



Financial Management and Service Delivery Review

The Link: Youth and Family Supports Corporation

Government of Manitoba, Department of Families

June 20, 2023

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Disclaimer

This report has been prepared for the Government of Manitoba (GoM), for sharing with The Link, per the terms of the Statement of Work, executed on February 16, 2023, between the GoM and Deloitte LLP (Deloitte or we) and as such, the results and this report should not be shared and should be treated as strictly confidential.

This review focused on the Financial Management practices and Service Delivery outcomes of The Link as it relates to in-scope programs that the Department of Families (DOF) has contracted The Link to provide to children, youth, and families. As part of the Service Delivery, the review also included an assessment of human resource policies at The Link.

This engagement was not intended as an audit and as such should not be used for such purposes. This engagement was not intended to address individual human resources related allegations of racism or employee harm. If during the review Deloitte saw immediate service concerns affecting the welfare of a child dealt with under The Child and Family Services Act (CFS Act), we were to notify the Deputy Director for the Departments investigation. This was not required.

All financial and operational information in this report was provided by The Link or the GoM as part of this review. Deloitte makes no representations about, nor has Deloitte verified or audited the accuracy of any information provided by The Link or the GoM. The Link leadership maintains responsibility for the accuracy of the information provided by The Link. The GoM leadership maintains responsibility for the accuracy of the information provided by the GoM.

This report must be considered as a whole and selecting portions of the report, or the factors noted, without considering all factors and analyses together could create a misleading view of this report. Any attempt to do so could lead to undue emphasis on any factor, calculation, or analysis.

The report is based on information collected and assessed over the course of the Engagement. Any insights and/or considerations on the recommendations presented are subject to further diligence and alignment with The Link and or the GoM.

No opinion, counsel, or interpretation is intended in matters that require legal or other appropriate professional advice. It is assumed that such opinion, counsel, or interpretations have been, or will be, obtained from the appropriate professional sources. To the extent that there are legal issues relating to compliance with applicable laws, regulations, and policies, we assume no responsibility, therefore.

All analysis and recommendations outlined within the report are based upon; interviews with The Link, the GoM, and identified relevant stakeholders; data collected from The Link and the GoM; and other additional information provided during the course of our review. The Financial Management Review covered fiscal years 2020/21, 2021/22, and the period April 1, 2022, through to March 31, 2023. The Service Delivery Review covered the period from April 1, 2022, to March 31, 2023.

We do not assume any responsibility or liability for losses incurred by The Link, the GoM, or any other parties as a result of the circulation, publication, or reproduction or use of this report contrary to the provisions outlined regarding the sharing of this report.

Executive Summary

History and background of The Link: Youth and Family Supports Corporation (The Link or the Organization)

The Link (formerly Macdonald Youth Services (MYS)) is a social services organization with head offices located in Winnipeg, Manitoba, that provides both short and long-term support for youth and their families through counselling, crisis intervention, group care, a 24-hour youth shelter, housing support, education, and employment assistance.

The relationship between The Link and the GoM is managed and funded through a Service Purchase Agreement (SPA) with the DOF. The DOF funds The Link through grants and per-diem schedules under the SPA for programs and services provided by The Link. The GoM issued the SPA with The Link commencing on December 10, 2012, with an end date of March 31, 2016. This agreement has since been amended and extended and was in force as at the date of this report.

The Link provides many different support programs through the SPA such as Healing Homes (formerly Adolescent Resources in Community Homes (ARCH)), Heart to Home (formerly the Alternative Parent Home program), Northern Services (formerly the Kisewatisiwin Service Area), which includes the Wuskwatim program, the Transition program, the Youth Resource Centre, and others. Each of these programs are individually funded by DOF and have unique objectives and service reporting requirements.

The Link provides group home and care services to youth and families across the Province of Manitoba. As such, it is critical for this organization to meet its Financial Management and Service Delivery objectives.

Objectives of this Review

The objective of this Engagement was to provide findings and recommendations relating to the Financial Management practices of The Link, to review a sample of services to ensure The Link complied with the terms and conditions outlined in the SPA and to review the Human Resource (HR) policies and hiring practices of The Link. The Financial Management Review covered fiscal years 2020/21, 2021/22, and the period April 1, 2022, through to March 31, 2023. The Service Delivery Review covered the period from April 1, 2022, to March 31, 2023, and included group care operations, the DOF funded portion of foster care operations, and the Youth Resource Centre.

Key Findings Summary

Our observations from both the Financial Management and Service Delivery Review have been categorized into separate sections. The Service Delivery review was further split into program outcome measures and HR policies. Presented below are the sections of this engagement and the key findings within each section.

The details of this report outline specific findings for the criteria that were assessed, along with recommendations for improvement and best practices for Financial Management and Service Delivery of The Link. The themes of our review are outlined below.

Financial Management Review

An overarching theme that emerged during our review of Financial Management practices was the applicability of and adherence to financial management policies. We identified suggested improvements to several financial policies to ensure policies reflect the practices of the organization as well as leading practices. Additionally, we identified a number of instances where financial policies were in place and identified as being appropriate; however, we noted that the policies were not always followed on a day to day basis.

Areas of improvement identified to enhance the existing financial policies of The Link included but were not limited to:

- Updating the Conflict of Interest Policy and following it to ensure that conflict of interest declarations be completed annually by all mentioned parties including members of the Board of Directors, Leadership Group, employees, foster parents, and volunteers.
- Enhancing the Vendor Accounts Policy to include procedures related to evaluating ethics when selecting new vendors, monitoring, and evaluating the performance of existing vendors, and reviewing the vendor listing on a regular frequency to ensure expectations are documented and implemented.
- Strengthening the General Purchase Policy to require three quotes instead of the existing two, when contracting with new vendors to provide goods or services. The policy should be updated to require multiple quotes be obtained for existing vendors after a certain period of time, to ensure The Link is receiving competitive bids/pricing from existing vendors.
- Reviewing policies that are not reflective of current practices and revising and implementing as applicable, such as, the Budget Policy, Tendering Process Policy, and the General Purchasing Policy.

Areas of improvement identified related to the Link's adherence to financial policies included but were not limited to:

- Preparing a three-year projected budget in accordance with the Budget Policy.
- Performing budget to actual variance analysis, investigating variances, and implementing action plans to address variances in accordance with the Variance Reporting Policy.
- Implementing a process to monitor compliance with the existing Conflict of Interest Policy to ensure annual declarations are completed for the CEO, members of the Leadership Group, employees, foster parents, and volunteers.
- Ensuring capital purchases greater than \$10,000 are approved by the Board in accordance with the Chief Executive Officer Expectations and Responsibilities Policy and improve the current policy to include expectations on when this approval is obtained and how it is documented.
- Developing a formal Expense Approval Policy including audit and review to ensure appropriate approvals are being obtained in accordance with the General Purchasing Policy, Signing Authority Policy and Chief Executive Officer Expectations and Responsibilities Policy.

- Identifying a process for obtaining formal documented approval prior to making organizational purchases using personal funds to ensure compliance with the existing Use of Personal Funds Policy.
- Enforcing the existing Reimbursement for Out-of-Town Travel Expenses Policy to ensure appropriate approvals for employee expenditures and reimbursements are obtained and that per diem and accommodation rates are reviewed annually.

Service Delivery Review

Governance

One area of improvement identified related to the Board Governance Policy regarding the Board Skills Matrix. We noted that the Board Governance Policy does not identify targets for representation across all skills and experience categories. Identifying measurable objectives expressing the desired qualities of the Board can be used to identify gaps for Board recruitment.

Human Resources Financial Review

One area of improvement identified related to regularly reviewing pay ranges to ensure they are reflective of the organizations current structure and remain competitive in the market. We noted that the most recent salary range listing was outdated (last updated in 2018) and did not reflect all current position titles. Please note these are non- union positions.

In our review, we noted that The Link has taken the initiative to embark on a process of Organizational Cultural Transformation using a Cultural Values Assessment (CVA) to understand what an ideal workplace culture looks like. The CVA Final Report was published in September 2022 with 10 recommendations to help shift toward desired culture. This was followed with an Action Plan which highlighted five focus areas for the Organization to take action on by the end of March 2023. There were 17 planned actions identified to target the five focus areas, at the time of our review, we noted nine of the 17 action items had been completed and the remaining eight were in progress with a target date of June 30, 2023.

Program Outcomes

We noted that the current SPA is not reflective of the current structure of the Programs and Services being provided by the Link. The names and existence of certain programs and reporting requirements has changed from the date of the SPA to the period of our review. The DOF should work with the Link to update the SPA.

The DOF performs onsite Licensing Inspections (also referred to as Compliance Reports) to ensure compliance with the Child Care Facility Licensing Regulations.

We reviewed a sample of Licensing Inspection reports provided by the DOF for Healing Homes and Kisewatisiwin related to the 11 Programs identified as in scope for the period of the Service Delivery Review. Overall, none of the Licensing Inspection reports included in our sample identified items of non-compliance that impacted the Program's ability to maintain safe operations.

We reviewed a sample of Licensing Inspection reports provided by the DOF for the Youth Resource Centre related to the two Programs identified as in scope for the period of the Service Delivery Review. Overall, none of the Licensing Inspection reports included in our sample identified items of non-compliance that impacted the Program's ability to maintain safe operations.

Licensing Inspections are not performed by the DOF for Foster Care Programs as DOF does not issue the licenses; however, one area of improvement identified related to Foster Care was for The Link to continue monitoring foster parents' completion of training requirements and establish a process to communicate to foster parents when it is identified that requirements have not been met.

Human Resources Review

With the exception of the absence of a whistleblower policy, we noted that The Link appears to have adequate HR policies in place. However, due to a number of factors, we noted those policies were not always followed without exception during the period of the review.

The primary factor in the gap between HR policy and practice at The Link is due to high turnover in the HR department. Since 2020, no fewer than five individuals, including the then senior most HR personnel, have departed the organization. The current Director of HR has been in the role since April of 2022, and the other current personnel in the HR department have even more recent tenure.

Many of the HR policies require the input and participation of HR personnel. For example, postings for vacant positions are intended, according to policy, to be submitted to the HR department. In fact, most of the HR policies the Assessor reviewed specify that HR will have a central role in administering the policy, in conjunction with the senior manager for a particular department. The consequence of a lack of consistent or institutional oversight over these policies by the HR department, on account of high turnover in that department, may explain some of the gap between policy and practice, as HR plays an integral role in the administration of most (if not all) HR policies.

The Assessor also observes that many of the exceptions to the policies, cited by the HR Department, may be legitimate. For example, hiring employees from Indigenous communities without formal job postings or competition is likely appropriate and consistent with The Link's mission and mandate. However, if policies are to be excepted, to restore confidence in the HR department and policies, the policies should themselves be amended to provide for that exception and rationale for it.

Management Co-operation

During the engagement, and through the factual clearance of findings, management of The Link and the DOF were very responsive, and we appreciate their co-operation and assistance with this engagement. In addition, management of The Link was receptive to our recommendations and had begun taking actions towards implementing some recommendations while the review was being finalized, as reflected in management comments throughout.

Scope of Work

The criteria below were used to assess The Link’s Financial Management practices and Service Delivery. The criteria set out various practices which would be expected from an organization that has been funded by a government in the not-for-profit, youth and family services sector. The criteria were approved by an advisory committee from the DOF and agreed upon by The Link.

To understand if The Link met the criteria under the scope of our work, we performed procedures and gathered factual evidence through best practice research, inspected hundreds of documents, interviewed, and inquired with stakeholders, performed analytical procedures, sampled supporting documentation, and corroborated information with evidence to evaluate and measure against the established criteria.

Criteria

Our observations from both the Financial Management and Service Delivery Review have been categorized into separate sections as outlined below. The Service Delivery review was further split into program outcome measures and HR policies.

Financial Management Review

Section 1 – Budgeting

1.1 Preparation of the Budget

- i. The Organization prepares an Annual Budget and a Three-Year Projected Budget.
- ii. The Annual Budget should include an operating and capital budget.

1.2 Review and Approval

- i. Annual Budgets and Three-Year Projected Budgets are approved by the Board of Directors.
- ii. Budgets are presented to the Board of Directors and approved annually at the March Board meeting.

1.3 Budget to Actual Variance Monitoring

- i. Directors ensure that managers and supervisors are monitoring actual results versus budget on a monthly basis.
- ii. Variances of plus or minus 10% from budget on revenue, expense, or net totals require an explanation of budget lines and plans to address the variances.
- iii. The Director responsible for the program or department will submit variance reports to the Chief Financial Officer within two weeks following receipt of the monthly Financial Statements.
- iv. Roles and responsibilities are clearly defined regarding the discussion and review of significant variances (+-10%) and there is evidence that appropriate actions are taken to address variances.

Section 2 – Provincial Funding Agreement

2.1 The Service Purchase Master Agreement

- i. The Organization submits reports to the Province, in the format required, and in accordance with the SPA for each program in scope.
- ii. The Organization submits financial and administrative reports in accordance with GoM Financial Reporting Requirements as outlined in the SPA.
- iii. The Organization accounts for funding separately in the different program areas in accordance with the Funding Agreement Requirements in the SPA.
- iv. Surplus funds are utilized in accordance with the Surplus Policy included in the GoM Financial Reporting Requirements as outlined in the SPA.

Section 3 – Conflict of Interest

3.1 Policies and Controls

- i. The Organization has an appropriate Conflict of Interest Policy and follows it without exception for all management, staff, and Board of Directors.

Section 4 – General Purchasing

4.1 Policies and Controls

- i. The Organization has appropriate policies and controls over organizational expenditures (e.g., general purchasing, vendor accounts, purchase orders) and follows them without exception.
- ii. The Organization has appropriate policies and controls over capital purchases and follows them without exception.

4.2 Review and Approval

- i. The Organization has appropriate policies and processes to evaluate the ethics of their vendors when establishing vendor relationships and follows them without exception.
- ii. The Organization has appropriate policies and processes to periodically review preauthorized suppliers of products and services to ensure that they are reviewing the quality, quantity, and pricing and that these are competitive with no new conflicts of interest or ethical issues.
- iii. The Organization follows their policy to obtain two quotes for purchases or services over \$1,000 in cases where there is no preauthorized vendor.
- iv. Tender submission evaluations and vendor selections follow set criteria and are undertaken by individuals who are free of conflict of interest with the vendor and have the relevant skills and knowledge appropriate to select the vendor.

4.3 Purchases

- i. The Organization has appropriate policies and processes regarding signing authorities for purchase approvals and segregation of duties and follows them without exception.

Section 5 – Employee Expenditures and Reimbursements

5.1 Policies and Controls

- i. The Organization has appropriate policies and controls over employee's expenditures (i.e., policies regarding meals, travel, entertainment, credit cards, etc.) and follows them without exception.
- ii. The Organization has appropriate policies and controls over employee loans and follows them without exception.

