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Internal Audit Services Branch

Audit of Recourse Management

December 2015

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Table of Contents

| | |
|---|-----------|
| Executive Summary | 1 |
| 1.0 Background | 3 |
| 1.1 Context | 3 |
| 1.2 Audit Objective | 4 |
| 1.3 Scope..... | 4 |
| 1.4 Methodology | 4 |
| 2.0 Audit Findings | 5 |
| 2.1 Better communication of initial decision for denied claims..... | 5 |
| 2.2 EI informal reconsiderations (revised claims) are not leveraged | 7 |
| 2.3 CPP and OAS administrative reviews are unnecessarily long..... | 7 |
| 2.4 Appeals Preparation is sufficiently controlled..... | 8 |
| 2.5 Tools supporting recourse processes are not modernized | 9 |
| 2.6 Quality assurance and feedback mechanisms require improvements..... | 10 |
| 3.0 Conclusion | 13 |
| 4.0 Statement of Assurance | 13 |
| Appendix A: Audit Criteria Assessment..... | 14 |
| Appendix B: Glossary..... | 15 |

Executive Summary

Clients dissatisfied with the decision on their Employment Insurance (EI) benefits or investigation results may make a formal request for reconsideration, which was developed to be similar to EI with the Canada Pension Plan (CPP) or Old Age Security (OAS) recourse processes that already existed. This formal reconsideration request triggers an administrative review process performed by the Department (more precisely the Commission for Employment Insurance or the Minister for CPP and OAS). The intent of this first level of recourse is to provide a quick, effective and efficient redress mechanism.

If a client is dissatisfied with the final decision issued in the administrative review process, the client has the right to appeal to the General Division of the Social Security Tribunal (SST). Upon receipt of the appeal, the SST advises the Minister or the Employment Insurance Commission who must provide the Tribunal with specified information, including the decision that is being appealed and its position on the appealed decision.

The scope of this audit included a review of operational practices and service channels supporting the EI, CPP, CPP Disability (CPPD) and OAS recourse processes. The SST itself, the work of its members and support staff as well as activities related to Employment and Social Development Canada (ESDC) interactions with the Federal Court of Appeal and Supreme Court of Canada were excluded from the scope of the audit.

Audit Objective

The objective of this audit was to determine whether the Department manages recourse processes effectively and efficiently.

Summary of Key Findings

- The level of detail in the initial decision denial letters is often minimal. Although denial letter templates have been reviewed to ensure they are in line with legislation, the Department has limited feedback mechanisms on the quality of denial letters.
- The OAS and CPP performance measure for conducting administrative reviews is 120 days. When compared to the 30 days performance measure for EI administrative reviews, pension programs' timeline is disproportionate.
- Processing and Payment Services Branch (PPSB) is currently in the process of designing an enterprise imaging solution as well as exploring the possibility of using a case management system for its major statutory programs. As it goes through these changes, PPCB ought to consider the adequacy of the proposed solutions to accommodate administrative reviews and appeals preparation.
- There is currently no quality assurance framework for administrative reviews and appeals preparation for OAS, CPP and CPPD. Income Security and Social Development Branch (ISSDB) has developed a draft conceptual framework for CPPD only which has yet to be finalized prior to implementation.

- The EI program has implemented a quality assurance framework for administrative reviews and appeals preparation in the form of a quality review policy. The current sampling methodology for the review policy does not include administrative reviews for which the decision has been maintained and the client has not lodged an appeal with the SST. Furthermore, the weighting mechanism used to report on the quality of EI administrative reviews and appeals preparation does not provide management with an accurate depiction of actual quality levels.
- At the time of the audit, there was no analysis or monitoring on initial decision maker's "rate of reconsideration" representing the percentage of their initial decisions resulting in requests for reconsideration, which could serve as a valuable individual feedback mechanism for officers.
- For administrative reviews where the initial decision is changed, there is a lost opportunity for officers performing administrative reviews to flag decisions where they believe the initial decision maker has made an erroneous decision.

Audit Conclusion

Overall, the Department is managing recourse processes efficiently. Opportunities exist to develop better strategies to resolve client issues following initial decisions prior to administrative reviews. The Department could also leverage quality information found in administrative reviews and appeals to provide meaningful individual feedback to initial decision makers.

