.

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### Recommendation

6.73 We made no recommendations in this area of examination.

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### Analysis to support this finding

6.74 **What we examined.** We examined whether the Department developed and implemented a plan to complete the transition of CPPD appeals to the Tribunal. We looked at whether the plan adequately prepared the Tribunal to manage the backlog of appeals being transferred to it on 1 April 2013.

6.75 **Transition planning.** The Department established a transition plan to position the new Tribunal so that it would be ready to operate on 1 April 2013. It did this without consulting with existing tribunals until after the Tribunal was announced in the Budget. However, while the Department did not control when certain events would take place, we found that the plan included unrealistic target dates and planning assumptions. In some cases, risk mitigation actions to facilitate the transition were not taken when initial planning assumptions were found to be unrealistic (Exhibit 6.5).

6.76 In our opinion, poor transition planning led to the transfer of a large number of appeals, which the Tribunal was not operationally prepared to manage. This large initial backlog of appeals also contributed to the growing backlog of appeals at the Tribunal and the time it took to decide on them.

**Exhibit 6.5 The Department’s actions during the transition to the Social Security Tribunal of Canada fell short of planning assumptions**

Planning assumption	Action
Members of the Social Security Tribunal of Canada (the Tribunal) were to be nominated by December 2012 to allow time for training.	When the Tribunal began operations on 1 April 2013, less than 40 percent of its planned 74 members had been nominated. Of those nominated, only 7 members were appointed to decide on Canada Pension Plan Disability (CPPD) appeals.
The new <i>Social Security Tribunal Regulations</i> were to be approved in November 2012. In regular updates to management at Employment and Social Development Canada (the Department), the team overseeing the transition identified a delay as a risk.	The Regulations were approved on 28 March 2013, four days before the Tribunal began operations.
An estimated 96 employees would be required when the Tribunal began operations.	As of 1 April 2013, only 21 employees had been hired, and the necessary operational processes and administrative systems for processing appeals were not in place. The Tribunal’s case management system, Atrium, was not fully functional and did not interface with the systems at the Department, which meant that the Department had to send paper copies of documents to the Tribunal.
A workload of about 4,000 CPPD appeals would be transferred from the Office of the Commissioner of Review Tribunals (OCRT) to the Tribunal.	The Department revised the expected number of transferred appeals to 8,400 based on workload inventory and projected intake information it received from the OCRT following the Budget 2012 announcement on the creation of the Tribunal. In its last year of operation, the OCRT made fewer decisions and took longer to make them. The Department identified the risk that a backlog of appeals could swamp the Tribunal.
Tribunal officials noted that Department officials had told them that about 30 percent (1,975) of the appeals in the backlog could be determined as eligible for the benefit before the transfer of appeals to the Tribunal.	<p>The Department further reviewed appeals in the backlog that were to be transferred on 1 April 2013. We found that it determined that only 453 applicants were eligible.</p> <p>The Department did not develop any further strategy to determine how the Tribunal could make timely decisions on the CPPD appeals in the backlog transferred from the OCRT.</p>
The Department planned that each Tribunal member would complete 29 decisions per month.	We calculated that Tribunal members completed on average 6.5 decisions per month in the 2014–15 fiscal year. In December 2014, the Tribunal established a performance expectation of 10 decisions per month for each Tribunal member.
With the creation of the Tribunal, the Department anticipated a need for fewer hearings and more decisions based solely on review of documentation.	We found that 6 percent of CPPD appeal decisions in the 2014–15 fiscal year were based solely on review of documentation.
Source: Adapted from documentation from Employment and Social Development Canada and Social Security Tribunal of Canada	

## The backlog of appeals increased, and decisions took longer, after the Tribunal was established

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### What we found

6.77 We found that the backlog of CPPD appeals increased after the Tribunal began operations on 1 April 2013. After reaching 10,871 on 31 December 2014, the backlog was at 8,552 on 15 May 2015, according to the Tribunal. We also found that the Tribunal did not decide appeals in a timely manner and that the period that appellants had to wait for a decision continued to rise. The Tribunal explained that this was partly because of the Social Security Tribunal Regulations, which required appellants and the Department to both indicate they were ready to proceed before the Tribunal could decide appeals. The Tribunal did not have adequate systems, procedures, or service standards for decision times when it began operations. A study completed for the Tribunal in March 2015 identified more than 60 opportunities for improvements.

6.78 Our analysis supporting this finding presents what we examined and discusses

- appeals awaiting decisions, and
- decision time for appeals.