5.2 Approvals

- i. Expenses are approved by the employee's supervisors.
- ii. Claims are submitted with original receipts.
- iii. Per diem, mileage, accommodation rates, etc., are reviewed annually and paid in accordance with the policy.

Section 6 – Accounting Methodologies, Financial Monitoring, and Reporting

6.1 Policies and Controls

- i. The Organization has appropriate policies and controls on accounting methodologies, financial monitoring, and reporting in accordance with Generally Accepted Accounting Principles (GAAP) and follows them without exception.
- ii. The Organization has appropriate policies and controls on employee benefits, honoraria, and scholarships in compliance with CRA requirements and follows them without exception.

6.2 Financial Statements

- i. Financial Statements are audited annually and have an unmodified audit opinion.
- ii. The Organization has addressed Management Letter points received from the Auditors and implemented the changes within a one-year period.

Service Delivery Review

Section 1 – Governance

1.1 Board Competencies

- i. The Organization has an adequate Board Governance Policy that is followed without exception that requires an updated skills matrix to identify competencies of existing members.
- ii. The Organization has an adequate Board Governance Policy that is followed without exception to regularly assess the need for new Board Members.

1.2 Board Representation

- i. The Organization has an adequate Board Governance Policy that is followed without exception that requires consideration of personal qualifications of potential Board members (i.e., Community reputation and affiliations, interest in the organization's mission, ethnic background including whether the candidate is Indigenous or a member of diverse communities and has suitable interpersonal and communication skills).

- ii. The Organization has an adequate Board Governance Policy that is followed without exception for recruitment of Board members. (i.e., when there are current and upcoming vacancies, gaps in areas of expertise, insufficient number of Board members, or need for cultural diversity of the Board including the presence of indigenous Board Members).
- iii. The Organization has an adequate Board Governance Policy that is followed without exception to monitor whether Board competency gaps are addressed and there is evidence that the appropriate actions are taken to address the gap(s).

1.3 Governance Audit Follow-up

- i. The Organization can provide evidence that the stated recommendations from the April 2021 Governance Audit have been implemented.

Section 2 – Human Resources Financial Review

2.1 Compliance with HR Policies

- i. Employees are compensated in accordance with funding agreements, collective agreements, and MYS Job Levels document.

2.2 HR Statistics

- i. The Organization's staffing and turnover rates are within legal requirements for care and within industry norms.

Section 3 – Program outcomes – Group Care

3.1 Healing Homes – Placement Programs

- i. The Organization can provide adequate proof that the service programming and outcomes are monitored and assessed against requirements stated in the SPA as outlined below:
 - a. Staff have received training specific to First Aid/CPR.
 - b. The 18(1)(b) is a four-bed, home for female youth between the ages of 12 and 17 years.
 - c. The 18(1)(b) is a four-bed transition to independent living home for female youth between the ages of 16 and 17 years.
 - d. The 18(1)(b) is a four-bed, temporary shelter for male and female youth between the ages of 9 and 17 years.
 - e. 18(1)(b) is a four-bed home for male youth between the ages of 12 and 17 years.
 - f. the 18(1)(b) is a three-bed home for male youth between the ages of 12 and 17 years.
 - g. The 18(1)(b) is a three-bed home for male youth between the ages of 12 and 17 years.
 - h. The 18(1)(b) is a three-bed home for male youth between the ages of 12 and 17 years.
 - i. The 18(1)(b) provides ten-beds and two treatment homes for male youth between the ages of 12 and 17 years with sexual offending behaviours.
 - j. All Programs reviewed have an adequate staff compliment and staff to child ratio to meet minimum program requirements.

- ii. The Organization can provide adequate proof that the service activities stated in the SPA are provided and available to Healing Homes participants as noted below:
 - a. A comprehensive assessment of the youth is conducted before they can be accepted into the program.
 - b. A youth's basic needs for food, shelter, and clothing are provided.
 - c. A Service Plan is developed for each youth.
 - d. Service Plans are reviewed, updated, and distributed on a quarterly basis.

3.2 Kisewatsiwin

- i. The Organization can provide adequate proof that the service programming and outcomes are monitored and assessed against requirements stated in the SPA as outlined below:
 - a. Staff have received training specific to First Aid/CPR.
 - b. The 18(1)(b) is a four-bed transition to independent living home for male and females ages of 16-17 years.
 - c. The 18(1)(b) is a four-bed home for females ages 12 to 17 years.
- ii. The Organization can provide adequate proof that the service activities stated in the SPA are provided and available to Kisewatsiwin participants as noted below:
 - a. Assessment and planning are completed for each youth.
 - b. A Service Plan is developed for each youth.
 - c. The Service Plans are reviewed, updated, and distributed on a quarterly basis.

Section 4 – Program outcomes – Foster Care

4.1 Heart to Home

- i. The Organization can provide adequate proof that the service programming and outcomes are monitored and assessed against requirements stated in the SPA as outlined below:
 - a. Staff are expected to receive training in identified areas in accordance with policies.
 - b. 50 level IV beds were available in accordance with the SPA.
 - c. Each foster home holds a valid "Foster Home License."
 - d. Adequate policies and processes were in place to monitor the required staffing levels needed for the approved capacity.
 - e. 24-hour foster care services and associated care, supervision, and treatment are provided.
 - f. Adequate policies and processes are in place regarding the identification and implementation of new regulations that may be approved over the period of the agreement.
 - g. Quarterly treatment planning and review conferences were conducted on a quarterly basis in accordance with the SPA.

Section 5 – Program outcomes – Youth Resource Centre (YRC)

5.1 Youth Resource Centre (YRC)

- i. The Organization can provide adequate proof that the service programming and outcomes are monitored and assessed against requirements stated in the SPA as outlined below:
 - a. The 18(1)(b) is a four-bed home for female and male youth between the ages of 12 and 17 years.

- b. The 18(1)(b) is an eight-bed home for female and male youth between the ages of 12 and 17 years.

Section 6 – Conflict of Interest

6.1 Policies and Controls

- i. The Organization has an appropriate Conflict of Interest Policy in accordance with the GoM's Conflict of Interest Policy and Guidelines and follows it without exception for all management, staff, and the Board of Directors.

Human Resources Review

Section 1 – Human Resources

1.1 Policies

- i. The Organization has an adequate HR policy that is followed without exception over strategic workforce plan to deliver on the organizations talent strategy.
- ii. The Organization has an adequate HR policy that is followed without exception to attract new hires.
- iii. The Organization has an adequate HR policy that is followed without exception to recruit new/former hires.
- iv. The Organization has an adequate HR policy that is followed without exception to onboard new hires.
- v. The Organization has an adequate HR policy that is followed without exception regarding the learning and development of employees.
- vi. The Organization has an adequate HR policy that is followed without exception regarding rewards, recognition, and benefits of employees.
- vii. The Organization has an adequate HR policy that is followed without exception regarding performance management of employees.
- viii. The Organization has an adequate HR policy that is followed without exception regarding dismissal/exit of employees.
- ix. The Organization has an adequate HR Whistle Blower policy and follows it without exception.

1.2 Compliance with HR Policies

- i. The Organization has an adequate Code of Conduct policy that is followed without exception.
- ii. The Organization has an adequate Abuse Allegations Against Employees and Volunteers policy and follows it without exception.

Responsibilities of Parties

The Link's management, and ultimately the Board of Directors are responsible for the Financial Management and Service Delivery of the Organization. Management has acknowledged that the above criteria were suitable for this Review. The Link is responsible for all financial and program delivery administration. The financial information and information related to program delivery provided by The Link is their responsibility including the preparation and presentation of financial and other relevant data such as the audited financial statements, prepared in accordance with Canadian accounting standards for not-for-profit organizations, and for internal controls management as deemed necessary to enable the preparation of the financial information that is free

from misstatements, whether due to fraud or error. Our review relied on the completeness, accuracy and validity of the data provided by management, including the Audited Financial Statements and Program Compliance Reports submitted to the DOF.

GoM and the DOF - The GoM and the DOF are responsible for the funding payments made to the Organization and other requirements as set out in the SPA for the programs that are managed by the Organization. As the engaging party, the DOF was responsible for the approval of criteria used in the Engagement and for the fulfillment of contractual terms outlined in the Engagement Agreement.

Deloitte - Deloitte was engaged by the DOF, to review the management and financial practices of The Link, review the HR policies related to hiring practices of The Link, and review services provided by The Link outlined in the SPA, in order to provide observations and recommendations on the Financial Management practices and Service Delivery in accordance with existing policies and the SPA observed at The Link. As a result of a change order dated March 23, 2023, Deloitte Legal Canada was engaged to conduct the Human Resources review, with a view to determining whether existing HR policies were being followed, without exception, during the review period.

Work Performed

This Engagement was conducted by analyzing and evaluating the Financial Management practices Service Delivery and HR policies of The Link using a set of criteria approved by the DOF and agreed upon by The Link. As per the terms of this Review, no opinion will be issued under the CPA Canada Handbook.

Initial work pertaining to this Engagement involved obtaining an understanding of The Link's Financial Management practices and the different service programs they offer. This detail was obtained through discussions with the DOF, The Link's management, publicly available information, and a detailed review of the SPA. Further pre-work involved the evaluation of risks associated with the various financial and Service Delivery activities of The Link to ensure the selected criteria touched upon areas of greater risk and significance.

The assessment phase of this Engagement involved a review of the requested materials provided by the Link and DOF based upon the scope of work and approved criteria. For the Financial Management Review, information provided covered fiscal years 2020/21, 2021/22, and the period between April 1, 2022, and April 26, 2023. For the Service Delivery Review, information provided covered the period between April 1, 2022, and April 26, 2023, and included requested details specific to group care operations, the DOF funded portion of the foster care operations, and the Youth Resource Centre.

We examined the following by way of inspection, recalculation, analysis, and inquiry. Our methodologies included, but were not limited to, inspecting information provided by The Link and DOF, including a review for appropriate support and approvals, calculating account balances as a percentage of operational costs to identify magnitude of costs, analyzing whether policies and the SPA were adhered to, and inquiring with internal and external stakeholders as considered necessary to obtain and validate the analysis and validate information.

- Policies and procedures of The Link
- Financial statements, management letters, and audit reports
- Transaction details
- Budgeting and budget variance reporting

- Receipts, invoices, and other evidence for expenses
- General ledger and trial balances and transaction details
- Management’s responses to business reasons for numerous expenses
- Job descriptions
- Collective agreements with Unions
- Staffing levels
- Organization charts
- Roles and responsibilities of administrative positions
- Board governance and recruitment practices
- Compensation levels
- Organization turnover
- Service programming outcomes
- Service inspection and compliance reports
- Other such information as deemed appropriate

The HR Review included reviewing all HR policies, interviewing twenty-two current and former employees about current HR practices during the review period, and assessing those themes against HR practices to arrive at findings and recommendations.

Financial Management Review

Section 1 – Budget

1.1 Preparation of the Budget

- i. **The Organization prepares an annual budget and a three-year projected budget.**

Per review of the Budget Policy, "Each year's budget is part of a Three-Year Projected Budget."

Through observation, we noted that the Organization prepares an Annual Budget. We did not find evidence that the Organization prepares a Three-Year Projected Budget as outlined in their Budget Policy. We confirmed this assessment with management.

Recommendation 1.1.1 – Management should comply with its internal Budget Policy, and in accordance with best practice, prepare a Three-Year Projected Budget.

- ii. **The Annual Budget should include an operating and capital budget.**

Per review of the Organization's Budget Policy, "Both operating, and capital budgets are prepared annually."

Through observation, we noted that the Annual Budget includes an operating and capital budget component in accordance with the Organization's Budget Policy.

1.2 Review and Approval

- i. **Annual budgets and three-year projected budgets are approved by the Board of Directors.**

Per review of the Budget Policy, "All budgets are approved by the Board."

Through observation, we noted that the Organization's Annual Budget is approved by the Board of Directors in accordance with the Budget Policy. Since the Three-Year Budget is not prepared, its approval by the Board was not completed as per the Budget Policy.

- ii. **Budgets are presented to the Board of Directors and approved annually at the March Board meeting.**

Per review of the Budget Policy, "The Executive Director presents the proposed budget to the Finance Committee for recommendation to the Board at the March meeting."

We observed that the Annual budget is proposed and reviewed at the March Board meeting in accordance with the Budget Policy. As noted above, the Organization does not prepare a Three-Year Projected Budget.

1.3 Budget to Actual Variance Monitoring

- i. **Directors ensure that managers and supervisors are monitoring actual results versus budget on a monthly basis.**

Per review of the Variance Reporting Policy, "Directors are responsible for ensuring that managers and supervisors are monitoring their revenue and expenditures and providing monthly variance reports."

Based on our review of a sample of monthly budget variance reports, there was no evidence to support that Directors are ensuring managers and supervisors are monitoring variances on a monthly basis.

Through our review of a sample of monthly budget variance reports, 3/6 months of variance reports provided no evidence of review in accordance with the Variance Reporting Policy.

- ii. **Variances of plus or minus 10% from budget on revenue, expense, or net totals require an explanation of budget lines and plans to address the variances.**

Per review of the Variance Reporting Policy, "Variances of plus or minus 10% from budget on revenue, expense, or net totals require an explanation of budget lines and plans to address the variances."

Based on our review of a sample of monthly budget variance reports, we noted that variance reports were submitted for 3/6 months that we reviewed. For all three variance reports that were submitted, there was evidence of explanations provided for variances of plus or minus 10% from the budget in accordance with the Variance Monitoring Policy.

- i. **The Director responsible for the program or department will submit variance reports to the Chief Financial Officer within two weeks following receipt of the monthly financial statements.**

Based on our review of a sample of monthly budget variance reports, 3/6 months variance reports provided showed no evidence of review submission in accordance with the Variance Reporting Policy.

- ii. **Roles and responsibilities are clearly defined regarding the discussion and review of significant variances (plus or minus 10%) and there is evidence that appropriate actions are taken to address variances.**

Per review of the Variance Reporting Policy, "Variances of plus or minus 10% from budget on revenue, expense, or net totals require an explanation of budget lines and plans to address the variances."

Aside from observing the monthly variance reports with explanations provided, there was no evidence to support planned actions were identified to address these variances in accordance with the Variance Reporting Policy.

Recommendation 1.3.1 – Management should perform budget versus actual analysis and investigate variances of plus or minus 10% on a monthly basis in accordance with their Variance Reporting Policy and best practice. Action plans to address variances should be clearly communicated and followed up by management to ensure identified variances from budget are appropriately managed.

Management Comments

Response to recommendation 1.1.1 – “The Link will accept the recommendations and immediately implement. The Budget Policy was reviewed by Leadership Team and the Board of Directors (reviewed policy [provided to Deloitte]). A 3-year projected budget will be produced for the upcoming fiscal year 2024-25.”

Response to recommendation 1.3.1 – “The monthly variance reporting will be implemented May 2023 with the appropriate controls to ensure compliance and review.”