For the EI program, the Department manages recourse processes effectively; areas for improvement were noted specifically around quality assurance controls.

For OAS, CPP and CPPD, the Department is missing a key control (quality assurance framework) to manage recourse processes effectively.

Recommendations

1. PPSB should, in consultation with regions and internal partners, enhance the clarity and precision of denial letters to clients. At a minimum, this means augmenting letter templates; issuing clear directives to officers about details to be included in denial letters; and enhancing the monitoring of the quality of denial letters in EI, OAS, CPP and CPPD quality assurance processes.
2. PPSB should review pensions and EI administrative review processes to adopt similar practices and controls with specific attention to processing timelines and established performance measures.
3. PPSB should, in consultation with ISSDB, implement a quality assurance framework for OAS, CPP and CPPD administrative reviews and appeals preparation.
4. PPSB should review the methodology of the quality assurance framework for EI administrative reviews and appeals preparation to provide management with a complete and accurate depiction of quality.
5. PPSB should leverage quality information found in administrative reviews and appeals to provide meaningful individual feedback to initial decision makers.

I.0 Background

I.1 Context

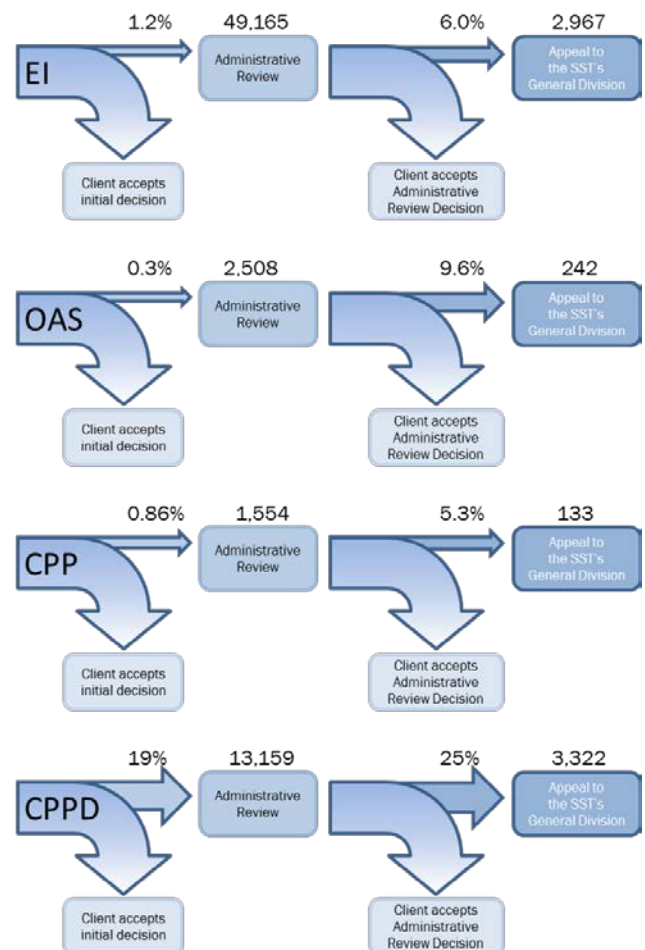
The legislative amendments of the *Jobs, Growth and Long-term Prosperity Act* (June 2012) that resulted in the creation of the SST also set out new procedures for recourse. Under the new system, clients dissatisfied with the decision on their EI benefits or investigation results may make a formal request for reconsideration, which was developed to be similar to the CPP or OAS recourse processes that already existed. This formal reconsideration request triggers an administrative review process performed by the Department on behalf of the Commission for Employment Insurance or the Minister for CPP and OAS.

The intent of this first level of recourse is to provide a quick, effective and efficient redress mechanism. The requestor, and in the case of EI, all interested parties to the issue in dispute, are given an opportunity to bring forward all related arguments and facts. If a client is dissatisfied with the final decision issued in the administrative review process, the client has the right to appeal to the General Division of the SST. On April 1, 2013 the SST began operations and by April 1, 2014, the SST fully replaced four tribunals, becoming the only body hearing and deciding appeals for EI, CPP (including CPPD) and OAS following the mandatory administrative review process initiated by a written formal reconsideration request.