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### Why this finding matters

6.79 This finding matters because the Tribunal was created in part to make appeal decisions more timely and efficient. According to the *Social Security Tribunal Regulations*, the Tribunal “must conduct proceedings as informally and quickly as the circumstances and the considerations of fairness and natural justice permit.” This is important because, at the time when the Tribunal was established, many of the appellants in the backlog had already been waiting several months—and in some cases, years—for an appeal to be decided. About 30 percent had already been waiting at least one year when their appeals were transferred to the Tribunal.

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### Recommendation

6.80 Our recommendation in this area of examination appears at paragraph 6.101.

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### Analysis to support this finding

6.81 **What we examined.** We examined whether the Tribunal decided appeals in a timely manner. We examined how long appellants had to wait for decisions from the dates they filed their appeals. We also examined whether the Tribunal had established adequate systems and procedures, and implemented service standards and performance expectations to help it make timely appeal decisions.

6.82 **Appeals awaiting decisions.** We found that in the 2013–14 fiscal year, the Tribunal concluded 1,015 CPPD appeals, including 575 from previously denied applicants who the Department determined were eligible.

Moreover, the Tribunal took almost eight months after it started operations to hold its first hearing. Consequently, the backlog of appeals continued to grow, until it reached 10,871 in December 2014. During the 2014–15 fiscal year, the Tribunal concluded 3,012 appeals, including 1,270 from previously denied applicants who the Department determined were eligible.

6.83 The *Social Security Tribunal Regulations* specify that up to 365 days are allowed for the parties to file additional documents or submissions, or to file a “notice of readiness” stating that they have no documents or submissions to file. The intent of the notice of readiness was to establish a time limit for appellants to submit additional information. Before making decisions or scheduling hearings, the Tribunal, in accordance with the Regulations, waited for the appellants and the Department to confirm that they were ready to proceed, or for the 365 days to pass.

6.84 The Tribunal informed appellants by letter that if they had no additional documents to file, they could proceed before the end of the 365-day period. However, after sending the letters, the Tribunal did not follow up with appellants to determine whether some were ready to proceed. The Tribunal told us that it did not follow up because it expected to receive notices of readiness from the Department for the files for which appellants had already confirmed their readiness.

6.85 The Tribunal indicated that by August 2013, it had received 1,489 notices of readiness from appellants. Department officials provided us with information demonstrating that by the end of August 2013, the Department had sent 976 notices of readiness to the Tribunal. Since Tribunal officials told us that they had only received notices of readiness from both parties for eight cases, the Tribunal could assign only a limited number of appeals. However, we could not verify this information, because the Tribunal’s file management system did not track it.

6.86 The Tribunal did not have the members, staff, systems, or procedures in place to process the backlog of appeals and incoming documents, including notices of readiness. This situation, which persisted throughout the Tribunal’s first year, caused ongoing delays in the management of the appeals. A study completed for the Tribunal in March 2015 identified more than 60 opportunities for improvement. The Tribunal told us that it was implementing the improvements.

6.87 We found that an appellant with terminal cancer requested a faster appeal hearing from the Tribunal. A Tribunal official told us that the request had been filed by error without being read, so it was not brought to the attention of the Tribunal official who assigned cases. Although the appellant was eventually denied the benefit on non-medical grounds, in our opinion, the appellant had to wait longer than necessary for a decision.

6.88 In another appeal, the Tribunal received documents from the Department supporting the Department's position that an applicant who had back pain did not have a severe and prolonged disability. Because of delays in processing the documents, which the Tribunal attributed to internal operational difficulties, Tribunal employees could not share the documents with the Tribunal member, who granted the benefit without considering the additional evidence.

6.89 On 1 April 2014, the 365-day period for parties to file additional documents or submissions ended for the backlog of appeals that had been transferred and, according to the Regulations, they were deemed ready to be decided without delay. The Tribunal indicated that it had received a further 3,325 CPPD appeals during that first year, which had significantly increased its backlog.

6.90 Tribunal officials told us that they determined that as of 1 April 2014, the Tribunal could no longer meet its regulatory obligations of making decisions or scheduling hearings without delay. According to officials, this constituted a special circumstance, as per the Regulations, that allowed the Tribunal to vary the regulatory process. On 1 April 2014, the Tribunal started deciding appeals or scheduling hearings in the order in which appeals were filed, without requiring a notice of readiness to be submitted.