Section 2 - Provincial Funding Agreement

2.1 Funding Agreements

- i. The Organization submits reports to the Province, in the format required, in accordance with the SPA for each program in scope.
- ii. The Organization submits Financial and Administrative Reports in accordance with the GoM’s Financial Reporting Requirements.

The relationship between The Link and the GoM is managed and funded through the SPA. The GoM issued the original SPA with The Link commencing on December 10, 2012, with an end date effective March 31, 2016. This agreement has since been amended and extended and was in force as at the date of this report. We noted that the SPA is not reflective of the current structure of the Programs and Services provided.

Per review of the SPA, the Organization is required to submit the following reports for the below listed Programs. Please note that the names of the programs changed from the date of the SPA to the date of our review. These new names have been reflected in brackets below:

Program	Wait Lists	Program Vacancies	Annual Review of Services	Statistical Reports	Attendance Records	Program Activity Reports
Due Date	Bi-weekly	Bi-weekly	July 31 Annually	July 31 Annually	15 th Day of Each Month	15 th Day of Each Month
ARCH (Healing Homes)	N/A	N/A	X	X	N/A	N/A
KISEWATISIWIN	N/A	N/A	X	X	N/A	N/A
ALTERNATIVE PARENT HOME PROGRAM (APH) (Heart to Home)	X	X	X	X	X	N/A
YOUTH RESOURCE CENTRE (YRC)	N/A	N/A	N/A	X	N/A	X

Healing Homes and Kisewatisiwin:

- We obtained evidence to support the Organization’s annual submission of the “Review of Services” and “Statistical Reports” for Healing Homes and Kisewatisiwin as required.

Heart to Home:

- We obtained evidence to support the Organization’s annual submission of the “Review of Services” and “Statistical Reports” for Heart to Home as required.
- While we did obtain evidence to support the monthly preparation of “Attendance Records” by The Link, we were unable to conclude as to whether they were being submitted to the DOF in accordance with the SPA as the DOF was unable to provide sufficient support that these reports are being received.
- We did not obtain sufficient evidence to support compliance of bi-weekly reporting of “Wait Lists” or “Program Vacancies” from either The Link or the DOF.

Youth Resource Centre:

- We obtained appropriate evidence to support the Organization’s annual submission of the “Statistical Reports” for the Youth Resource Centre.
- We did not receive appropriate evidence to validate that the monthly reporting requirements for “Program Activity Reports” were being met from either The Link or the DOF. Per our discussions with management, “Program Activity Reports” are not submitted for YRC but “Attendance Reports” are submitted. The Link was able to provide evidence to support that “Attendance Reports” were prepared monthly for the YRC however the DOF was unable to provide adequate support that they were monitoring whether these reports are being received.

Recommendation 2.1.1 – As the DOF and Link draft a new SPA, the reporting requirements should be clearly outlined with roles and responsibilities attached from both The Link and the DOF to ensure that reporting complies with the requirements, is monitored regularly, and aligns with current programming and outcomes. The DOF should continue to improve processes and procedures in place for monitoring and ensuring that they are in receipt of the reporting requirements laid out in the SPA from their funded entities.

iii. The Organization accounts for funding separately in the different program areas in accordance with the funding agreement requirements.

We noted that the Organization accounts for funding separately through different program areas. We observed this during our review of their Annual Budget and Audited Financial Statements.

iv. Surplus funds are utilized in accordance with the Surplus policy included in the GoM’s Financial Reporting Requirements.

We noted that The Link declares its anticipated revenues, expenses, and surplus in its “Department of Families Funding Surplus Declaration” that is submitted to the DOF in accordance with Manitoba Financial Reporting Requirements. Per the Budget Policy, the Organization maintains a balanced budget. Per review of the declaration submitted for the most recent fiscal year, the Organization reported no surplus/deficit.

Management Comments

Response to recommendation 2.1.1 – “The Link has provided the required monthly attendance reporting for the YRC. The attendance reporting is utilized to support the per diem provided for bed usage. The Link’s Centralized Intake and Assessment is in contact with Department of Families Provincial Placement desk at minimum 3 / week to discuss potential referrals and vacancies.

The Link has met monthly with DOF to draft the new SPA during the 22/23 fiscal year. The new SPA will reflect program name changes, current reporting schedules and measurable objectives/goals.”

DOF Comments

Response to criteria 2.1.1 & 2.1.2

“Heart to Home:

The SPA between the GOM and The Link is being revised to better reflect the current direction and focus of a number of different programs, including the former Alternative Parent Home Program (APHP) which has since been redeveloped into Heart to Home. Previous reporting requirements for APHP, such as Attendance Records, were not submitted because CFS agencies pay the per diems for children placed in Heart to Home instead of the DOF. As these reports are no longer required, the DOF will ensure new SPAs reflect up to date reporting requirements.

With regards to “wait list” and “program vacancy” reports for Heart to Home, the program notifies agencies directly if they have a vacancy or works from their existing referrals.

Youth Resource Centre:

The DOF receives monthly attendance reports from the YRC. As a new SPA is developed, we are also in the process of strengthening oversight of associated reporting requirements.”

Section 3 - Conflict of Interest

3.1 Policies and Controls

i. The Organization has an appropriate Conflict of Interest Policy and follows it without exception for all management, staff, and the Board of Directors.

The Organization’s Code of Conduct contains a Conflict of Interest section which defines conflict of interest and outlines the relevant responsibilities for members of the Board of Directors, executives, employees, foster parents, and volunteers to disclose any situation or matter where they have an actual or a perceived conflict of interest or the potential for a conflict of interest; as well as procedures for when an actual, potential or perceived conflict of interest has been found to exist.

Per review of the Policy, “Members of the Board and the CEO are required to sign conflict of interest declarations when they start with the organization, and annually thereafter. Members of the Leadership Group must sign conflict of interest declarations at the time of hire. Any employee, foster parent or volunteer must sign a conflict of interest declaration when it is determined that a conflict exists.” The Procedures include conditions where Conflict of interest declarations must be updated immediately, as well as rights and responsibilities regarding appeals and disciplinary actions. Per review of the Position Classifications Policy, “The Leadership Group is comprised of management and professional employees.”

Per our review, the Conflict of Interest Policy is not being followed without exception for the CEO, members of the Leadership Group and employees. For a sample of 26 individuals which included the CEO, eight members of the Leadership Group and 17 employees (including clinical case managers, youth care practitioners, program supervisors, and team leads) we noted:

- The Organization was unable to provide support that annual declarations were being obtained for the CEO; evidence of declarations were provided for date of hire (2018) and 2023, but no evidence of declarations were provided for the years 2019-2022.
- The Organization was unable to provide support to show that a conflict of interest declaration was signed at the time of hire for seven members of the Leadership Group in our sample. For one member of the Leadership Group, we noted that a declaration was signed approximately one year after the date of hire.
- For two employees sampled we noted that a declaration was signed approximately one year after the date of hire.

Recommendation 3.1.1 – Management should implement a process to monitor compliance with the existing Conflict of Interest Policy within the Code of Conduct and implement a process to ensure annual declarations are completed by the Board of Directors and CEO. This responsibility should be completed by HR. The Conflict of Interest Policy within the Code of Conduct should be updated to include best practices such as a requirement to complete a conflict of interest declaration annually by all mentioned parties including members of the Leadership Group, employees, foster parents, and volunteers. The practice of requiring employees, foster parents, and volunteers to sign a conflict of interest declaration only after it has been determined that one exists should be retired.

Management Comments

Response to recommendation 3.1.1 – “The Conflict of Interest policy was reviewed, amended and approved by the Leadership Team (April 25, 2023) and Board of the Directors (April 26) (revised policy [provided to Deloitte]). New conflict of interest forms have been sent to all programs to ensure new conflict of interest forms are signed.”

Section 4 - General Purchasing

4.1 Policies and controls

- i. **The Organization has appropriate policies and controls over organizational expenditures (e.g., general purchasing, vendor accounts, purchase orders) and follows them without exception.**

The Organization has the following general purchasing policies in place:

- General Purchasing
- Vendor Accounts
- Purchase Orders
- Contracts for Services Received
- Tender Process
- Receipts for Goods and Services
- Signing Authority

Per review of the Receipts for Goods and Services Policy, “All purchases of goods or services, unless purchased on an account or through a contract, are to be supported by a receipt.”

Through our review of a sample of expenses, we noted The Link was not able to provide sufficient receipt support for seven out of 154 purchases examined.

Use of Cash

We noted that the Organization uses “Petty Cash” for things such as allowances, weekend activities, and emergencies when Corporate Visa holders are not on duty. Management has advised that the use of Corporate Visas is encouraged for day-to-day purchases, such as for groceries, transportation, clothing, and activities.

Based on interviews and review of “Allowance Receipts” provided by management, we noted that there is a control to require youth sign off on allowances when received. As well, there is a compensating control that if youth do not receive their allowance, they would bring it to the attention of management.

Additionally, per discussion and review of “Petty Cash Reconciliations” provided by management of The Link, Petty Cash reconciliations occur monthly. Where cash is depleted prior to the end of the month it is not replenished until the reconciliation can occur. The Organization maintains a Petty Cash Policy which outlines who can request the set-up of a petty cash fund and how responsibility is assigned. The Policy does not include procedures related to the requirement for monthly reconciliations.

Recommendation 4.1.1 – In consideration of the risks involved with the use of cash, it is recommended that management consider minimizing the use of cash and consider implementing an alternative approach to delivering allowances.

For example, The Link should follow recommendations being developed by the DOF for cash transfers to youth to ensure they are controlled, and that Youth feel safe having cash in their possession.

Use of Gift Cards

We noted that total spend on gift cards was less than 1% of total Organizational spend. Typical expenditures we noted gift cards being used for included the purchase of gifts for youth during holidays and expenditures such as clothing, social activities, and other events.

Per discussions with management of The Link and through a review of the Organization’s policies we noted that processes and procedures related to the use of gift cards are limited. We noted that the use of gift cards varied by home, for example, one independent living home included in our sample used gift cards to allocate funds to youth to help them learn how to manage their money. Per discussion with the DOF, gift cards are used across Community Care Providers and the Child and Family Services sector to help youth in Independent Living programs purchase clothes and groceries and learn how to budget.

We also observed that gift cards were used to purchase goods such as groceries and other ad-hoc items for the homes. There are no policies or processes in place to monitor or require the retention of receipts to support purchases made using gift cards.

It is important to note that there are various risks involved with the use of gift cards as they could be considered as a form of cash equivalents.

Recommendation 4.1.2 – We recommend that management minimize the use of gift cards and consider alternative approaches where possible. We recommend management implement a policy related to the appropriate use of gift cards such that these cards are treated as cash. All receipts and support for the use of gift cards should be reconciled, monitored, and retained.

Documented Approval of Policies

Through our review of the Organization’s HR, Financial and Governance Policies we observed that all Policies included the date of approval and/or revision but did not include evidence of who approved the policy (e.g., CEO, Board, Committee, etc.).

Recommendation 4.1.3 – All policies of the Organization should include evidence of who approved the policy. Significant policies should be approved by the Board of Directors.

ii. The Organization has appropriate policies and controls over capital purchases and follows them without exception.

The Organization has the following policies in place related to capital purchases and lease decisions:

- Capitalization Policy Summary
- Rental Agreements
- Signing Authority
- Chief Executive Officer Expectations and Responsibilities – (includes spending authority)

Per review of the Organizations Capitalization Policy Summary, the Organization has a policy in place relating to accounting for capital purchases. Additionally, the Organization has a policy in place detailing the procedures for entering into a lease. The Signing Authority Policy provides that “Acquisition of Property (Purchase or Lease) requires Board Approval.”

The Chief Executive Officer Expectations and Responsibilities Policy includes the following:

- “The Chief Executive shall seek Board approval prior to incurring any capital and/or operating expenditures in excess of \$10,000, or disposing assets valued at \$10,000 or more.”

We observed that the Signing Authority and Chief Executive Officer Expectations and Responsibilities Policies are not reflective of one another.

We examined 41 capital purchases as part of our testing; eight of these purchases were greater than \$10,000.

- For 6/8 of the items from our sample population (greater than \$10,000), we did not see evidence to support that documented Board approval was obtained. We noted that support for these purchases was provided (e.g.: invoices and expense reports); however, no documented Board approval was observed. In our understanding, each of these transactions were part of the normal course of business for The Link (e.g.: renovations and furnishings).
- For one of the six items examined, we noted that the purchase was made in July 2020, a total of 15 months prior to the implementation of the Chief Executive Officer Expectations and Responsibilities Policy in October 2021.
- For the remaining two capital purchases greater than \$10,000 examined, evidence was provided to support Board approval.

Recommendation 4.1.4 – We recommend that all capital and other operating purchases above \$10,000 be approved by the Board of Directors. We also recommend that the Policy be improved to include expectations on when this approval is to be obtained and how it is to be documented.

Recommendation 4.1.5 – The Organization should maintain clear and consistent policies related to capital purchase decisions. We recommend management ensure consistency and referencing between the Signing Authority Policy and the Chief Executive Officer Expectations and Responsibilities Policy.

Recommendation 4.1.6 – All capital expenditures should be approved or authorized in writing. Management should revisit and enhance the Signing Authority Policy to ensure it is more robust regarding procedures for capital purchases.

4.2 Contracting

- i. **The Organization has appropriate policies and processes to evaluate the ethics of their vendors when establishing vendor relationships and follows them without exception.**

Per review of the Vendor Accounts Policy, the Policy does not specify expectations or procedures related to validating new vendors upon set-up (i.e., evaluating ethics). Per discussions with management of The Link, there is presently no process in place to evaluate ethics when selecting new vendors.

- ii. **The Organization has appropriate policies and processes to periodically review preauthorized suppliers of products and services to ensure that quantity received, and costs are competitive and that there are no new conflicts of interest or ethical issues.**

Per review of the Vendor Accounts Policy, the Policy does not specify expectations regarding vendor maintenance (i.e., specifying a regular frequency for reviewing the vendor listing for obsolete vendors or duplicate vendors) or performance monitoring of vendors. Per discussions with management of The Link, there are no current procedures in place to monitor and evaluate the performance of vendors, nor are there procedures in place to review the vendor listing on a regular frequency.

- iii. **The Organization follows their policy to obtain two quotes for purchases or services over \$1,000 in cases where there is no preauthorized vendor.**

Per the General Purchasing Policy:

- “Where there is no identified supplier for a needed product or service, where possible, two quotes will be obtained for purchases or services over the amount of \$1,000.”

Through our review we identified nine transactions related to purchases from new vendors. Three of these transactions were for the purchase of goods and would not have required two quotes; one transaction was an unforeseen emergency project (elevator repair) and we observed correspondence related to this transaction documented in the Infrastructure Committee Meeting Minutes. For the remaining five transactions examined there was insufficient evidence to support adherence to the “two quote” guideline as outlined in the Organization’s Purchasing Policy.