Upon receipt of the appeal, the SST requires the Department (on behalf of the Minister or the Employment Insurance Commission) to provide information on the decision that is being appealed. SST regulations prescribe a timeframe for the Minister or the Commission to provide the required information to the SST. If a client or the Department is dissatisfied with a decision from the SST General Division, they may seek leave to appeal to the SST Appeal Division.

PPSB as well as ISSDB (for CPPD) are jointly responsible for managing recourse processes within the Department in collaboration with regional recourse processing units.

The diagram to the right shows the various reconsideration volumes for EI, OAS, CPP and CPPD as per departmental data for 2014–15.



I.2 Audit Objective

The objective of this audit was to determine whether the Department manages recourse processes effectively and efficiently.

I.3 Scope

The scope of this audit included a review of operational practices and service channels supporting the EI, CPP, CPPD and OAS recourse processes. The SST itself, the work of its members and support staff as well as activities related to ESDC interactions with the Federal Court of Canada, Tax Court of Canada and Supreme Court of Canada were excluded from the scope of the audit.

I.4 Methodology

This audit used a number of methodologies including: document review, interviews, on-site observations, process walkthroughs, as well as sampling and testing of client data.

Representatives from PPSB, ISSDB, Ontario, Quebec as well as Western Canada and Territories regions were interviewed in order to have a comprehensive view of the operational environment. Audit staff also interviewed a selection of program processing, call centre and Service Canada Centre staff.

2.0 Audit Findings

The transition from multiple tribunals to a single entity was an important change in how ESDC manages recourse processes providing an opportunity to adopt similar practices for departmental recourse processes. Historically, recourse activities for all four benefits in the scope of this audit were developed and administered in multiple directorates which may have contributed to discrepancies in management practices and control environments.

With the creation of the SST, the Department initiated planning to consolidate oversight of all recourse activity within a single PPSB directorate. Although limited progress has been achieved towards consolidation (i.e. no formal plan with set timelines has been developed), the audit uncovered a number of opportunities to review current processes. By adopting similar practices across programs in how recourse is managed and processed, the Department could enhance program effectiveness and efficiency while also improving client service. These opportunities for adopting similar practices, tools and controls are identified throughout the report using the ≈ symbol for ease of reference.

2.1 Better communication of initial decision for denied claims

≈ One of the strategies the Department has used to reduce the number of requests for reconsideration is the “Call on decision” or “Early Contact Calls” initiatives for EI and CPPD respectively. Once an officer is ready to make an adjudication decision, the officer is required to attempt to contact the client to explain the reason for the decision. This initiative was discontinued for CPPD, and following this decision, the Department did not observe any significant changes to the number of reconsiderations requested. For EI, the Department did not monitor the impact of the “Call on decision” initiative on the number of administrative reviews initiated. At the time of the audit, management had very little information on the effectiveness of the strategy. Without sufficient data, the Department cannot make informed decisions on whether time invested in this initiative might be better spent on other activities such as developing a clearer and more precise denial letter.

Once the initial decision has been made on a client’s eligibility or entitlement, the Department must notify the client in writing of the decision. For all programs examined in this audit, this is done via a letter sent to the applicant outlining the reason(s) for the denial.

This communication is a determining factor in how the client will react to the decision. A well-structured, clear and precise letter is an effective strategy to reduce the number of requests for reconsideration by explaining the decision rationale and the applicable legislation, prior to a potential client request for reconsideration. Another strategy to achieve better client understanding of decision rationale is to improve ways of encouraging clients to contact the Department if additional information is needed on the decision or on the benefit amount.

During the audit, we found that the level of detail in the denial letters is dependent on the initial agent’s willingness and ability to expose the specifics of why the claimant does not meet the eligibility criteria. To preserve their generic nature, current templates contain minimal information. Furthermore, for EI, the content of some denial letters is computer generated to allow for automation. Template based and automated generic letters have been reviewed to ensure they are in line with legislation but were not focus group tested with clients for EI, OAS and CPP (excluding CPPD) to assess the readability, clarity and understandability of the decisions rendered. For CPPD, the denial letters underwent client focus tests across the country and valuable feedback was incorporated in the letters currently being used.