6.91 The Tribunal put in place a process to provide a 90-day period between the date when an appellant was notified that a hearing would be scheduled and the date of the hearing. This process was intended to ensure that appellants and their representatives were available and to allow more time for the exchange of information.

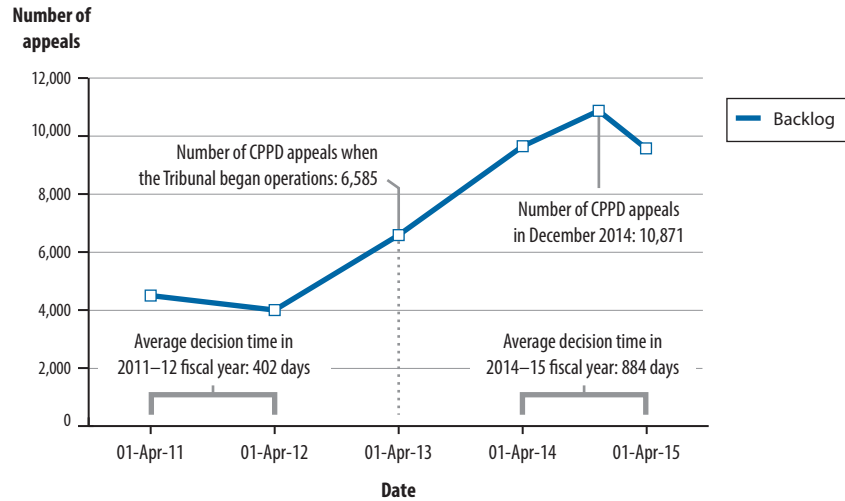
6.92 We found that the growing backlog of CPPD appeals at the Tribunal reached 10,871 on 31 December 2014. We also found that of the 6,585 appeals that were transferred on 1 April 2013, 39 percent (2,569 appeals) were still not concluded as of 31 March 2015 (two years after they were transferred to the Tribunal). According to the Tribunal, as of 15 May 2015, there were 8,552 appeals in the backlog.

6.93 **Decision time for appeals.** We found that between the 2011–12 and 2014–15 fiscal years, the average time an appellant waited for a decision more than doubled as the backlog of appeals increased, from 402 days to 884 days (Exhibit 6.6).

6.94 We also found that the percentage of appellants who received a decision on appeal within one year declined steadily, from 86 percent in the 2009–10 fiscal year to 12 percent in the 2014–15 fiscal year.



**Exhibit 6.6 The average time for Canada Pension Plan Disability decisions doubled as the backlog of appeals increased**



Source: Data from the Employment and Social Development Canada’s Appeals Directorate Management System and from the Social Security Tribunal of Canada

6.95 The general principle of the *Social Security Tribunal Regulations* is that they “must be interpreted so as to secure the just, most expeditious and least expensive determination of appeals and applications.” The Regulations also state that the Tribunal must make each decision on the basis of the documents and submissions filed, without delay; or, if it determines that a hearing is required, send a notice of hearing to the parties involved. The Department’s transition plan anticipated a need for fewer hearings and more decisions based solely on a review of documentation. However, we found that 6 percent of CPPD appeal decisions in the 2014–15 fiscal year were based solely on a review of documentation.

6.96 The Department’s initial planning assumptions were based on each Tribunal member completing 29 decisions per month. However, we found that only in December 2014 did the Tribunal establish a performance expectation of 10 decisions per month for each Tribunal member. We also found that the average number of decisions Tribunal members actually completed was significantly lower: 6.5 decisions per month in the 2014–15 fiscal year. We calculated that at this rate, the Tribunal would need more than two years to eliminate the backlog (8,552 CPPD appeals as of 15 May 2015), excluding any new appeals filed with the Tribunal.

6.97 Furthermore, we found that CPPD appeals that could be summarily dismissed, such as when an appellant did not meet the Canada Pension Plan contributory requirements, were still taking a long time to resolve. Of the 137 appeals that were summarily dismissed in the 2013–14 and 2014–15 fiscal years, almost half (66 appeals) took more than 800 days to be concluded.

6.98 When it began operations, the Tribunal had no service standards for making decisions on CPPD appeals, and it still had not put any in effect by the end of our audit period. The Tribunal publicly reported in April 2015 that 85 percent of appeals would be decided within 5 months of receiving confirmation from both parties that they were ready to proceed. However, it stipulated that the service standard would be in effect only for appeals received after the Tribunal achieved a “steady state,” which the Tribunal expected to achieve in the fall of 2015.