- iv. **Tender submission evaluations and vendor selections follow a set criterion and are undertaken by individuals who are free of conflict of interest with the vendor and have the relevant skills and knowledge appropriate to select the vendor.**

Through our review, we observed a Tendering Process Policy; however, per discussions with management of The Link, tenders are not part of usual practice. The typical process is to secure multiple quotes for larger expenditures. We did not encounter any tendered purchases through our review and have observed that the Tendering Process Policy does not include guidance related to when purchases should be tendered.

Recommendation 4.2.1 – Management should revisit and enhance the Vendor Accounts, General Purchasing and Tendering Process Policies to ensure they are more robust and that expectations regarding vendor maintenance, contracting, and tendering are documented and implemented.

Examples include a policy that improves sourcing, including maintaining the existing vendor list and defining a set of criteria for when quotes/tenders are to be used; as well as obtaining three quotes versus two for expenditures above a certain level. In addition, management should implement a process to obtain quotes for existing vendors after a certain period of time to ensure The Link is still receiving competitive bids/pricing from the existing vendors. Requiring two quotes only when purchasing from a new vendor could result in loss of cost savings if existing vendors are not competitive in the market.

Recommendation 4.2.2 – Management should ensure the existing policies are reflective of the daily financial processes that the Organization undertakes; we recommend any policies that include outdated processes and procedures be revised. For example: use of tenders, purchase orders and comparative price research or bulk purchase agreements.

4.3 Purchases

- i. **The Organization has appropriate policies and processes regarding signing authorities for purchase approvals and segregation of duties and follows them without exception.**

The Organization has policies in place regarding signing authorities. The “Signing Authority” defines positions with authority to sign documents on behalf of the Organization. The Policy provides that in addition to the CEO and CFO, cheques are signed by those individuals authorized by the Board of Directors.

Through our review we noted that the Signing Authority does not define the approval limits for Directors, Managers (excluding Program Managers), or members of the Executive team. It states purchase orders over \$500 require approvals from Directors or Managers; however, it does not include a ceiling limit or dollar amount which would require approval from the Board of Directors.

The Chief Executive Officer Expectations and Responsibilities Policy includes the following:

- “The Chief Executive shall seek Board approval prior to incurring any capital and/or operating expenditures in excess of \$10,000, or disposing assets valued at \$10,000 or more.”

For a sample of 154 transactions, we noted the following:

- There was no evidence of approval for eight purchases. We noted support for these purchases was provided (e.g.: invoices and expense reports) but no documented approval was observed. We noted each of these transactions were part of the normal course of business (e.g.: maintenance and repairs) and were considered reasonable purchases.
- There was no evidence of documented Board approval for 6/8 capital purchases greater than \$10,000 included in our sample.
- 29 expense report transactions were approved with inappropriate signing authority (i.e., outside of the approver’s signing authority limit).
 - Of the 29 expense reports examined, 15 reports either did not include the preparer or approver fields or the preparer and approver was the same individual.

Recommendation 4.3.1 – All expenditures should be approved or authorized in writing (or electronically if enabled). Management should enhance the Signing Authority Policy to include limits on authorities and a limit over which expenses are to have documented approval from the Board of Directors.

Recommendation 4.3.2 – Management should develop and establish a formal Expense Approval Policy including audit and review. Best practice would not permit an approver to approve their own expenses. Additionally, all expense reports should be formally approved in writing and appropriate supporting documents should be attached to the expense report for approval and retained for audit trail purposes.

Management Comments

Response to recommendation 4.1.1 – “Measures will be put in place to reduce use of cash. The healing homes programs will evaluate alternative approaches to delivering allowances. The usage of debit cards and bank accounts will pose operational difficulties as not all youth arriving at The Link with appropriate identification to open bank accounts. Operational manuals in the Healing Homes have been updated to include specific procedures for distributing allowances to youth.”

Response to recommendation 4.1.2 – “The use of gift cards is under review and a policy will be created. During this process the use of gift cards will be limited. Communication will be shared with program managers and supervisors to ensure they are aware of the risks, approval and tracking that is necessary when providing gift cards.”

Response to recommendation 4.1.3 – “Effective immediately, “approved by” will be included on all policies that are reviewed, revised and developed.”

Response to recommendation 4.1.4 – “Capital expenditures are approved by the Board in the annual operating and capital budget. The finance committee will review the coordination of further approval by signing [off purchases] or EFT going forward.”

Response to recommendation 4.1.5, 4.1.6 & 4.3.1 – “Signing Authority Policy and matrix have been reviewed and amended by The Leadership Team (April 25, 2023) and the Board of Directors (April 26, 2023) (revised policy [provided to Deloitte]). It clearly defines positions and authority. The document aligns with the CEO Expectations and Responsibilities. The policy has been communicated to the organization.”

Response to recommendation 4.2.1 – “General Purchasing, Bulk Purchasing and Tendering processes are under review. Expected completion by June 2023.”

Response to recommendation 4.2.2 – “Communication has been shared with the Leadership and Operational Team about the importance of back up on all expense reports.”

Response to recommendation 4.3.2 – “Credit Card policy includes a formal expense approval process. It was revised by the Leadership Team April 25, 2023, to include approval process prior to submission to Accounting (revised policy [provided to Deloitte]).”

Section 5 - Employee Expenditures and Reimbursements

5.1 Policies and controls

- i. **The Organization has appropriate policies and controls over employee's expenditures (i.e., policies regarding meals, travel, entertainment, credit cards, etc.) and follows them without exception.**

The Organization has the following relevant policies in place:

- Credit Cards
- Mileage Reimbursement
- Transportation and Accommodation for Out of Town Travel
- Transportation and Accommodation for Out of Town Travel – Notices of Changes and Cancellations
- Reimbursement of Out of Town Travel Expenses
- Use of Personal Funds

The Credit Cards Policy outlines who has authority to assign corporate credit cards and the responsibilities of card holders. Card holders are required to review their statements weekly for potential fraudulent transactions so they can be reported immediately. Receipts are required to be submitted with statements to the Accounting Group on a weekly basis. As at the time of our review, the Organization had 38 active corporate credit cards for making purchases.

We noted that credit card transactions are submitted and monitored on a monthly basis, and not on a weekly basis as outlined in the Credit Card Policy.

Per our review of a sample of credit card transactions, the Organization was able to provide evidence to support that credit card expense reports were being submitted monthly with receipts supporting the samples attached. We noted one exception in our sample where we did not see evidence to support the submission of a credit card expense report.

Per discussions with management of The Link, the Policy was updated in June 2022 from a monthly to weekly frequency. There were 10 transactions included in our sample from June 2022 onwards. For each of these items we noted the Organization was able to provide evidence to support that credit card expense reports were being submitted weekly with receipt support for all items reviewed.

Through our testing we observed that monthly reviews of credit card transactions are catching fraudulent transactions (from hackers) in a timely manner. We observed three fraudulent transactions that were identified and reported to the bank and there was evidence to support that these transactions were reversed by the bank in a timely manner.

The Organization's policies related to employee reimbursement of travel expenses are as follows:

The Organization:

- Reimburses mileage for employees and volunteers who are required to use their own vehicle in order to conduct business, mileage must be recorded on the appropriate mileage claim form and submitted for approval.
- Reimburses employees for legitimate, necessary, and reasonable travel related expenses occurred while carrying out responsibilities, an Expense Report must be submitted with receipts and approved.
- Will pay for transportation, accommodation, and related expenses when employees are required to travel out of town for business, a Request for Travel Form must be submitted and approved.

The Organization has a Policy regarding the use of personal funds, which requires pre-approval (including personal credit cards) for organizational purchases made using personal funds.

Through examination we noted eight purchases made on personal credit cards included in our sample. Per review of the supporting documentation, all eight purchases made were for the Organization and considered reasonable; however, there was no evidence to support that pre-approval was obtained as required by the Policy.

- For six out of the eight purchases examined, there was no support/rationale for why a personal credit card was used.
- For one of the six purchases, the approver of the Expense Report did not have the appropriate authority to do so. We noted support for these purchases was provided (e.g., invoice and expense report) but no documented approval was observed. We noted this transaction was part of the normal course of business and was considered reasonable.

Recommendation 5.1.1 – Management should implement the existing Credit Card Policy and review transactions on a weekly basis in accordance with the stated Policy or update the Policy to reflect the processes that are currently being undertaken by the Organization. For example, given that credit card statements are being submitted and reviewed monthly, and statements are published monthly, the Organization should evaluate whether the weekly frequency for submitting statements with receipts is appropriate or if a monthly frequency for this control would be sufficient.

Recommendation 5.1.2 – Management should implement the existing Use of Personal Funds Policy as written and identify a process for obtaining formal, documented approval prior to making an organization purchase using personal funds.

- ii. **The Organization has appropriate policies and controls over employee loans and follows them without exception.**

Per discussions with management of The Link, the Organization does not provide employee loans to staff. We did not encounter any employee loans in our review or disclosed in the financial statements.

5.2 Approvals

- i. **Expenses are approved by the employee’s supervisors.**

Per the Reimbursement of Out of Town Travel Expenses Policy, the Organization will pay for transportation, accommodation, and related expenses when employees are required to travel out of town for business; a Request for Travel Form must be submitted and approved.

- For a sample of 11 Travel Request Forms examined, we obtained no evidence of approval for four of these forms.

Recommendation 5.2.1 – Management should implement and enforce the existing Reimbursement of Out-of-Town Travel Expense Policy and ensure all Travel Expense Reports have documented approvals.

ii. Claims are submitted with original receipts.

Per the Reimbursement of Out-of-Town Travel Expenses Policy, employees are responsible for ensuring that claims for reimbursement are accurate and supported by original receipts as required.

Per our review, we obtained evidence to support that all Travel Request Forms were submitted with appropriate receipt support.

iii. Per diem, mileage, accommodation rates, etc., are reviewed annually and paid in accordance with the Policy.

Per review of the Mileage Reimbursement and Reimbursement for Out-of-Town Travel Expenses Policies, mileage, per diem and accommodation rates are to be reviewed annually.

- For the period reviewed, The Link conducted quarterly reviews of their mileage reimbursement rates as evidenced in their quarterly memos.
- There was no evidence of review conducted for per diem rates in 2022. Per our review of the supporting materials provided, the most recent review was conducted in April 2021. A review was scheduled for April 2023 as per the April 18th, 2023, Leadership Team Agenda however it was later noted that time did not permit for this discussion in the scheduled meeting. The topic was deferred and added to the agenda for the following meeting.

Recommendation 5.2.2 – Management should implement and enforce the existing Reimbursement for Out-of-Town Travel Expenses Policy and review per diem rates annually.

Management Comments

Response to recommendation 5.1.1 – “It is the current practice for all credit card holders to review transactions on a weekly basis. Our practice aligns with the policy. The weekly frequency for submitting statements with receipts is preferred as it assists in identifying fraudulent transactions [by outside parties]. The sample provided and identified as out of alignment of our policy was prior to the implementation of the weekly review of credit cards that was approved.”

Response to recommendation 5.1.2 – “The Use of Personal Funds Policy was reviewed April 25, 2023, by the Leadership Team and communication has been sent out to all employees with special attention to the Finance Department to ensure there is no deviation from the policy (reviewed policy [provided to Deloitte]). Individuals identified to be using personal funds on a regular basis will be provided a corporate credit card.”

Response to recommendation 5.2.1 & 5.2.2 – “The Reimbursement for Out of Town Travel Expenses Policy was reviewed and approved on April 25, 2023 by the Leadership Team (revised policy [provided to Deloitte]).”

Section 6 - Accounting Methodologies, Financial Monitoring, and Reporting

6.1 Policies and controls

- i. **The Organization has appropriate policies and controls on accounting methodologies, financial monitoring, and reporting in accordance with Generally Accepted Accounting Principles (GAAP) and follows them without exception.**

The Organization has policies on Financial Monitoring and Reporting in accordance with GAAP. Per the "Province of Manitoba – Department of Families – Financial Reporting Requirements" document:

- "6.1 General Audit Requirements - All Service Providers in receipt of funds from the Department of Families are required to submit annual audited financial statements. The audit shall be performed by an independent, qualified, external auditor and shall be signed by the Board Chairperson."

The Organization submits Audited Financial Statements to the DOF and for all years included in the review period, the Auditor issued an unmodified opinion.

- ii. **The Organization has appropriate policies and controls on employee benefits, honoraria, and scholarships in compliance with CRA requirements and follows them without exception.**

The Organization has the following relevant policies in place:

- Payment of Honorarium (Financial Policy)
- Benefit Eligibility (HR Policy)
- Tuition Reimbursement (HR Policy)

The Organization's Payment of an Honorarium Policy documents who honorariums may be paid to and who may authorize payments; however, we noted that the Payment of Honorarium Policy does not identify an appropriate range or limits for payments.

The Policy is not a specific policy for accounting for honorarium payments; however, we noted the Organization has a process to ensure honorarium payments are recorded within the Audited Financial Statements.

The Benefit Eligibility and Tuition Reimbursement Policies are HR Policies and identify eligibility requirements pertaining to Tuition Reimbursement and enrollment in benefits. This Policy is not related to accounting for benefits and/or tuition reimbursement; however, the Organization has a process to ensure employees benefits are recorded within the Audited Financial Statements.

Per review of the Organizations Notice of Assessments from the CRA for the Financial Management Review period, no issues were noted related to reporting of employee benefits, honoraria, or scholarships.

Recommendation 6.1.1 – Management should revisit and enhance the Payment of Honorarium Policy to ensure it is more robust and that payment of honorariums are consistent and appropriate. Examples include identifying common types of honorariums and providing ranges for which payments would be expected to fall within.

6.2 Financial Statements

i. Financial statements are audited annually and have an unmodified opinion.

As noted above, all service providers in receipt of funds from the DOF are required to submit annual audited financial statements. Per our review, the Auditor issued an unmodified opinion of the Organization's Audited Financial Statements for all years included in the review period.

ii. The Organization has addressed Management Letter points received from the Auditors and implemented the changes within a one-year period.

Per review of the Auditor's reports for the period of the Financial Management Review and support provided by the Organization; action was taken to address management letter points in a timely manner.

There were no management letter points observed for FY 2019-20. For FY 2020-21 we examined an RFP issued by the Organization to address management letter points for Advisory Work specific to financial processes with a completion date of March 31, 2022. For FY 2021-22 we observed ongoing recruitment efforts throughout 2021-22 to fill financial staff gaps as noted in the Board minutes.

Management Comments

Response to recommendation 6.1.1 – "Honorarium Policy was reviewed and updated with ranges for honoraria and approved on April 25 by the Leadership team (revised policy [provided to Deloitte])."