Furthermore, the Department has limited feedback mechanisms on the quality of the denial letters. The current quality assurance processes covering initial decisions for EI, CPP, CPPD and OAS only contain a summary review of the quality of denial letters sent by the initial decision maker: it verifies if the letter was sent and if it was factually correct. For example, PPSB found throughout the years that around one EI claim in 25 is usually affected by a communication error, which is more likely to lead to an administrative review request. Given there is no clear mechanism to provide feedback on denial letters, they are rarely updated to improve their readability, clarity, and understandability. The Business Expertise Advisor (BEA) community, as well as some officers performing administrative reviews, have also noticed recurring weaknesses in denial letters (for example, in explaining what constitutes a valid contribution for CPP or what constitutes residency for OAS).

Another factor that could affect whether clients request a reconsideration is the order of the paragraphs in the denial letter. At the time of the audit, the paragraph explaining how to proceed with a formal reconsideration request preceded a paragraph advising the client to call the Department if they have questions about the decision. Re-ordering the paragraphs in the denial letter combined with minor wording changes may incite clients to contact the Department prior to requesting a reconsideration in cases where the decision is not fully understood.

When a client wishes to contact the Department to obtain further information on eligibility or entitlement following a decision, they have the option of visiting an in-person centre or calling a program call centre. In order to provide a client with an adequate explanation of the reason for a denial, an officer requires access to enough information to meaningfully help clients. We found however that call centre or in-person officers have limited information or expertise to adequately explain a decision, especially for CPPD. For example, call centre agents do not always have access to the content of the letter the client received and will have to ask the client to read the letter over the phone. For complex EI, OAS, CPP and especially CPPD adjudication decisions, neither in-person nor call centre officers can meaningfully help the client. In these situations, the call centre officer can either request a callback from the processing centre to further explain the decision or in many cases would simply inform the applicant of the formal reconsideration request process.

The Department estimates the time to process a callback at around 40 minutes whereas an administrative review, on average, takes 185 minutes. Internal audit believes that, in cases where the call center officer cannot answer a client's question on entitlement or eligibility, callbacks to adjudicating officers need to be encouraged as opposed to directing clients to the formal reconsideration request process. Furthermore, any activity to enhance the clarity of the rationale for a decision (such as improving the denial letters and better equipping call centre agents to respond to client questions on decisions rendered) could reduce reconsideration requests resulting from client misunderstanding and contribute to cost-savings for the Department.

Recommendation

1. PPSB should, in consultation with regions and internal partners, enhance the clarity and precision of denial letters to clients. At a minimum, this means augmenting letter templates; issuing clear directives to officers about details to be included in denial letters; and enhancing the monitoring of the quality of denial letters in EI, OAS, CPP and CPPD quality assurance processes.

Management Response

PPSB accepts this recommendation. This recommendation is timely as PPSB continues to develop a broad quality assurance approach for benefits delivery which will inform continued enhancements to quality assurance measures for EI, OAS, CPP and CPPD including training, tools and clear directives for staff.

For Pensions, a project plan is being developed to initiate a review of all CPP and OAS letter content, with a goal to simplifying and improving clarity in messaging. As a result of this finding, the project plan will prioritize the review of denial letters in an initial phase of the project.

For EI, while there is currently significant engagement across multiple internal partners within the Department in the development of letters, PPSB will put in place a process to allow for the review of denial letters.

Actions are expected to be completed by March 2016.

2.2 EI informal reconsiderations (revised claims) are not leveraged

The *Employment Insurance Act* allows a decision to be rescinded or amended if new facts are presented. This process, also called “revised claims”, is a way to provide additional information to have a decision reconsidered in a 21 day timeframe. This mechanism does not operate as intended as current inventory levels (backlogs) make it more attractive for clients to ask for a formal reconsideration rather than ask for a revised claim.