6.99 According to the Tribunal, a steady state is an inventory of 17 months of work, or 6,000 to 7,000 CPPD appeals. This 17-month timeline includes both the 365-day period for receiving the notices of readiness and the 5-month service standard, which is to begin after the parties declare they are ready. We did not assess whether maintaining such an inventory and timeline would allow the Tribunal to decide appeals in a timely manner. The Tribunal did indicate that appellants could receive decisions before the 17 months passed if both parties filed their notices of readiness earlier rather than later.

6.100 We also found that the Tribunal used an electronic case management system that did not capture the information required to report on the proposed service standard. However, officials at the Administrative Tribunals Support Service of Canada told us at the end of our audit period that it was modifying the system to address this problem.

6.101 **Recommendation.** The Social Security Tribunal of Canada, supported by the Administrative Tribunals Support Service of Canada, should review its policies and practices to ensure that they adhere to the intent of the *Social Security Tribunal Regulations*, to ensure the most expeditious appeal decisions.

*The Tribunal’s response.* Agreed. Since its first day of operations, and notwithstanding the numerous challenges resulting from the lack of preparedness it faced at inception, the Social Security Tribunal of Canada has processed and decided CPPD appeals, incoming and those inherited from the Office of the Commissioner of Review Tribunals, as efficiently and expeditiously as the circumstances allowed, while respecting the legislation, the regulations, and the rules of natural justice. The Tribunal expects its Canada Pension Plan Disability (CPPD) caseload to reach a steady state later this year. This will allow the Tribunal to implement its service standards of completing 85 percent of CPPD appeals within five months of when both parties are ready to proceed. Furthermore, the Tribunal, supported by the Administrative Tribunals Support Service of Canada, will continue to

- develop practices and policies that respect the legislation and regulations and that adhere to their intent,
- review and improve its operational processes,
- implement quality control mechanisms for registry operations,

- *further develop its case management system and improve the quality of statistics,*
- *improve its website to better inform parties and potential appellants of the Tribunal’s processes and procedures, and*
- *listen to its stakeholders to improve the quality of its services.*

**For about one third of appeals further reviewed by the Department, appellants were found eligible for the benefit despite being denied twice previously**

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**What we found**

6.102 We found that in the fall of 2014, the Department further reviewed appeal cases in the backlog of CPPD appeals to assist the Tribunal in reducing it. As of 1 May 2015, the Department determined that about one third of the cases it further reviewed met the eligibility requirements for the benefit, although these cases had been previously denied twice. In our opinion, this calls into question the appropriateness of the initial and reconsideration decisions, and supports our previous observation about the lack of quality assurance and its implications for applicants. Moreover, in our review of appeal files in which the Department had overturned previous denials, we found that most did not contain significant new information.

6.103 Our analysis supporting this finding presents what we examined and discusses

- triage review.

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**Why this finding matters**

6.104 This finding matters because some appellants wait years for their appeals to be decided. The fact that the Department overturned its own decisions for about one third of appellants suggests that many appellants could have been approved at the initial or reconsideration stages.

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**Recommendation**

6.105 Our recommendation in this area of examination appears at paragraph 6.112.

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**Analysis to support this finding**

6.106 **What we examined.** We examined the Department’s strategy for following through on its commitment to eliminate the backlog of CPPD appeals filed before December 2014 by the end of the summer of 2015. More specifically, we examined its further review of cases that it had previously denied and that were waiting to be decided by the Tribunal. To determine how the Department confirmed eligibility, we looked at a random sample of 25 appeal files reviewed by the Department as part of its triage review.

6.107 **Triage review.** In December 2014, the Department determined that the size of the backlog of CPPD appeals had grown to an unacceptable level and that the Tribunal's rate of making decisions would not reduce this backlog within a reasonable period of time. The Department expanded the triage review it had started in September 2014 to identify more appeals that could be resolved expeditiously—that is, where it considered that sufficient evidence existed to overturn its earlier decisions to deny the benefit. At the end of our audit, officials told us that this triage review would extend to appeals filed after December 2014.

6.108 The triage review was to determine whether the appellant met the eligibility requirements for the benefit or recommend that an appeal should be dismissed. This review was supposed to be based on new information received on an appellant's medical history and on his or her age, work experience, and education. According to the Department, overturning decisions through this mechanism in the absence of additional information should have occurred only rarely.