Service Delivery Review

Section 1 – Governance

1.1 Board Competencies

- i. **The Organization has an adequate Board Governance Policy that is followed without exception that requires an updated Skills Matrix to identify competencies of existing members.**

The Organization has the following relevant Governance Policies in place:

- Board Recruitment
- Board Governance

The Board Recruitment Policy outlines the expectation that the Governance Committee maintain a skills matrix, which lists the skills and background of existing Board members. The skills matrix is to be updated on an annual basis by the Governance Committee to ensure it reflects the current expertise of the Board.

The Board skills matrix is prepared to help assess the level of experience each director has in various skill areas, as well as the overall composition of the Board as it relates to diversity. It includes each Board Member and their relevant skills and experience with a priority rating. Skills and experiences assessed include, but are not limited to, knowledge of Indigenous history and social issues, Indigenous culture awareness and training, accounting/finance, Board of Director experience and community affiliations.

We noted that the Skills Matrix includes a variety of categories to promote diversity.

For the Service Delivery Review period we noted that the skills matrix was updated in September 2022. Board members performed self-evaluations to rate themselves on a scale of High (3) to Low/Not Applicable (1) to reflect their perceived level of experience in each area. Per review of priority ratings:

- 3/10 Board members cumulatively scored less than 1.5 on an average of scores across all skills and experiences categories.

We noted that each of these three members possessed a high priority ranking in a technical area such as accounting/finance. We noted this is reasonable as Boards are intended to be diverse and have varying areas of expertise.

- In 5/17 categories examined, the overall Board scored less than 1.5.

The areas where the Board had a low cumulative rating related to education, health / mental health, justice / law enforcement, labour relations and legal. Per our review, there were no categories without some level of representation. We observed that Board Governance policies do not identify a target for representation across all skills and experience categories.

Recommendation 1.1.1 – The Board should identify measurable objectives expressing the desired qualities of the Board. For example, the Board should possess a specific number of members with experience in key skills and experience areas and use this to identify gaps for Board recruitment.

Recommendation 1.1.2 – The Board should consider shifting from a model of self-evaluations to peer-evaluations when updating the Skills Matrix to encourage objective evaluations. Peer evaluations would lead to assessments that contain less personal or emotional interpretations and may provide a more accurate reflection of skill level.

- ii. **The Organization has an adequate Board Governance Policy that is followed without exception to regularly assess the need for new Board members.**

The Board Recruitment Policy includes specific procedures related to recruitment. As an example, the Policy states that the Board shall regularly assess the need for new Board members with priority given to Indigenous candidates. The procedures indicate that the skills matrix should be utilized to identify gaps in expertise and that recruitment efforts should attempt to recruit candidates who fill the identified gaps.

In addition to the annual review of the skills matrix, we noted from our review of the November 2022 Governance Committee meeting minutes that the committee discussed the importance of Board Recruitment along with potential candidates.

1.2 Board Representation

- i. **The Organization has an adequate Board Governance Policy that is followed without exception It requires consideration of personal qualifications of potential Board members (i.e., Community reputation and affiliations, interest in the organization’s mission, ethnic background including whether the candidate is Indigenous or a member of diverse communities and has suitable interpersonal and communication skills).**

Per review of the Board Recruitment Policy, in addition to the skills matrix, the Board is expected to consider personal qualifications of potential Board members including, but not limited to, the following:

- Community reputation and affiliation.
- Interest in the organization’s mission.
- Ethnic background including whether the candidate is Indigenous or a member of diverse communities.
- Interpersonal and communication skills.

In addition to relevant skills and experience, the Board skills matrix also includes demographic information including gender, age, indigeneity, and ethnicity.

Per review of the Board skills matrix:

- 3/14 (21%) members identified as First Nations, Metis or Other in 2019.
- 5/14 (36%) members identified as First Nations, Metis or Other in 2020.
- 5/13 (38%) members identified as First Nations, Metis or Other in 2021.
- 2/10 (20%) members identified as First Nations, Metis or Other in 2022.

We noted that Board Governance Policies do not identify a target for Indigenous representation. Per review of Board minutes, in March 2022 the Board reviewed results of the Annual Diversity Survey along with recommendations to improve representation on the Board and Leadership Team; the Board referred representation on the Board to the Governance Committee.

Recommendation 1.2.1 – The Board should identify measurable objectives expressing the desired qualities of the Board. For example, the Board should maintain a specific percentage of members who are Indigenous or a member of diverse communities.

- ii. **The Organization has an adequate Board Governance Policy that is followed without exception for recruitment of Board members. (i.e., when there are current and upcoming vacancies, gaps in areas of expertise, insufficient number of Board members, or need for cultural diversity of the Board including the presence of Indigenous Board members).**

The Board Recruitment Policy includes procedures related to recruitment, including, that the Board shall regularly assess the need for new Board members with priority given to Indigenous candidates. The procedures indicate that the Skills Matrix is to be utilized to identify gaps in expertise and that recruitment efforts should attempt to recruit candidates who fill the identified gaps.

- iii. **The Organization has an adequate Board Governance Policy that is followed without exception to monitor whether Board competency gaps are addressed and provides supporting evidence that appropriate actions are being taken to address identified gaps.**

The Board Recruitment Policy outlines the expectation that the Governance Committee maintain a skills matrix that lists the skills and background of existing Board members. The skills matrix is to be updated on an annual basis by the Governance Committee to ensure it reflects the current expertise of the Board.

For the Service Delivery Review period we observed evidence that the skills matrix was updated in September 2022.

We also noted that Board Governance policies do not identify a target for representation across all skills and experience categories. Please refer to our Service Delivery Review Recommendation 1.1.1 noted above.

1.3 Governance Audit Follow-up

- i. **The Organization can provide evidence that the stated recommendations from the April 2021 Governance Audit have been implemented.**

Per discussion with management of The Link, to support the Organization’s vision to become a Centre of Excellence, a third-party governance and leadership consultant was hired to perform an assessment of the Organization’s Board Governance. On April 16, 2021, a Governance Audit Summary related to the Organization’s Board Governance was prepared and published. The Audit covered a review of the following:

- Bylaws
- Orientation Manual
- Guide to Board Governance
- Board Policies
- Board Competencies (Skills) Matrix
- Sample Board Kit
- Committee Documents
- Annual Report 2019-20
- Meeting Schedule

- Record of Decisions
- CEO Performance Evaluation
- Risk Management Framework
- Strategic Plan
- Strategic Plan Dashboard
- MYS Website
- Board Self-Evaluation Tool

The consultant’s report included 10 recommendations. The Organization prepared a “Governance Audit Summary Implementation Plan” which included planned actions to address each of the recommendations.

Per our review of the Governance Audit Summary, the Implementation Plan and evidence provided by management, we noted all 10 recommendations have been fully implemented and monitoring is occurring where necessary.

Management Comments

Response to criteria 1.1.1 – “The skills matrix is a qualitative tool that has been designed for self-evaluation. The 14 categories identified on the skills matrix ensures that there is diversity among board members as well as identifies areas that should be a focus for recruitment.”

Response to recommendation 1.1.1 – “The recommendation regarding specific number of members with experience in key skills and experience areas has been referred to the Governance Committee for review.”

Response to recommendation 1.2.1 – “Recruitment of employees and Board of Directors that are representative of the community we serve is a priority. We will continue to recruit and develop retention practices as we work towards a diverse labour force that is dedicated to serving the community.”

Section 2 - Human Resources Financial Review

2.1 Compliance with HR Financial Policies

- i. **Employees are compensated in accordance with funding agreements, collective agreements, and MYS Job Levels document.**

For a sample of 21 employees, we compared employee’s salaries to the salary range outlined for their position per support provided by management and applicable agreements. We observed the following:

- One employee’s pay was outside of the expected range provided in the “MYS Job Levels” document provided by the Organization. We noted one salary amount for 2022 was ~\$5K outside of the range provided. While we did note that evidence of annual performance reviews to justify the increase were provided as support, we did not see evidence of documented approval for this particular increase.
- All other employees were paid in accordance with expectation as per review of the MYS Job Levels document provided for our review.
- Two of the employees included in our sample belonged to the Manitoba Government and General Employees’ Union (MGEU) Local 369. We noted that they were compensated in accordance with the Collective Bargaining Agreement (CBA).

We observed that the MYS Job Listing document was outdated (Approved January 31, 2018) and did not reflect all current position titles.

We also noted that the Guide to Board Governance document does not identify expectations related to documented approval of salary increases.

Recommendation 2.1.1 – The Link should review pay ranges to ensure they are updated to reflect the current industry ranges. All salary increases should be approved or authorized in writing. Management should revisit and enhance the Guide to Board Governance document to ensure it is more robust and that expectations for approval of salary increases are clearly identified.

2.2 HR Statistics

i. The Organization's staffing and turnover rates are within legal requirements for care and within industry norms.

Per discussion with management of The Link, the Organization does not have a process in place to track turnover rates. We used information provided by management to calculate a turnover rate for the Service Delivery Review period.

We calculated turnover as:

Total number of employees separated / Average number of employees:

- The turnover rate for January – December 2022 was calculated as 49%.
- The turnover rate for January – March 2023 was calculated as 16%.

The data provided by management utilized to calculate the turnover rates above did not provide context on the situation surrounding an employee's separation. For example, we were unable to identify whether an employee's separation was due to a shift from part time to casual, an internal change in position, a resignation, or a termination; this means that the turnover rate includes those that changed jobs internally and not only those who left the organization.

Per discussions with management of The Link, the COVID-19 pandemic had a significant impact on turnover of staff working in front-line positions serving the Organization.

During our review we were unable to obtain a reliable comparative benchmark to assess this rate against.

Per review of the CEO's report included in the Board Minutes for the Service Delivery Review period, the 18(1)(b); 18(c)(i) :

18(1)(b); 18(c)(i)

- "We continue to recruit direct service workers on a weekly basis - drop in and virtual interviews have been effective. In order to ensure successful candidates are committing to The Link we are providing them with an offer letter at the conclusion of the interview, starting their training and HR onboarding immediately. This strategy plus the partnership with Red River College has proven to be very successful in ensuring the homes are adequately staffed with the exception of St. Pierre. It is imperative that we continue to ensure the teams have the tools and support required to be successful." (November 30, 2022).

We noted that the Organization conducts a Diversity Survey annually and reports the results; the survey includes results related to Age, Gender, 2SLGBTQ+ Community, Background or Ethnicity, Visible Minority Status, Indigenous Representation – Metis, First Nations, and Inuit, Languages Spoken and Disability. For the period covered by the Service Delivery Review, we examined the Diversity Survey and noted the following:

- "As indicated under the Ethnicity heading, 23.9% of team members identify as Indigenous to North America. Further broken down into the three recognized Indigenous groups in Canada, 13.1% identify as First Nations, 10.2% identify as Metis, and 0.6% identify as Inuit."

Additionally, per review of the Governance Committee Meeting Minutes, Board Recruitment and Representation is a recurring Agenda topic.

Per discussions and support provided by management of The Link, in Spring 2019 the Organization embarked on a process of Organizational Cultural Transformation using a Cultural Values Assessment (CVA). A survey was conducted in Spring 2021 to understand what values the culture currently demonstrates and what ideal workplace culture looks like (244 survey respondents). This was followed by "Conversation Cafes" with staff to learn more about how to create ideal culture.

The result was a CVA Final Report, published in September 2022, which identified 10 cultural values that make up desired workplace culture; as well as 10 recommendations to help shift toward desired culture. This was followed with an Action Plan which identified an annual review cycle and highlighted five focus areas for the Organization to take actions on by the end of March 2023.

We observed evidence of feedback solicited on the Cultural Values Assessment Final Report per review of an operational team meeting agenda from April 2023. Additionally, management provided a Dashboard Report identifying the five focus areas, planned actions targeted to be taken by March 2023, progress, cycle, due date, and notes for our review. Of the 17 planned actions targeted for March 2023, nine of the 17 action items had been completed and the remaining eight were in progress with a target completion date of June 30, 2023.

Management Comments

Response to recommendation 2.1.1 – "A compensation review is planned for Fall 2023."

18(1)(b)

Section 3 - Program Outcomes - Group Care

3.1 Healing Homes – Placement Programs

- i. **The Organization can provide adequate evidence to support that the service programming and outcomes are monitored and assessed against requirements stated in the SPA as outlined below:**
 - a. Staff have received training specific to First Aid/CPR.
 - b. The 18(1)(b) is a four-bed, home for female youth between the ages of 12 and 17 years.
 - c. The 18(1)(b) is a four-bed transition to independent living home for female youth between the ages of 16 and 17 years.
 - d. The 18(1)(b) is a four-bed, temporary shelter for male and female youth between the ages of 9 and 17 years.
 - e. 18(1)(b) is a four-bed home for male youth between the ages of 12 and 17 years.
 - f. The 18(1)(b) is a three-bed home for male youth between the ages of 12 and 17 years.
 - g. The 18(1)(b) is a three-bed home for male youth between the ages of 12 and 17 years.
 - h. The 18(1)(b) is a three-bed home for male youth between the ages of 12 and 17 years.
 - i. The 18(1)(b) provides ten-beds and two treatment homes for male youth between the ages of 12 and 17 years with sexual offending behaviours.
 - j. All Programs reviewed have an adequate staff compliment and staff to child ratio to meet minimum program requirements and is followed without exception.
- ii. **The Organization can provide adequate proof that the service activities stated in the SPA are provided and available to Healing Homes participants, including:**
 - a. A comprehensive assessment of the youth is conducted before youth is accepted into the program.
 - b. The youth's basic needs for food, shelter, and clothing are provided.
 - c. A Service Plan is developed for each youth.
 - d. The Service plans are reviewed, updated, and distributed on a quarterly basis.

3.2 Kisewatsiwin

- i. **The Organization can provide adequate proof that the service programming and outcomes are monitored and assessed against requirements stated in the SPA, including:**
 - a. Staff received training specific to First Aid/CPR.
 - b. The 18(1)(b) is a four-bed transition to independent living home for male and females between the ages of 16 and 17 years.
 - c. The 18(1)(b) is a four-bed home for females between the age of 12 and 17 years.

- ii. **The Organization can provide adequate proof that the service activities stated in the SPA are provided and available to Kisewatisiwin participants, including:**
 - a. Assessment and planning are completed for each youth.
 - b. A Service Plan is developed for each youth.
 - c. The Service plans are reviewed, updated, and distributed on a quarterly basis.

The DOF performs onsite Licensing Inspections (also referred to as Compliance Reports) to ensure compliance with the Child Care Facility Licensing Regulations.

Per section 13(1) of the Child Care Facility Licensing Regulations, “Where the director is satisfied that a childcare facility described in a license is not being operated or maintained in compliance with the requirements or standards set out in this regulation, the director may, by written order, require the licensee to take measures to remedy the non-compliance as specified in the order and within the time limits as specified in the order.”