At the time of the audit, the Department was processing 70 percent of formal reconsideration requests within 30 days. On the other hand, at the time of the audit, the large inventory of revised claims may have caused in-person, call centre and processing agents to recommend that clients request a formal reconsideration rather than a revised claim. The Department estimates the time to process a revised claim at around 70 minutes whereas an administrative review, on average, takes 185 minutes.

- ≈ For pension programs, there are currently no corresponding legislative provisions to provide the same flexibility as EI to review decisions outside of the recourse process.

2.3 CPP and OAS administrative reviews are unnecessarily long

- ≈ The OAS, CPP and CPPD performance measure for conducting administrative reviews is 120 days. When compared to the 30 days performance measure for EI, the timeline for pension programs is disproportionate. The complexities and nuances in adjudicating a CPPD application are intrinsic to the nature of the program and as such, 120 days may be required to adequately analyze the reconsideration request and perform additional work. However, in our opinion a 120 days timeline for OAS and CPP (excluding CPPD) does not constitute a quick and efficient redress mechanism which is the intent of administrative reviews.

- ≈ At the time of the audit, because it took about 120 days to perform an administrative review for OAS and CPP (excluding CPPD), officers had to send an acknowledgement letter to clients informing them that the Department has received their request for reconsideration. No such notification is needed for an EI

reconsideration request as most administrative reviews for EI are completed in less than 30 days. If the Department would be able to reduce the processing time for pensions (excluding CPPD) there may be an opportunity to eliminate such a confirmation.

There is also a regulatory requirement for clients to request a reconsideration in writing if they disagree with the initial decision. If the client has additional information, they can submit it during the reconsideration process. However, if the client submits additional information but does not make a request for reconsideration, the Department must contact the client to confirm that the client wants the initial decision to be reconsidered and the new information to be included in the reconsideration. The client is then informed that they must submit a written request for reconsideration, further prolonging reconsideration timelines.

Finally, there are regional inconsistencies in how the CPP and OAS administrative review workload is managed and prioritized. For example, the Ontario region has dedicated three to four officers to handle CPP and OAS reconsiderations, whereas there are no dedicated officers in the Western Canada and Territories region. Processing in this region typically starts when files are close to the 120 days limit.

Recommendation

2. PPSB should review pensions and EI administrative review processes to adopt similar practices and controls with specific attention to processing timelines and established performance measures.

Management Response

PPSB accepts the recommendation. PPSB will assess the opportunities to adopt similar practices and controls identified in the audit report as well as identify other possible opportunities. As part of ongoing efforts to manage the delivery of its pension programs, PPSB is undertaking a review of its service standards, including all elements related to the delivery of reconsiderations. It is important to recognise that pensions and EI programs have unique features which may limit the extent of standardization. As noted in the audit report, this is particularly the case for CPPD, where the processes and controls must account for the complexities and nuances that are intrinsic to the nature of the program. Actions are expected to be completed by April 2016.

2.4 Appeals Preparation is sufficiently controlled

Once an administrative review has been completed, the resulting decision is sent to the client. At the time of the audit, the letter that was sent informed the client of the Right of Appeal to the General Division of the SST but contained very little information on how to proceed with the appeal itself. Only the SST website address and call center phone number were provided. The letter did not include a mailing address for the tribunal (the only mailing address is the Department's). This created client confusion resulting in request for appeals being sent to the Department, rather than to the SST. Since June 2015, this letter for pension programs (OAS, CPP, including CPPD) was modified to contain additional information on how to proceed with an appeal and includes the SST mailing address. Similar changes have yet to be implemented for the EI program administrative review decision letters.

Upon receipt of the appeal, the SST advises the Department (on behalf of the Minister or the Employment Insurance Commission) which must provide the Tribunal with specified information, including the decision that is being appealed and its position on the appealed decision. Since no additional information can be presented during second level appeals heard at the SST Appeals Division, it is important to prepare a robust argument for the General Division of the SST (who rules on first level appeals) outlining the specific reasons why the client did not meet program eligibility criteria which resulted in the denial decision. At the time of the audit, there were limited reference tools available to appeal preparers. The ability to easily search jurisprudence to prepare arguments has been diminished since the creation of the SST as the cataloguing of SST decisions now falls outside the purview of the Department.