6.109 The Department told us that as of 1 May 2015, the triage review team had reviewed about half of all CPPD appeals in the backlog received before December 2014. The Department further noted that it had identified 32 percent of those (1,746 of the 5,414 appeals reviewed) as being eligible for the benefit, although it had previously denied them twice. It also recommended 12 percent of appeals for dismissal. Finally, the remaining 56 percent of appeals were to proceed to the Tribunal. Based on projections from work carried out by May 2015, the Department noted that it was on track to review all CPPD appeal cases in the backlog received before December 2014 by the end of summer 2015. However, this further review did not eliminate the backlog.

6.110 We examined a random sample of 25 appeal files that the Department triaged between December 2014 and May 2015. For 14 of these appeal files, the Department determined that the applicants were eligible for the benefit. We found that 9 of these 14 appeals were determined to be eligible without substantial new information. For 1 appeal, the applicant had applied four times and asked for reconsideration twice. After denying the applicant the benefit six times, the Department determined that the applicant was eligible.

6.111 Department officials told us that they wanted to learn from this triage review and intended to use this information to improve its services and ensure that applications were approved earlier in the process if possible. They also told us that they would analyze the results of the triage review to determine what the Department could do to speed up decisions and improve the process. Officials were expecting this analysis to be completed by the end of the winter of 2016.

6.112 **Recommendation.** Employment and Social Development Canada (the Department) should analyze the results of its triage review to identify ways to modify its policies and processes to ensure that the benefit is granted earlier to eligible applicants. The Department should also consider the lessons learned in developing a quality assurance framework, to ensure that its decisions are appropriate and consistent.

*The Department's response. Agreed. Employment and Social Development Canada has already initiated an analysis of the triage review findings. Based on the results of this analysis, the Department will develop a strategy to leverage the findings to determine greater efficiencies and enhance policies and processes. In addition, as part of this strategy, the Department will consider the lessons learned from the triage review when developing its Canada Pension Plan Disability (CPPD) Quality Assurance Framework. The Department will complete the analysis of the triage review findings in order to support the development of the CPPD Quality Assurance Framework by March 2016.*

## Conclusion

6.113 We concluded that Employment and Social Development Canada (the Department) assessed applications and reconsiderations for the Canada Pension Plan Disability (CPPD) benefit in a timely manner, as the Department met its service standards. However, it did not respect its guidelines for making faster decisions for applicants with terminal illnesses or grave conditions.

6.114 We also concluded that the Department did not ensure that it assessed applications for the CPPD benefit in a consistent manner, because the Department did not have a quality assurance framework in place.

6.115 Finally, we concluded that the Social Security Tribunal of Canada, which was supported by the Department until November 2014 and afterwards by the Administrative Tribunals Support Service of Canada, did not decide CPPD appeals in a timely manner.

## About the Audit

The Office of the Auditor General's responsibility was to conduct an independent examination of the Canada Pension Plan Disability program, to provide objective information, advice, and assurance to assist Parliament in its scrutiny of the government's management of resources and programs.

All of the audit work in this report was conducted in accordance with the standards for assurance engagements set out by the Chartered Professional Accountants of Canada (CPA) in the CPA Canada Handbook—Assurance. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.

As part of our regular audit process, we obtained management's confirmation that the findings in this report are factually based.

### Objectives

The audit objectives were to determine whether

- Employment and Social Development Canada assessed applications for the Canada Pension Plan Disability benefit in a consistent and timely manner; and
- the Social Security Tribunal of Canada, supported by the Administrative Tribunals Support Service of Canada, decided Canada Pension Plan Disability appeals in a timely manner.

### Scope and approach

The audit scope included the Canada Pension Plan Disability (CPPD) program and

- Employment and Social Development Canada (the Department), which delivers the program;
- the Social Security Tribunal of Canada (the Tribunal), which processes and decides appeals; and
- the Administrative Tribunals Support Service of Canada, which provides tribunal support.

At the Department, we examined the legislation, policies, and procedures in place to manage the program. We interviewed officials at Department headquarters and at regional service centres in Chatham, Ontario and Edmonton, Alberta. The Department provided data from the Information Technology Renewal Delivery System and the Appeals Directorate Management System, which we used to examine the trends in applications and decisions from the 2009–10 to the 2014–15 fiscal years. During the audit, we noted issues with the reliability of program data.

We conducted work in regional service centres in Chatham, Ontario, and in Edmonton, Alberta, and conducted a file review of a random sample of 60 CPPD applications at various stages in the process, including some that had been appealed to the Tribunal. We also conducted an additional review of 25 cases that had been triaged by the Department between December 2014 and May 2015, before the Tribunal decided on appeals on those files. We reviewed how the Tribunal was established and the transition plan in place to review appeals received as of 1 April 2013. The Tribunal provided data from Atrium, its case management database, which informed our review. We also conducted interviews with current and former Tribunal staff. We did not audit the Office of the Commissioner of Review Tribunals or the Canada Pension Plan Pension Appeals Board, as both organizations had ceased operations on 1 April 2013.