Overall, we reviewed 13 Licensing Inspection reports provided by the DOF for Healing Homes and Kisewatisiwin related to the 11 Programs identified as in scope for the period of the Service Delivery Review. Based on our examination, we noted the following:

- 11 Licensing Inspection reports included instances of non-compliance items to address by The Link. We observed a wide range of items to address including findings from general maintenance and housekeeping (e.g., cleaning of bathrooms, food past expiry in pantry) to documentation related to medication management (e.g., documentation of weekly narcotic count being performed, evidence of sign-off on administration of medication forms from physician and worker/guardian). Per discussion with management of The Link, the Organization works collaboratively with the DOF to ensure items of non-compliance from the Licensing Inspection reports are addressed promptly.

Per the DOF, “A Licensing Inspection review will inspect all regulatory requirements pertaining to a group home or foster home including documentation, organization policies, and the physical structure of the home. That means most licensing reviews will recommend addressing items, many of which do not pose immediate safety concerns for children placed in the home. A low percentage of homes achieving 100% on their Licensing Inspection review is expected and does not mean homes pose safety concerns for children placed there.”

Per the DOF, a licensing review assesses 58 areas that are outlined in the regulation. For a sample of organizations similar in size to The Link, for the Service Delivery Review period, the average compliance score was 93%. For the sample reviewed we noted, for Healing Homes and Kisewatisiwin, The Link performed in-line with average, achieving an average compliance score of 92%.

- There were no items to address observed for training. The Licensing Inspection report identifies if training requirements for staff are being met per section 18(1) of the Child Care Facility Licensing Regulations.
- Three Licensing Inspection reports reviewed included items to address specific to staff complement. The Licensing Inspection report references section 18(1) of the Child Care Facility Licensing Regulations to ensure the licensee is employing a sufficient number of competent persons for the full-time care and supervision of residents and operation of the facility. For each of the reports reviewed, it was unclear whether the Program was non-compliant as the DOF comments included on all three Licensing Inspection Reports was “Provide a current staff list.”

Per the DOF, “providing a current staff list is a requirement however not having the written list does not equate to concluding there are not enough staff.”

- There were no items to address noted for Incident Reporting. Each youth has a Youth Care Worker assigned to them, any incidents with the youth are documented using Incident Reports and these are reviewed during the Licensing Inspections to ensure documentation is complete. The Licensing Inspection report looks at internal procedures for reporting and reviewing incidents in accordance with Section 34(1) of the Child Care Facility Licensing Regulations.
- Five Licensing Inspection reports included items to address specific to Residents’ Records. The Licensing Inspection report looks at internal procedures for maintaining records for individuals residing at the childcare facility in accordance with Section 26(1), (2), (3) and (4) of the Child Care Facility Licensing Regulations.

Per the DOF, “The Department monitors completion of youth care plans/service plans during onsite Licensing Inspections. This is in accordance with section 26(1) A licensee shall maintain a record for each resident who resides at the childcare facility, which includes the following information for the period during which the resident resides at the facility: (section f) a record of all case conferences, including admission, planning, family, and discharge conferences.”

Per the DOF, the average number of items to address specific to resident’s records for similar sized organizations for the period of the Service Delivery Review was two. The five items to address noted for The Link is higher than average.

- We noted three instances of non-compliance in reporting of incidents to the DOF. The expectation for incident reporting is that the Organization provides a report to the DOF within five calendar days. Per the DOF, the average non-compliance for reporting of incidents to the DOF for similar sized organizations is 1.25. The three non-compliance results noted for The Link is higher than average.

Overall, none of the Licensing Inspection reports included in our sample identified items of non-compliance that impacted the Program’s ability to maintain safe operations. Per the DOF, when safety concerns are identified they must be addressed in a timely manner and they must be resolved before a license is renewed, if compliance issues are unaddressed or chronic and of a serious nature then the license is not reissued. The DOF noted that in all cases The Link’s licenses have been reissued.

Recommendation 3.1.1 – The Organization should revisit and enhance policies related to the delivery of service activities in accordance with the requirements outlined in the SPA for Healing Homes and Kisewatsiwin. The Link should continue to collaborate with the DOF to identify common areas of non-compliance and implement processes and procedures to strengthen such areas. For example, providing training for staff related to Compliance Report content would increase awareness and understanding practices in place. Additionally, for areas of high non-compliance, additional training could be offered in these areas.

Management Comments

Response to recommendation 3.1.1 – “The Link Management, Board of Directors and Program teams takes compliance very seriously, although we strive for excellence there are incidents of maintenance, administration and reporting that is identified during the annual licensing review. When non-compliance issues are raised, we address them immediately and the licensing is renewed without concern. Team members have attended the

MARS, Licensing, and Incident information sessions by DOF staff as part of our YCP 101 training and the DOF has attended team meetings when requested to clarify procedures.”

Section 4 - Program Outcomes - Foster Care

4.1 Heart to Home

- i. **The Organization can provide adequate proof that the service programming and outcomes are monitored and assessed against requirements stated in the SPA, including:**

- a. Staff to receive training in identified areas in accordance to policies.

Per the SPA Report published March 31, 2022, “All Heart to Home foster parents attend a minimum of 20 hours of annual training and have access to 24 hours a day, 7 days a week in-home and on-call clinical supports. Each foster family participates in annual evaluations using a foster parent competency-based assessment tool.”

We noted that the Organization prepared an annual Training Calendar for the period of the Service Delivery Review which outlined how to register for courses, a Cancellation Policy, and the different courses available.

The SPA Report indicated that “All employees including foster parents and Board members are required to complete Commit to Kids Training.” The completion rate for foster parents was 90 out of 111.

Recommendation 4.1.1 – The Organization should establish a process to communicate to foster parents when they are not in line with Training Requirements to ensure requirements are being met.

- b. 50 level IV beds were available in accordance with the SPA.

Per the SPA Report, “we continue to operate 21 foster homes in both 18(1)(b) and 18(1)(b) with 18(1)(b) youth placed and supported by 2 Clinical Case Managers located in 18(1)(b).” Per the DOF, the Department does not collect placement information for Heart to Home.

We noted the number of beds available (49/50) was less than the requirement outlined in the SPA. Per discussions with management of The Link, the DOF staff and representatives from CART, it was noted that obtaining foster parents has become increasingly difficult due to societal shifts, especially since the COVID-19 pandemic.

- c. Each foster home maintained a valid "Foster Home License."

Per review of the Heart to Home Policies and Procedures Manual, “To renew a foster home license, evaluations must occur annually. Completed evaluations are sent to the CFS Licensing Agency, ideally, 45 days prior to the expiry date. The evaluation is reviewed with the foster parent and is kept on file at The Link.” The Clinical Case Manager will prepare the evaluation and submit the completed evaluation to the Coordinator for review then send a signed copy to the licensing body. The Licensing Agency is responsible for mailing out the license to the Clinical Case Manager and the foster Parent.

From a sample of 25 Foster Care Licenses reviewed, we observed that all Licenses had been renewed and were current.

- d. The Organization has adequate policies and processes to monitor the required staffing levels needed for the approved capacity and follows it without exception.

Through our review, we did not observe the existence of any policies related to the monitoring of required staffing levels needed for approved capacities.

Recommendation 4.1.2 – The Organization should develop, document, and implement policies and processes to monitor the required staffing levels needed for approved capacities.

- e. 24-hour foster care services and associated care, supervision, and treatment are provided.

Per review of the SPA Report published on March 31, 2022, “All Heart to Home foster parents attend a minimum of 20 hours of annual training and have access to 24 hours a day, 7 days a week in-home and on-call clinical supports.”

- f. The Organization has adequate policies and processes regarding the identification and implementation of new regulations that may be approved over the period of the agreement and follows it without exception.

Through our review we did not observe the existence of any policies related to the identification and implementation of any new regulations approved.

Recommendation 4.1.3 – The Organization should develop, document, and implement policies and processes to identify and implement new regulations that may be approved over the period of the SPA.

- g. Quarterly treatment planning and review conferences are conducted on a quarterly basis in accordance to the SPA.

Per review of the SPA Report published on March 31, 2022, Clinical Case Managers are responsible for facilitating and managing each youth’s care planning and assessment process. We noted the SPA Report reported 100% completion for Assessments/Safety Plans on file for a total of 249 review conferences completed for the year.

We did not request additional evidence to further support that the review conferences were occurring quarterly, we used the information provided in the annual SPA Report to assess the above.

Management Comments

Responding to recommendation 4.1.1 – “The Link is in regular communication with Foster Parents about training opportunities at the organization. The training calendar is shared with them and is distributed throughout the organization. The Clinical Case Managers monitor the participation rate of Foster Parents to ensure they are meeting training requirements. (Heart to Home Training Documents [provided to Deloitte subsequent to review]).”

Responding to recommendation 4.1.2 – “Program Managers and Directors are constantly reviewing staffing levels based on SPA and the needs of the youth we serve.”

Responding to recommendation 4.1.3 – “Community Service Providers such as The Link are in regular contact with DOF staff when there are legislative or regulation changes. A communication strategy is developed to ensure all service areas are updated and familiar with the change.”

Section 5 - Program Outcomes - Youth Resource Centre

5.1 Youth Resource Centre (YRC)

- i. **The Organization can provide adequate proof that the service programming and outcomes are monitored and assessed against requirements stated in the SPA as outlined below:**
 - a. 18(1)(b) is a four-bed home for female and male youth between the ages of 12 and 17 years.
 - b. 18(1)(b) is an eight-bed home for female and male youth between the ages of 12 and 17 years.

The DOF performs onsite Licensing Inspections to ensure compliance with the Child Care Facility Licensing Regulations.

Per section 13(1) of the Child Care Facility Licensing Regulations, “Where the director is satisfied that a childcare facility described in a license is not being operated or maintained in compliance with the requirements or standards set out in this regulation, the director may, by written order, require the licensee to take measures to remedy the non-compliance as specified in the order and within the time limits as specified in the order.”

We examined a sample of two Licensing Inspection reports provided by the DOF related to the Youth Resource Centre (for two Programs identified as in scope) in the Service Delivery Review period. We noted the following based upon our review:

- Both of the Licensing Inspection reports reviewed included instances of non-compliance items to address. We noted a wide range of items to address reported including findings from general maintenance and housekeeping (e.g., cleaning lint traps for laundry equipment, labelling of repackaged food) to documentation related to emergency procedures (e.g., provide proof of annual service to furnace, complete fire safety checklist and practice fire drills). Per discussion with management of The Link, the Organization works collaboratively with the DOF to ensure items from the compliance reports are addressed promptly.

Per the DOF, “A Licensing Inspection review will inspect all regulatory requirements pertaining to a group home or foster home including documentation, organization policies, and the physical structure of the home. That means most licensing reviews will recommend addressing items, many of which do not pose immediate safety concerns for children placed in the home. A low percentage of homes achieving 100% on their Licensing Inspection review is expected and does not mean homes pose safety concerns for children placed there.”

As noted above, for a sample of Organizations similar in size to The Link, the average compliance score was 93%. For the sample reviewed we noted, for the Youth Resource Centre, The Link performed slightly below average, achieving an average compliance score of 87%.

- There were no items to address noted for training. The Licensing Inspection report considers whether training requirements for staff are being met per section 18(1) of the Child Care Facility Licensing Regulations.

- There were no items to address noted for staff complement. The Licensing Inspection report incorporates section 18(1) of the Child Care Facility Licensing Regulations to ensure the licensee is employing a sufficient number of competent persons for the full-time care and supervision of residents and operation of the facility.
- There were no items to address noted for Incident Reporting. The Licensing Inspection report looks at internal procedures for reporting and reviewing incidents in accordance with Section 34(1) of the Child Care Facility Licensing Regulations.
- One Licensing Inspection report included items to address specific to Residents' Records. The Licensing Inspection report looks at internal procedures for maintaining records for individuals residing at the childcare facility in accordance with Section 26(1), (2), (3) and (4) of the Child Care Facility Licensing Regulations.

Overall, none of the Licensing Inspection reports included in our sample identified items of non-compliance that impacted the Program's ability to maintain safe operations. Per the DOF, when safety concerns are identified they must be addressed in a timely manner and they must be resolved before a license is renewed, if compliance issues are unaddressed or chronic and of a serious nature then the license is not reissued. The DOF noted that in all cases The Link's licenses have been reissued.

Recommendation 5.1.1 – The Organization should revisit and enhance policies related to the delivery of service activities in accordance with the requirement in the SPA for the Youth Resource Centre. Management should consider collaborating with the DOF to identify common areas of non-compliance and implement processes and procedures to strengthen such areas. For example, providing training for staff related to Compliance Report content would improve awareness and understanding of the practices in place. Additionally, for areas of high non-compliance, additional training could be offered in these areas.

Management Comments

Responding to recommendation 5.1.1 – “The Link Management, Board of Directors and Program teams takes compliance very seriously, although we strive for excellence there are incidents of maintenance, administration and reporting that is identified during the annual licensing review. When non-compliance issues are raised, we address them immediately and the licensing is renewed without concern. Team members have attended the MARS, Licensing, and Incident Reporting Information Sessions by DOF staff as part of our YCP 101 training and DOF will attend team meetings when requested to clarify procedures.”

Section 6 – Conflict of Interest

6.1 Policies and Controls

- The Organization has an appropriate Conflict of Interest Policy and follows it without exception for all management, staff, and the Board of Directors.**

Please see Section 3 of the Financial Management Review for a summary of results.

Human Resources Review

Introduction/Mandate

In April of 2023, as part of our Financial Management and Service Delivery Review of The Link, Deloitte Legal Canada LLP (the “Assessor”, “Deloitte Legal”, “we”, “us” or similar phrases), an independent law firm affiliated with Deloitte LLP, was engaged to provide services to the Department of Families / Government of Manitoba (the “GoM” or “Client”) by conducting an assessment of human resources (or “HR”) policies, and hiring practices (including recruiting/onboarding, performance management, and employee/employer relations) at The Link, covering the period of March 2021 to March 2023 inclusive, and making recommendations for improved human resources practices (collectively, the “Services”). In particular, the purpose of the assessment was to determine if the Link’s human resources policies were, as a matter of practice, being followed without exception during the review period.

Prior to the assessment, discussions were had with internal legal counsel at the Client about whether litigation privilege may attach to certain matters discussed in this report, where there was reasonable contemplation of litigation. The client’s internal legal counsel believed that litigation privilege applies.

Assessment Limitations

The Assessor was made aware that in approximately December 2022, certain former and current employees had purportedly made anonymous allegations related to alleged events at The Link, and further alleged certain conduct by some individuals in senior management at The Link. These allegations were publicized on an Instagram feed. Media and other sources picked up and publicized these allegations.

This assessment was not intended to be an investigation of these anonymous allegations made regarding The Link. The Assessor was not given a mandate to investigate these specific allegations, and therefore, no conclusions can be reached in this assessment about whether specific allegations are, or are not, substantiated.

This assessment is limited only to a review of themes from interviews with former and current employees, as well as a review of the human resources policies and hiring practices at The Link during the relevant time period, as well as a determination whether the Link’s human resources policies were, as a matter of practice, actually being followed without exception during the review period. These practices were determined based on themes identified in 22 interviews with current and former staff at The Link. In addition, we were also tasked with making recommendations based on the findings.