- ≈ For EI, the Department has decided to separate the administrative review function from the appeals preparation function. This strategy has proven effective as officers assigned to appeals preparation gain expertise quicker and become accustomed to the expectations of the tribunal. In addition, training can be tailored to either the administrative review function or appeals preparation making it more focussed and concise. A similar strategy could be explored for pension administrative reviews and appeals preparation.
- ≈ On the pension side, in cases where the Tribunal has received additional information in preparation for the hearing, the Department can offer an agreement. If a further review of the information establishes the applicant meets eligibility criteria, the Department can inform the SST that an agreement has been reached. Conversely, agreement offers have not been used for EI although there is legislative opportunity to do so. Agreement offers help to limit non-value added hearings at SST and can speed-up an eligible client's access to benefits.

Finally, the appeals preparation function continues to experience spikes in workload when SST is undertaking unannounced blitzes which may create workload management challenges.

2.5 Tools supporting recourse processes are not modernized

Intake of reconsideration requests is still a paper based process for all programs reviewed. Once received, information found in the client's reconsideration request needs to be entered in three disconnected systems. During reconsideration intake, there is a significant number of manual "copy-paste" actions that need to occur for the different systems to contain required information. Providing clients with online access to request reconsiderations could reduce paper burden on the Department at a minimal cost as the same generic form could be used for EI, CPP, OAS and CPPD. If the online form was adequately linked to the Department's various systems, manual intervention at intake could also be minimized. For EI alone, we estimate that potential annual savings could range upwards of \$170,000 yearly if reconsideration intake was automated.

- ≈ One of the major challenges for pension administrative reviews is the lack of a comprehensive imaging solution. Given that files need to be physically sent to the officer performing the administrative review, the Department is not currently in a position where it can share workload nationally. The ability to share workload nationally, especially for CPP (excluding CPPD) and OAS, could be beneficial considering current low regional volume levels (less than 500 administrative reviews per year in some regions). By creating centres of excellence, consistency may increase and higher volumes would allow officers to specialize and become more efficient in administrative reviews and appeals preparation.

For EI, documents received in the course of an administrative review are imaged twice: the first time, the images document is used as a working copy (using local scanners and performed by claims preparation

officers), the second time documents are sent to Public Works and Government Services Canada's (PWGSC) imaging solution for archival purposes. The original paper document is also kept in a warehouse at PWGSC. Management has pointed to shortfalls in the PWGSC imaging solution, especially given the time it takes PWGSC to image documents, which would create processing delays if it were to be used as the sole solution for administrative review imaging. PPSB is currently in the process of procuring an enterprise imaging solution and ought to consider the adequacy of the proposed solution to accommodate administrative reviews and appeals preparation.

- ≈ Finally, the main systems to manage administrative reviews and appeals workload, the Appeals Delivery Management Systems, ADMS-EI for EI and ADMS-P for pensions, were developed in 2001 and 2009 respectively. While ADMS-EI has seen some improvement, ADMS-P has had few upgrades and has more limited functionality. In addition, officers might not be fully trained on all capabilities of the systems to effectively manage recourse workload. As these systems are also the main interface the Department uses to communicate with the SST, upgrades, maintenance or consolidation of the two separate systems in a unified ADMS application become either complex or impractical. PPSB is exploring the possibility of using a case management system for its major statutory programs. PPSB ought to consider the capacity of this replacement system to accommodate administrative reviews and appeals preparation.

2.6 Quality assurance and feedback mechanisms require improvements

OAS, CPP and CPPD quality assurance framework for recourse processes

- ≈ Pension programs currently have no established quality assurance framework for administrative reviews and appeals preparation. This issue has been identified in both a 2011 departmental evaluation and in the recent Office of the Auditor General's audit of CPPD. Some regions have put in place a compensating mechanism of informal quality "spot-checks" performed by team leaders on a semi-annual basis as part of officers' performance agreements. ISSDB has developed a draft conceptual framework for CPPD which has yet to be finalized to allow for eventual implementation. The ISSDB CPPD directorate has also developed predictive models that can assess a CPPD application and estimate the likelihood that it will be granted or denied. PPSB, in implementing a quality assurance framework for CPPD, ought to consider leveraging this predictive model in order to help focus quality assurance efforts on decisions that differ from the predicted results.