We also consulted with selected stakeholders, including advocacy groups for people with disabilities.

We coordinated our work with the Department’s Internal Audit Services Branch, which was conducting internal audits that included elements of the program. We did not examine the Department’s efforts to ensure the accuracy of benefit payments or the eligibility of applicants’ dependants for benefits. We also did not assess the Department’s outreach activities, vocational rehabilitation programs, or efforts to combat fraud. We also did not examine Tribunal activities that were unrelated to the CPPD program.

## Criteria

Criteria	Sources
<p><b>To determine whether Employment and Social Development Canada (the Department) assessed applications for the Canada Pension Plan Disability (CPPD) benefit in a consistent and timely manner, we used the following criteria:</b></p>	
<p>The Department facilitates access to the CPPD program for applicants who wish to apply, to have decisions reconsidered, and to have appeals decided.</p>	<ul style="list-style-type: none"> <li>• <i>Department of Employment and Social Development Act</i></li> <li>• <i>Canada Pension Plan</i></li> <li>• <i>Canada Pension Plan Regulations</i></li> <li>• <i>Income Security Programs Policy Guideline, Onus, Bulletin No.: 12/2000—CPP-02</i></li> <li>• <i>Communications Policy of the Government of Canada, Treasury Board, 2012</i></li> </ul>
<p>The Department processes applications in a consistent and timely manner to assess the initial eligibility of applicants.</p>	<ul style="list-style-type: none"> <li>• <i>Canada Pension Plan</i></li> <li>• <i>Canada Pension Plan Regulations</i></li> <li>• <i>Canada Pension Plan Adjudication Framework, May 2014</i></li> <li>• <i>Medical Adjudicator’s Training Manual, Service Canada College, February 2011</i></li> <li>• <i>Functional Guidance Procedure: Medical Triage for Canada Pension Plan Disability, August 2014</i></li> <li>• <i>Our Commitment to You: People Serving People, Service Canada, 2013</i></li> </ul>
<p>The Department reconsiders decisions in a consistent and timely manner, when requested by applicants.</p>	<ul style="list-style-type: none"> <li>• <i>Canada Pension Plan</i></li> <li>• <i>Canada Pension Plan Regulations</i></li> <li>• <i>Canada Pension Plan Adjudication Framework, May 2014</i></li> <li>• <i>Medical Adjudicator’s Training Manual, Service Canada College, February 2011</i></li> <li>• <i>Functional Guidance Procedure: Medical Triage for Canada Pension Plan Disability, August 2014</i></li> <li>• <i>Our Commitment to You: People Serving People, Service Canada, 2013</i></li> </ul>

Criteria	Sources
<b>To determine whether the Social Security Tribunal of Canada, supported by the Administrative Tribunals Support Service of Canada, decided CPPD appeals in a timely manner, we used the following criteria:</b>	
The Department implemented a plan to complete the transition of the responsibilities of the income security tribunals to the Social Security Tribunal of Canada.	<ul style="list-style-type: none"> <li>• <i>Canada Pension Plan</i></li> <li>• <i>Department of Employment and Social Development Act</i></li> <li>• <i>Social Security Tribunal Regulations</i></li> <li>• Budget 2012</li> <li>• Report on Plans and Priorities 2013–14, Treasury Board of Canada Secretariat</li> </ul>
The Social Security Tribunal of Canada, supported by the Administrative Tribunals Support Service of Canada, decides CPPD appeals in a timely manner and has a strategy to reduce the backlog of cases awaiting appeal decisions.	<ul style="list-style-type: none"> <li>• <i>Canada Pension Plan</i></li> <li>• <i>Department of Employment and Social Development Act</i></li> <li>• <i>Social Security Tribunal Regulations</i></li> <li>• <i>Administrative Tribunals Support Service of Canada Act</i></li> <li>• Memorandum of Understanding Between the Administrative Tribunal Support Service of Canada and Employment and Social Development Canada in Regards to the Social Security Tribunal</li> <li>• <i>Social Security Tribunal Strategic Planning 2014–15</i></li> </ul>

Management reviewed and accepted the suitability of the criteria used in the audit.