Assessment Methodology

In execution of these Services, during the month of April 2023, the Assessor reviewed The Link policies and procedures relating to human resources, and further conducted anonymous and confidential interviews with 22 current and former staff and board members (the “Interviewees”) in a variety of roles. Preliminary findings from those Interviews were then put to the current Director of Human Resources, to inspect records over the review period and either validate or refute these findings.

In summary, our assessment methodology was:

1. Review and analyze HR policies at The Link.
2. Interview twenty-two current and former employees, primarily program manager and administrative roles.
3. Make findings based on further review and validation through work and discussions with HR department.

This methodology and our findings are set out below.

The Link Human Resources Policies

In the course of providing the Services, we reviewed the following documents:

- June 2021 Human Resource Policy Manual, consisting of policies related to:
 - Overview
 - Recruitment
 - Selection and hiring
 - Working conditions
 - Code of conduct
 - Performance management
 - Compensation and benefits
 - Leaves
 - Employer/employee relations
 - Training and development
- Various Dates – Collective Bargaining Agreements
 - April 1, 2014-March 31, 2017, MacDonald Youth Services and CUPE Local 8600 Agreement.
 - March 17, 2021 – March 31, 2024, Macdonald Youth Services COACH Program and MGEU Local 453 – Collective Agreement.
 - July 1, 2018, to June 30, 2020, Macdonald Youth Services (Alternative Parent Home Program/Northern Alternative Parent Home Program) and MGEU Local 369 Agreement.
 - April 1, 2018, to March 31, 2022, Macdonald Youth Services – Youth Crisis Stabilization System and MGEU Local 221.
 - February 23, 2023, The Link (Macdonald Youth Services) Youth Crisis Stabilization Services and MGEU – Memorandum Agreement.

The Link Interviews

As a result of our HR policy review, we focused our Interview question on the three themes of (1) hiring and recruiting, (2) performance management, and (3) employer/ employee relations.

Most of the 22 interviewees were program managers or current or former administrative employees, including former employees in the HR department. Interviews were conducted in person, at Deloitte's Winnipeg office, and also remotely over MS Teams.

The purpose of these interviews was to determine how certain HR policies were applied, in practice, during the relevant time frames. The Interviewees were asked open-ended questions about their role at The Link, and their observations of how HR practices occurred over the review period (based on the three themes of hiring, performance management, and employee/employer relations). Interviewees were also asked for their perspective on turnover, particularly in the HR department, and also what recommendations they might make to address any concerns raised.

Based on these anonymous and confidential interviews, the key themes that were heard were:

1. **Hiring and Recruiting:** Concerns were voiced that hiring practices did not follow HR policies, one example given was in regard to internal job postings.
2. **Performance Management:** Concerns were voiced around a lack of salary reviews, including overtime and on/call pay, being conducted for non-front-line workers since 2018. Employees expressed they did not have regular annual performance reviews. Concerns were voiced over new job classifications or titles with no notice.
3. **Employee/Employer Relations:** Concerns were voiced that Interviewees felt they did not have a mechanism or were aware of one to complain about the conduct of managers or senior management.

Many of the interviewees also confirmed that there had been high turnover in the HR department during the review period. The interviewees identified that at least five individuals had left their roles in the HR department at Link during the review period, and the current Director of HR has been in place since April of 2022.

As a result, many of the interviewees expressed that during the review period, and prior to the arrival of the current Director of HR, the employees of The Link did not believe that existing policies were being followed without exception during the review period.

The interviews along with the review of documentation, informed the criteria that was used, and preliminary findings and recommendation made in this report.

The Link Validation

During May of 2023, these preliminary findings were put to The Link's HR Department for confirmation of the results of our preliminary assessment. This validation is provided in the HR Validation(s) section.

Of the 11 conclusions included below regarding compliance with policy which we put to the HR Department; the result was that only two were determined to be fully compliant (where the practices during the review period matched the policies without exception).

The Assessor notes that personnel in the HR department at The Link were responsive and candid with the Assessor, and the impression was that all individuals currently in the HR department have made their best efforts to catch up and close some of these gaps, and in particular, to increase training and interaction between the HR department and managers. The HR department should be commended for this.

Section 1 – Human Resources

Per review of The Link’s “Human Resources Policy Manual: Approved Policies”, the Manual contains 10 sections which include policies grouped by topic. In the analysis below, we make reference to the relevant Section of the Policy Manual, as well as the applicable policies within each section.

We noted each policy includes a Policy section and, where applicable, Definition section, which define the purpose of the policy; as well as, a Procedure section, which defines how the policy is intended to operate in practice.

1.1 Policies

ii. **The Organization has an adequate HR policy that is followed without exception over strategic workforce plan to deliver on the organizations talent strategy.**

The Organization has the following policies in place related to delivering on the organizations talent strategy:

Section 6: Performance Management

- Succession Planning
 - The Policy states that “The Link identifies, develops, and strives to retain talent or key positions to ensure continuity in the delivery of quality service.”
 - The Procedure states that “During the annual performance development process, every employee will have the opportunity to create and document a plan with their supervisor for the employee’s career development within the Link.”
- Performance Development
 - The Policy states that “Using a standardized organization format, supervisors will complete Performance Development Plans (PDP) with their permanent employees annually by April 30.”
 - The Procedure states that “Human Resources (HR) will implement and maintain a consistent performance development system throughout the Link...Each PDP is to be reviewed no less than quarterly in a meeting between the employee and supervisor. Documentation of these quarterly meetings will be kept in the supervision file for each employee and used in the completion of the employee’s next PDP.”

We noted The Link has adequate policies in place; however, due to high turnover in the HR Department during the period of the review, we were unable to conclude on whether these policies were followed without exception. We did not see evidence to support Performance Development Plans were being completed annually for all permanent employees. This was corroborated by interviewees who expressed that they did not have regular performance reviews.

HR Department Validation Comments

Responding to criteria 1.1.1 – Not all permanent employees have a documented performance development plan on file.

Management Comments

Responding to criteria 1.1.1 – “The turnover rate of the HR department has been a result of numerous factors including below market compensation, demanding workload impacting work life balance as well, it is important

to acknowledge the review period captures the global pandemic that gripped the world and impacted turnover rates across all sectors.

These concerns identified by current and past HR professionals have impacted the composition of the HR department significantly. During the last 5 years The Link has seen an increase of resources in the department to address the concerns and better serve the employees of the organization. The HR department has grown from 2 HR advisors (2018) to the current structure of a HR Director, a HR Manager, a Recruiter, 2 HR Consultants, and HR Administrator. There have been compensation reviews and adjustments in the department to support recruitment and retention, as well as to attract the talent required to function in a high pace social service organization. In addition, The Link has invested in technology to provide a HR Management System to automate HR functions and measure metrics to observe trends to assist with improving services for the employees in the organization.

The HR Model changed significantly to mitigate risk to the organization and better serve employees by centralizing all HR functions. Assessments of the decentralized approach identified numerous factors related to fair and consistent treatment of employees across the organization as well, ensuring legislative requirements were applied.

Employees have access to all policies on our shared drive SharePoint.

HR leaders assessed the PDP process and identified concerns about the implementation of an annual process that at times prevented managers sharing performance concerns in a timely manner and creating expectations about the ability to provide annual compensation increases. Based on that assessment HR leaders past and present have identified performance strategies on their work plans but due to competing priorities, such as a pandemic and recruitment a new process has not been implemented. However, there were PDPs utilized in some program areas, such as, Healing Homes Supervisors. Some program areas utilized individualized work plans to identify program goals, measurable outcomes, and support employees to achieve the task (i.e.: training). The goal is to utilize the performance management component of the HR Management System currently being implemented. The new performance management template will be launched in Fall 2023.”

- iii. **The Organization has an adequate HR policy that is followed without exception to attract new hires.**
- iv. **The Organization has an adequate HR policy that is followed without exception to recruit new/former hires.**

The Organization has the following policies in place related to attracting and recruiting new/former hires:

Section 2: Recruitment

- Recruitment – Posting for Vacant Positions.
 - Policy requires the hiring manager/supervisor to complete the Posting Request form and specifies that “Employment Opportunities for vacant or newly created positions will be posted internally for a minimum of seven (7) days and externally for ten (10 days).”
- Recruitment – Addition of a New Position
 - Requires a New Position Request Form to be completed by the Senior Manager.

Section 3: Selection and Hiring

- Hiring an Internal Candidate

We noted The Link has adequate policies in place; however, the policies are not followed without exception. We noted, in some circumstances, employees were hired externally without a job posting being posted either internally or externally. Interviewees expressed concerns that as a result, internal candidates did not have opportunities to apply for these roles.

HR Department Validation Comments

Responding to criteria 1.1.2 and 1.1.3 – Hiring without posting a position occurred primarily with respect to three categories:

- (i) Hiring for Indigenous Initiatives program (which is often done with the support of the community through community referrals).*
- (ii) Contracted positions that morphed into employment including the Director of Community Services.*
- (iii) When third party recruiters are used to source key positions (e.g., the Director of Human Resources and Manager of Human Resources).*

Previously, approximately 30% of the time, there was a practice of moving existing non-unionized employees into a new job without a corresponding job posting. The reason for this change was varied and included (i) filling a temporary vacancy created by a leave of absence, (ii) acting positions becoming permanent, and (iii) transferring employees to a new position due to layoffs.

Any internal movement within unionized roles was posted. All vacancies for unionized programs were posted. As of October 2022, all vacancies, including union and non-union positions, have been posted. Exceptions are required to be authorized by the Chief Executive Officer and the Director of Human Resources.

Management Comments

Responding to criteria 1.1.2 and 1.1.3 – “It is not common practice to hire individuals to work at The Link without having a corresponding job posting and nor is it prohibited not to advertise internal job vacancies with the exception of program areas that are under a collective bargaining agreement. Any internal staff movement ensured the person hired met all the job criteria (required qualifications: education, knowledge, experience, skills). For the rare occasion of internal staff movement, we will ensure the policy allows for the exception to hire without a posting.

To clarify, the internal staff movement that occurred during this timeframe, was estimated that 30% of those were done without a corresponding posting for specific reasons.

- (i) Filling a temporary vacancy created by a leave of absence of an employee (medical or otherwise). On occasion, these changes became permanent as the employee did not return to work.*
- (ii) Employees being placed in acting positions which became permanent after a period of time.*
- (iii) Transferring employees to a new position as a result of layoffs within their original program/department*

So, if 10 people were moved within the organization, 3 of them happened without a job posting. It is not that 30% of our current employees are in jobs that were not advertised. As well, it wasn't always a permanent move. Sometimes, like in the case of an LOA, we would temporarily appoint someone to fill the role. This is common practice in the social service organizations – you don't always post to fill something that may only need to be filled for a few weeks to support continuity for employees and youth.

The Link operational team led by the HR team complete regular policy reviews to ensure policies are representative of practice and legislative updates. We acknowledge that HR policies are continuing guidelines on how to lead people in the organization. They define the philosophies and values of the organization and identify the principles for managers to act dealing with HR matters. We strive for compliance of all policies which ensures employees are treated fairly and consistently. However, at the same time policies should be modified to accommodate individual and organizational needs so compliance without exceptions is unrealistic.”

v. The Organization has an adequate HR policy that is followed without exception to onboard new hires.

The Organization has the following policies in place related to onboarding new hires:

Section 3: Selection and Hiring

- Credentials
- Hiring Part-Time Employees on a Casual Basis
- Hiring Casual Employees
- Employee Screening
 - Policy states that “The Link screens all prospective employees, volunteers, Board of Directors and students through the use of [registries]...Additionally, the Link completes re-screening for all employees every three years as a condition of continuing employment or association.”

We noted The Link has adequate policies in place; however, the policies are not followed without exception. We queried whether, for the period of our review (prior to 2023), re-screening of employees was being performed every three years, as required by policy. We also queried whether, as a best practice, risk assessments were on file for any employees with a positive history (i.e.: history of a criminal record or record of contact).

HR Department Validation Comments

Responding to criteria 1.1.4 – Prior to 2022/2023, re-screening of employees was not conducted in accordance with the policy. For the background check rescreens which were scheduled to occur on December 31, 2022, or earlier:

- 25 are pending completed application form(s) (i.e., The Link is waiting to receive employees' completed applications).
- 11 are pending results (i.e., the Link is waiting to receive results).

It appears that all employees formerly employed by The Link for 6 months or longer had completed background checks on file. To date the HR department has not come across any evidence of documented risk assessments being completed for employees with criminal records. To add context, from what [the HR Department] has seen, most criminal records did not show any activity for 5+ years prior to employee start date (typical/on average).

Management Comments

Responding to criteria 1.1.4 – “In 2020, The Link updated the policy for criminal and child abuse checks which exceeds legislation and funder requirements. The Link has every employee participate in the Canadian Centre for Child Protection Commit to Kids training. The organization has been accredited since 2020 which included review of HR and participant policies. During that review a leading practice was identified to have regular checks completed throughout a person’s employment. The Link amended the policy to identify that every 3 years checks need to be completed. The process started 2021 and utilized our payroll system to track the need for updated checks.

During the implementation a global pandemic gripped the world. The Link pivoted to protect employees and participants against the life-threatening virus while remaining fully operational across the province therefore priorities needed to be changed. Another factor that impacted our ability to have employees’ complete checks was access became difficult as the process adapted to meet the provincial health requirements and the RCMP stopped completing checks at detachments. As well, another factor in delays is the employees are responsible to apply for the checks and there continues to be delays due to the RCMP process. HR continues to follow up with employees to improve compliance.”

vi. The Organization has an adequate HR policy that is followed without exception regarding the learning and development of employees.

The Organization has the following policies in place related to learning and development of employees:

Section 10: Training and Development

- Training and Development – Training and Professional Development
- Training and Development – Tuition Reimbursement
- Training and Development – Agency Trainers
- Training and Development – Transfer of Learning

We noted The Link has adequate policies in place; however, due to high turnover in the HR department during the period of our review, we were unable to conclude on whether these policies were followed without exception. We did not see evidence to support all employees had annual learning plans in place, as required by policy.

HR Department Validation Comments

Responding to criteria 1.1.5 - The Link does use agency trainers when possible. The Link lost several trainers in the past year but is working towards certifying other employees as trainers. Once there is an agreement in place (the employee agrees to be trained as a trainer) The Link would then draft a formal agreement with accompanying Return of Service Agreement.

The Link does not have individual training plans documented for each employee. The Link has organization-wide Training objectives that have been set. For example, Harm Reduction: Beyond the Needle and Vicarious Trauma – both are required trainings for all staff.