Officers who prepared appeal submissions for OAS, CPP and CPPD received valuable feedback from ISSDB on the quality of the appeal writing during the SST pilot. When the SST was created, all appeals prepared by the Department were submitted for a quality review by ISSDB as part of the training approach to ensure consistency and clear understanding of requirements by officers. Now that the initial training has concluded, this practice has been stopped completely and, at the time of the audit, no quality assurance review has replaced it. This feedback by ISSDB which focussed on "questions of law", was considered useful by appeal preparers as it provided a specialized source of feedback, and ought to be included within a quality assurance framework for pensions.

El quality assurance framework for recourse processes

The EI program has implemented an administrative review and appeals preparation quality review policy which is intended to improve quality and to ensure all policies and procedures are being followed by officers. Regional BEAs review 20 percent of all regional administrative review decisions where the original decision was rescinded and 25 percent of all appeals lodged with the SST. Finally BEAs review all appeals allowed by the SST. When combined, BEAs conduct about 400 quality reviews a month. The current sampling methodology does not sample administrative reviews for which the decision has been maintained and the client has not lodged an appeal with the SST. While the risks related to those decisions are lower, we would suggest that a small sample be selected to ensure complete coverage.

When errors are found in an administrative review or an appeal preparation, they are categorized as either an “Error with impact” (which have a direct impact on the client) or as an “Administrative Error” (with no direct or prejudicial outside impact to the client). The current quality review indicator does not accurately depict the actual level of quality of EI administrative reviews and appeals preparation. For example, in the period under review, PPSB reported an average quality indicator of 95 percent for administrative reviews. However, Internal Audit reviewed PPSB data and found that 38 percent of the files reviewed by PPSB had at least one error with a direct impact on the client. A more balanced depiction of error rates would better enable management to take corrective actions when necessary.

Individual feedback to initial decision makers

At the time of the audit, there was no analysis or monitoring on initial decision makers “rate of reconsideration” which represents the percentage of their initial decisions resulting in requests for reconsideration. Analysis of individual officer rates of reconsideration would allow team leaders and BEAs to provide more focussed and meaningful quality feedback to initial decision makers. Administrative reviews for which the initial decision is maintained may indicate communication issues in the denial letter whereby the decision was not sufficiently explained to the client resulting in a costly reconsideration request that possibly could have been avoided. Additionally, administrative reviews for which the initial decision is subsequently changed may indicate a quality issue with the initial decision. This data would also be useful to help better target officer feedback and training.

For administrative reviews where the initial decision is changed, there is a lost opportunity for officers performing these administrative reviews to flag decisions where they believe the initial decision maker has made an error (e.g. insufficient fact finding, insufficient documentary evidence or a decision that is clearly contrary to an Act). For EI, the current quality assurance framework for recourse allows BEAs to report “blatant errors” made in the initial decision. BEAs examining an administrative review or an appeals preparation can record such errors and inform the initial decision maker’s team lead. Since only 20 percent of rescinded decisions are reviewed in the current EI quality assurance framework, the majority of initial decision maker errors are not reported. Pension programs do not have a quality assurance framework to allow for such feedback.

Recommendation

3. PPSB should, in consultation with ISSDB, implement a quality assurance framework for OAS, CPP and CPPD administrative reviews and appeals preparation.

Management Response

PPSB accepts the recommendation. ESDC considers high quality program delivery a priority. Building on work undertaken to date, PPSB and ISSDB will continue to develop and implement a robust CPPD quality assurance framework to support continuous improvement and guide the integration of quality into all aspects of program delivery, including reconsiderations and appeals preparation. This framework will include mechanisms to identify opportunities to enhance business processes and develop clear guidance and training. ESDC will also commence the development of quality assurance frameworks for OAS and CPP. The CPPD framework is expected to be finalized by March 2016. The development of quality assurance frameworks for OAS and CPP will commence in April 2016.

Recommendation

4. PPSB should review the methodology of the quality assurance framework for EI administrative reviews and appeals preparation to provide management with a complete and accurate depiction of quality.