### Period covered by the audit

The audit covered the period between 1 April 2012 and 15 May 2015. Audit work for this report was completed on 18 August 2015.

### Audit team

Assistant Auditor General: Jerome Berthelette

Principal: Glenn Wheeler

Director: Nadine Cormier

Toby Climie

Katherine Ludwig

Lisa Seguin



## List of Recommendations

The following is a list of recommendations found in this report. The number in front of the recommendation indicates the paragraph where it appears in the report. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Response
<b>Application process</b>	
<p><b>6.33</b> Employment and Social Development Canada should assess ways to streamline and simplify the initial application process for the Canada Pension Plan Disability program. <b>(6.26–6.32)</b></p>	<p><b>The Department’s response.</b> Agreed. Employment and Social Development Canada is committed to ensuring that the Canada Pension Plan Disability (CPPD) program continues to be responsive to the needs of Canadians. To accomplish this, the Department is developing a Canada Pension Plan Service Improvement Strategy, which will include the CPPD program, as part of a broader agenda to modernize its employment and pensions benefit programs. The strategy is a comprehensive, phased plan, being developed with partners, that will transform program delivery to ensure that it is adaptable, innovative, and cost-effective. The long-term vision of the strategy is one of continuous improvement and of maximizing the use of technology, with emphasis on electronic services and automation to simplify processes and increase efficiency. As the Department pursues this modernization agenda, it will incorporate the recommendations of this report to ensure the objectives of the government and the expectations of Canadians are achieved.</p> <p>Through the strategy, the Department will assess ways to leverage new system functionalities to streamline and simplify the application process for the CPPD program, including the potential to offer online access for components of the application process. The Department will complete this assessment by June 2016.</p>
<p><b>6.34</b> Employment and Social Development Canada should regularly seek feedback from applicants and beneficiaries to identify ways to improve access to the Canada Pension Plan Disability program. <b>(6.26–6.32)</b></p>	<p><b>The Department’s response.</b> Agreed. Employment and Social Development Canada recognizes the importance of regularly consulting with applicants and beneficiaries to identify ways to improve the Canada Pension Plan Disability (CPPD) program. The client experience is a fundamental consideration for all program improvements, and the Department is committed to ensuring that Canadians are able to access the program in an easy, secure, timely, and efficient manner. The Department established the CPPD Client Roundtable in 2001. Since its creation, the roundtable has served as a forum for discussion with individuals from the community who have direct experience with the program. Building on our experiences with the roundtable, the Department will reassess the best manner to regularly engage applicants and beneficiaries to identify ways to improve access to the program. The Department will complete this reassessment by March 2016 and implement enhancements by December 2016.</p>

Recommendation	Response
<b>Initial, reconsideration, and appeal decisions</b>	
<p><b>6.51</b> Employment and Social Development Canada should review its Canada Pension Plan Disability service standards for initial and reconsideration decisions to determine whether they are appropriate. <b>(6.41–6.50)</b></p>	<p><b>The Department’s response.</b> Agreed. As part of ongoing efforts to manage the delivery of its pension programs, Employment and Social Development Canada is undertaking a review of its service standards, including all elements related to the delivery of the Canada Pension Plan Disability program. The Department will complete the review and develop an implementation plan by March 2016.</p>
<p><b>6.55</b> Employment and Social Development Canada should establish specific service standards for processing Canada Pension Plan Disability applications from applicants with terminal illnesses or grave conditions. The Department should also measure and report on its performance in meeting the standards. <b>(6.52–6.54)</b></p>	<p><b>The Department’s response.</b> Agreed. The review of pension program service standards will include the identification of options for service standards for applications made by applicants with terminal illnesses or grave conditions. Employment and Social Development Canada will complete the review of the service standards and develop an implementation plan, which will include mechanisms for monitoring and reporting on these standards by March 2016.</p>
<p><b>6.57</b> Employment and Social Development Canada and the Social Security Tribunal of Canada, supported by the Administrative Tribunals Support Service of Canada, should collect and accurately capture robust data to allow better monitoring of the Canada Pension Plan Disability program and accurate reporting of results. <b>(6.56)</b></p>	<p><b>The Department’s response.</b> Agreed. Employment and Social Development Canada will continue ongoing efforts to improve the quality of its data. As part of the Canada Pension Plan Service Improvement Strategy, the Department will identify and analyze data issues, and develop a plan to implement solutions. The plan to improve Canada Pension Plan Disability (CPPD) data quality will detail specific measures and system enhancements that will be pursued in order to provide timely, reliable, and comprehensive data to support the CPPD program. The Department will develop this plan by June 2016.</p>
	<p><b>The Tribunal’s response.</b> Agreed. The Social Security Tribunal of Canada, supported by the Administrative Tribunals Support Service of Canada, will continue to identify its statistical requirements and improve its case management system to collect better and more robust data that will ensure complete and accurate reporting of the Tribunal’s workload and performance. One of the challenges that needed to be overcome in meeting this requirement was the limited state of preparedness of the Tribunal’s new case management system when the Tribunal opened its doors. Furthermore, the transfer, from the former tribunals, of a high volume of backlog cases and related data from the former tribunal’s case management system also created significant difficulties since very few staff had the knowledge of the former systems. Since 1 April 2013, eight releases of the Tribunal’s case management system have enabled the Tribunal to develop operation dashboards and other performance reports. The Tribunal will continue to enhance its case management system to ensure effective decision making and monitoring of performance standards.</p>

Recommendation	Response
<p><b>6.69</b> Employment and Social Development Canada should implement a formal quality assurance framework for the Canada Pension Plan Disability program to review whether its medical adjudications are appropriate and consistent. This framework should include a process to inform medical adjudicators of the reasons why their decisions were overturned, and to support Department officials' efforts to improve processing procedures and provide training to adjudicators. <b>(6.58–6.68)</b></p>	<p><b>The Department's response.</b> Agreed. Employment and Social Development Canada considers high-quality program delivery a priority. Building on work undertaken to date, the Department will continue to develop and implement a robust Canada Pension Plan Disability (CPPD) Quality Assurance Framework to support continuous improvement and consistency in decision making. This framework will guide the integration of quality into all aspects of program delivery and policy development, and will include mechanisms to identify opportunities to enhance business processes and develop clear guidance and training. It will also include an effective feedback mechanism for medical adjudicators to understand why their decisions were overturned or upheld by decision makers at reconsideration or appeal. The Department will finalize the CPPD Quality Assurance Framework by March 2016 and begin its phased implementation in April 2016.</p>
<p><b>6.101</b> The Social Security Tribunal of Canada, supported by the Administrative Tribunals Support Service of Canada, should review its policies and practices to ensure that they adhere to the intent of the <i>Social Security Tribunal Regulations</i>, to ensure the most expeditious appeal decisions. <b>(6.77–6.100)</b></p>	<p><b>The Tribunal's response.</b> Agreed. Since its first day of operations, and notwithstanding the numerous challenges resulting from the lack of preparedness it faced at inception, the Social Security Tribunal of Canada has processed and decided CPPD appeals, incoming and those inherited from the Office of the Commissioner of Review Tribunals, as efficiently and expeditiously as the circumstances allowed, while respecting the legislation, the regulations, and the rules of natural justice. The Tribunal expects its Canada Pension Plan Disability (CPPD) caseload to reach a steady state later this year. This will allow the Tribunal to implement its service standards of completing 85 percent of CPPD appeals within five months of when both parties are ready to proceed. Furthermore, the Tribunal, supported by the Administrative Tribunals Support Service of Canada, will continue to</p> <ul style="list-style-type: none"> <li>• develop practices and policies that respect the legislation and regulations and that adhere to their intent,</li> <li>• review and improve its operational processes,</li> <li>• implement quality control mechanisms for registry operations,</li> <li>• further develop its case management system and improve the quality of statistics,</li> <li>• improve its website to better inform parties and potential appellants of the Tribunal's processes and procedures, and</li> <li>• listen to its stakeholders to improve the quality of its services.</li> </ul>

Recommendation	Response
<p><b>6.112</b> Employment and Social Development Canada (the Department) should analyze the results of its triage review to identify ways to modify its policies and processes to ensure that the benefit is granted earlier to eligible applicants. The Department should also consider the lessons learned in developing a quality assurance framework, to ensure that its decisions are appropriate and consistent.</p> <p><b>(6.102–6.111)</b></p>	<p><b>The Department's response.</b> Agreed. Employment and Social Development Canada has already initiated analysis of the triage review findings. Based on the results of this analysis, the Department will develop a strategy to leverage the findings to determine greater efficiencies and enhance policies and processes. In addition, as part of this strategy, the Department will consider the lessons learned from the triage review when developing its Canada Pension Plan Disability (CPPD) Quality Assurance Framework. The Department will complete the analysis of the triage review findings in order to support the development of the CPPD Quality Assurance Framework by March 2016.</p>