Management Response

PPSB accepts the recommendation. PPSB had already commenced a review of its methodology for quality measurement of reconsiderations and appeals preparation. The objective of the review is to identify alternative methodologies that could provide a more complete and informative depiction of quality. Actions are expected to be completed by March 2016.

Recommendation

5. PPSB should leverage quality information found in administrative reviews and appeals to provide meaningful individual feedback to initial decision makers.

Management Response

PPSB accepts the recommendation. PPSB will continue to develop and implement a broad quality assurance approach to support continuous improvement in decision-making. This approach will include the use of business intelligence to inform improvements in business processes, guidance and training. It will also include feedback mechanisms for initial decision makers. The quality assurance framework for CPPD, in particular, will include an effective feedback mechanism for medical adjudicators to understand why their decisions were overturned or upheld by decision makers at reconsideration or appeal. A feedback mechanism will also be included in the quality assurance frameworks that will be developed for CPP and OAS. Feedback for EI will be expanded beyond the current procedure which provides feedback to the initial decision makers on significant errors only. Actions are expected to be completed by March 2016.

3.0 Conclusion

Overall, the Department is managing recourse processes efficiently. Opportunities exist to develop better strategies to resolve client issues following initial decisions prior to administrative reviews. The Department could also leverage quality information found in administrative reviews and appeals to provide meaningful individual feedback to initial decision makers.

For the EI program, the Department manages recourse processes effectively; areas for improvement were noted specifically around quality assurance controls.

For OAS, CPP and CPPD, the Department is missing a key control (quality assurance framework) to manage recourse processes effectively.

4.0 Statement of Assurance

In our professional judgement, sufficient and appropriate audit procedures were performed and evidence gathered to support the accuracy of the conclusions reached and contained in this report. The conclusions were based on observations and analyses at the time of our audit. The conclusions are applicable only for the management of recourse processes within the purview of the Department, excluding the operations of the SST. The evidence was gathered in accordance with the *Internal Auditing Standards for the Government of Canada* and the *International Standards for the Professional Practice of Internal Auditing*.

Appendix A: Audit Criteria Assessment

| Audit Criteria | | Rating | | |
|---|--|--------|--------------------------|------|
| It is expected that the Department: | | EI | OAS and CPP (excl. CPPD) | CPPD |
| Established effective strategies to resolve client issues following initial adjudication decisions or investigation results, prior to the initiation of a formal reconsideration; | | ● | ● | ● |
| Adopted cost-effective reconsideration processes with appropriate controls to achieve timely, correct and adequately documented reconsideration decisions; | Cost-Effective | ● | ● | ● |
| | Appropriately controlled | ● | ● | ● |
| Keeps clients and authorized parties adequately informed throughout the reconsideration process including information about their appeals rights and processes; | | ● | ● | ● |
| Prepares appeal files and interacts with the SST in the most cost-effective manner possible and in accordance with established protocols and regulations; | Cost-Effective | ● | ● | ● |
| | In accordance with established protocols and regulations | ● | ● | ● |
| Established oversight, quality assurance, and feedback mechanisms to adequately monitor performance and enable continuous improvement; | Individual level | ● | ● | ● |
| | Program level | ● | ○ | ○ |
| Designed and implemented controls to safeguard personal and program information collected throughout recourse processes. | | ● | ● | ● |

★ = Best practice

● = Sufficiently controlled, low risk exposure

● = Controlled, but should be strengthened, medium risk exposure

○ = Missing key controls, high risk exposure

Appendix B: Glossary

| | |
|---------|---|
| ADMS-EI | Appeals Delivery Management System for Employment Insurance |
| ADMS-P | Appeals Delivery Management System for Pensions |
| BEA | Business Expertise Advisor |
| CPP | Canada Pension Plan |
| CPPD | Canada Pension Plan Disability |
| EI | Employment Insurance |
| ESDC | Employment and Social Development Canada |
| ISSDB | Income Security and Social Development Branch |
| OAS | Old Age Security |
| PPSB | Processing and Payment Services Branch |
| PWGSC | Public Works and Government Services Canada |
| SST | Social Security Tribunal |