Management Comments

Responding to criteria 1.1.5 – “The Link prioritizes training across all program and service areas with specific focus on relational practice, de-escalation strategies, Decolonization and the impact of Intergenerational trauma, supervisory skills, harm reduction, clinical programs and legislative requirements (i.e. Licensing and WCB) with the support of our funders and partnership with the Manitoba Association of Community Care Providers. The organization identified new training programs to provide the employees with the tools they require to support the community served. For example, YCP 101, a one-week training program was launched in 2022 for all newly hired YCPs. To date, 175 employees have attended. The training will be scheduled quarterly. The training coordinator publishes training calendars 3 times a year that details all the mandatory and optional training opportunities, as well circulates trainings offered by other community partners.

We have invested in a robust training program as a retention method and service improvement strategy. We currently use a hybrid model of contracting for training, attending workshops and in house trainers. Recently, 4 employees participated in train the trainer for a program called Daily Life Events and 2 therapists have started the process for the Mothers in Mind program. Employees that attend conferences facilitate an exchange of knowledge with their peers, such as Director of HR attended a Human Rights Conference and presented at a Leadership Team meeting.

Training opportunities and maintaining in-house trainers were impacted by the pandemic during this review period. A number of training sessions were cancelled, and some in-house trainers needed to recertify. We are building our in-house trainers to build our internal capacity. The new HRMS system will also include an opportunity to identify, record and measure employees’ individual goals as well, track all training metrics.”

vii. The Organization has an adequate HR policy that is followed without exception regarding rewards, recognition, and benefits of employees.

The Organization has the following policies in place related to rewards, recognition, and benefits of employees:

Section 4: Working Conditions

- Overtime
 - Policy states that “overtime is defined as those hours an employee is assigned or pre-approved to work in excess of eight hours per day or 40 hours per week, or the hours allowed for in an averaging agreement... All employees who are assigned or pre-approved by their supervisor to work overtime are paid overtime compensation on the pay period in which the overtime hours were worked.”

Section 7: Compensation and Benefits

- Compensation Package Review – Non-Unionized Employees
 - Policy states that “The Director of Human Resources will initiate a review of all compensation packages for non-unionized employees as needed, or at least every three years.”
- Benefit Eligibility

Section 9: Employer/Employee Relations

- Employee Appreciation

We noted The Link has adequate policies in place; however, the policies are not followed without exception. We noted, for the period of our review, compensation packages for non-union employees were said to have been not reviewed (at least) every three years, as required by policy. This was also mentioned as a concern by the interviewees.

HR Department Validation Comments

Responding to criteria 1.1.6 – The last formal, organization-wide wage review was completed in 2018 following a Legacy Bowes Job Evaluation and Market Analysis (the “Analysis”). This showed that the Link was offering 5.8% less when compared to benchmarks.

The last wage review was mid-2022, which resulted in a \$2 per hour increase for permanent Youth Care Practitioners. The current HR Department has identified a compensation review to commence in 2024, although work has not yet started. Salary grids, as of January 31, 2018, remain based on the Analysis recommendations.

Management Comments

Responding to criteria 1.1.6 – “The Link values all employees and the heavy heart work they do every day to serve the community. Annual increases are not possible due to the Service Purchase Agreement not providing funding increases annually to provide compensation increases for employees. The Board of Directors wrote a letter of support for wages (December 2021) to the Province of Manitoba to bring awareness of the need to improve wages, in addition participated in a sector wide letter to Government to enhance wages (Fall, 2022).

HR has completed specific classification reviews to assist with retention and recruitment, for example, Youth Care Practitioners in the Healing Homes, HR consultants and Clinical Staff. As part of these reviews, scales are being developed but without annual increases in our SPA a commitment to annual increases is not possible. The HR Director has started to gather the information to complete a compensation review that will be completed in 2024. HR has begun the work to develop a compensation philosophy to be completed June 2023.

The employees and Board of Directors have been participating in a cultural values assessment for the last 3 years that reflected the current and desired state of the organization. All program and service areas participated in numerous engagement events/activities to provide feedback and identify action plans that address employee well-being including recognition strategies. This action plan is a method to ensure all employees have an ongoing voice in the development of the cultural values for The Link.

The Link operational team led by the HR team complete regular policy reviews to ensure policies are representative of practice and legislative updates. We acknowledge that HR policies are continuing guidelines on how to lead people in the organization. They define the philosophies and values of the organization and identify the principles for managers to act dealing with HR matters. We strive for compliance of all policies which ensures employees are treated fairly and consistently. However, at the same time policies should be modified to accommodate individual and organizational needs so compliance without exceptions is unrealistic.”

viii. The Organization has an adequate HR policy that is followed without exception regarding performance management of employees.

The Organization has the following policies in place related to performance management of employees:
Section 6: Performance Management

- i. Performance Development

We noted The Link has adequate policies in place; however, the policies are not followed without exception. As noted above, for the period of the review, we did not see evidence to support Performance Development Plans were being completed annually for all permanent employees.

HR Department Validation Comments

Responding to criteria 1.1.7 – In fall of 2022 the HR Department began offering supportive supervision training to all people leaders within the organization. The curriculum includes performance management and progressive discipline. The HR team encourages the practice of documenting performance concerns and clearly outlining expectations. Since that training, there has been an increase in the use of letters of expectation being issued to staff. The HR team is also holding people leaders accountable for progressive discipline and ensuring employees are aware of performance concerns and provided with an opportunity (where possible and appropriate) to change their behaviour/performance prior to termination taking place. Not all permanent employees have an annual PDP on file.

Management Comments

Responding to criteria 1.1.7 – “HR leaders assessed the PDP process and identified concerns about the implementation of the current annual process, such as preventing managers sharing performance concerns in a timely manner and creating expectations about the ability to provide compensation increases. Based on that assessment HR leaders past and present have identified performance strategies on their work plans but due to competing priorities, such as a pandemic and recruitment a new process has not been implemented. However, there were PDPs utilized in some program areas, such as Healing Homes Supervisors. Some program areas utilized individualized work plans to identify program goals, measurable outcomes and support required to achieve the task (i.e.: training). The goal is to utilize the performance management component of the HR Management System currently being implemented. The new performance management template will be launched in Fall, 2023 to be initiated on the employee’s work anniversary date.”

ix. The Organization has an adequate HR policy that is followed without exception regarding dismissal/exit of employees.

The Organization has the following policies in place related to dismissal/exit of employees:

- Code of Conduct – Human Resources Code of Conduct Manual – Termination Types
 - Resignation
 - Termination during the Probationary Period
 - Termination for Just Cause
 - Termination without Cause
 - Termination of Casual Employees
- Employer/Employee Relations – Layoff and Recall
- Employer/Employee Relations – Retirement

We noted The Link has adequate policies in place and we believe that, for the period of the review, followed them without exception. We note that it is a best practice that any termination for poor performance be preceded by a progressive discipline or coaching plan.

HR Department Validation Comments

Responding to criteria 1.1.8 – After reviewing the information available to the best of the HR Departments knowledge and belief, approximately 50% of involuntary terminations include documentation to support performance management and/or coaching that took place during employment. Terminations not based on progressive discipline were due to behavioural concerns.

Management Comments

Responding to criteria 1.1.8 – “The HR team has provided ongoing training for leaders on leading practices for supporting employees to be successful in managing performance concerns through open and honest communication about expectations.”

x. The Organization has an adequate HR Whistle Blower policy and follows it without exception.

We noted The Link does not have an HR Whistle Blower Policy in place. Interviewees expressed concern that they did not feel they could complain about managers or senior managers without fear of reprisal.

HR Department Validation Comments

Responding to criteria 1.1.9 – The organization does not have a Whistleblower Policy. The organization does have a complaint mechanism in its Code of Conduct Policy.

Management Comments

Responding to criteria 1.1.9 – “In 2021 The Link launched the HR Code of Conduct Manual that combined policies, procedures to improve accessibility for all employees. The manual is provided during onboarding of all new employees and made available on the organizational SharePoint site. The manual clearly defines a dispute mechanism and respectful workplace policy. In addition, it states individuals who have experienced or witnessed serious misconduct (real or suspected) must report it to their Supervisor or Clinical Case Manager (CCM) immediately. Individuals reporting serious misconduct in good faith are protected from reprisal.

As a governance document, it was reviewed by the Board of Directors.

As a public body The Link falls under the jurisdiction of the Public Interest Disclosure Act (Whistleblower Protection). The act clearly defines the process to make a complaint and ensures protection for the employees from reprisal. The Link will explore an organizational whistle blower policy by Fall, 2023.”

1.2 Compliance with HR Policies

i. The Organization has an adequate Code of Conduct policy that is followed without exception.

The Organization has the following policies in place related to code of conduct:

- Code of Conduct – Human Resources Code of Conduct Manual
 - Respectful Workplace
 - Investigation protocol

We noted The Link has adequate policies in place; however, we were unable to conclude on whether these policies were followed without exception. Evidence was unable to be provided to support adherence to policies.

HR Department Validation Comments

Responding to criteria 1.2.1 – No records are available for inspection regarding internal complaints during the review period.

Management Comments

Responding to criteria 1.2.1 – “During the last fiscal year, several employees consulted with Human Resources related to the respectful workplace process, to gain information on the process, share their experience and identify their responsibility as the complainant.

All of the employees that consulted with HR decided not to pursue the complaint formally nor did HR feel it needed to be pursued.”

ii. **The Organization has an adequate Abuse Allegations Against Employees and Volunteers policy and follows it without exception.**

The Organization has the following policies in place related to abuse allegations against employees and volunteers:

Section 9: Employee/Employer Relations

- Abuse Allegations Against Employees and Volunteers

We noted The Link has adequate policies in place and, for the period of the review, we did not come across any evidence to suggest that policies were not followed during interviews or conversations with the HR department.

Management Comments

Responding to criteria 1.2.2 – “The Link is accredited by the Canadian Centre for Child Protection. All employees take the Commit to Kids training to reduce the risk of sexual abuse and create safer environments for children in their care. Policies were reviewed by the accreditors during the process.”

Summary of Findings

Our findings showed that while The Link appears to have mostly adequate HR policies in place (with some exceptions, such as the absence of a whistleblower policy), most of those policies we reviewed were not followed without exception. Furthermore, in most areas, our findings align with what we heard from the individuals we interviewed.

The validations from HR showed that there were reasons why the policies were not followed. However, we note that these reasons may not be apparent to employees. Based on our interview themes, interviewees were not aware of these exceptions or reasons.

Recommendations

Based on our review of the HR policies, interview findings, HR Director validation and principles of effective board governance, the Assessor recommends the following interim and other measures to improve Board oversight of HR functions:

- i. **Form a Human Resources Committee of the Board**—With the advice and assistance of an expert in not-for-profit board governance, we recommend the establishment of a Board Human Resources and Compensation Committee (the “**HR Committee**”) focused on human resources, with clear accountabilities and oversight over HR compliance. While normally we would expect an HR Committee to meet quarterly in advance of quarterly meetings of the Board, until such time as the organization has achieved a measure of stability, we would recommend that the HR Committee meet monthly.

The mandate of the HR Committee would include the following:

Generally

- 1 Assisting the Board in fulfilling its oversight responsibilities in relation to compensation and benefits.
- 2 Monitoring the organization’s compliance with its human resources policies and applicable law.
- 3 Performing any other activities consistent with the HR Committee mandate, the organization’s constating documents and applicable laws as the HR Committee or the Board deems necessary or appropriate.
- 4 Ensuring that, in HR matters, the organization respects and considers the needs of the communities which the organization serves.

Human Resource Matters

- 5 Reviewing and recommending for approval by the Board, The Link’s key human resources policies, including in respect of attraction/retention, performance management, compensation, benefit programs, training and development, succession planning and organizational planning and design.
- 6 Reviewing and recommending for approval by the Board, the compensation philosophy and remuneration policy for the organization.
- 7 Reviewing and recommending to the Board any significant changes to the overall compensation program.
- 8 Establishing assessment criteria to ensure the Board, its committees, the individual directors, the chair of the Board, each committee chair and the CEO are effectively performing the duties, competencies and skills expected of them and as set out under their mandates or terms of reference, as applicable, and to encourage continuous improvement.
- 9 Assisting the Board in assessing the composition of senior management, and identifying individuals qualified to become members of senior management with the objective of attaining a proper balance of experiences, competencies, and attributes.

Chief Executive Officer and Other Executive Officers

- 10 Annually reviewing and approving the goals and objectives relevant to the CEO’s compensation, evaluating the CEO’s performance considering those corporate goals and objectives and recommending to the Board the CEO’s annual compensation package based on this review.

- 11 Reviewing annually and recommending to the Board the annual compensation package and performance objectives of the other executive officers of the organization.

Executive Succession Planning

- 12 Conducting an annual succession planning review for the CEO position and assist the Board in monitoring the succession planning process.
- 13 Monitoring succession planning for key executives and recommend necessary changes.
- 14 Recommending a selection process for the CEO’s successor, as appropriate.

Other Human Resource Matters

- 15 Monitor the implementation of significant HR policies and procedures.
- 16 Receive management reports on significant HR initiatives, including a formal employee engagement survey, and employee training, education, and development programs.
- 17 Gain reasonable assurance that an appropriate management framework, and adequate performance evaluation and employee feedback processes are in place.
- 18 Receive updates from the CEO regarding the safety performance of the organization, including compliance to corporate safety objectives, policies, and standards.

In carrying out its mandate, the HR Committee would be able to engage outside experts, including compensation consultants, independent legal advisors, or other advisors, when it deems appropriate to properly discharge its responsibilities to the Board.

The CEO and head of Human Resources would attend all HR Committee meetings (except those which are held in camera) and, among other things, would report to the HR Committee on hiring practices, including number of job vacancies and postings, hiring process including reference checks, credentials and so on, and compliance with applicable policies and processes including performance management.

Any recruitment outside of existing policies and procedures should be paused until the HR Committee has reviewed and considered revisions to existing policies, which would set out in what circumstances exceptional recruitment is appropriate, and with what appropriate controls and oversight.

- xii. **HR Committee to prioritize efforts to achieve Indigenous Representation** —We recommend that the HR committee make it a priority to study how to improve indigenous representation in recruitment at the agency, with recommendations to the Board for consideration in any amendment to policy including job postings (such as preferential treatment of candidates with Indigenous ancestry). Maintaining job postings for all vacancies is a best practice for reasons of morale and equality of opportunity; however, it is also appropriate given the nature of The Link’s service and in particular pursuant to the Act respecting First Nations, Inuit and Métis children, youth and families, for the organization to consider preferential hiring for indigenous candidates, in particular for front-line workers and managers.
- xii. **Update Job Evaluation Policy and Compensation Review**—The existing job evaluation and classification study should be updated, including salary bands, reviewed, and approved by the HR

Committee and the Board, and made available to all stakeholders and employees. A policy for job evaluations (including a process to appeal any classification) should also be immediately (re)instituted by HR on the direction of the HR Committee. Any resulting compensation corrections, if required, should be addressed promptly. Similarly, eligibility for on-call and overtime pay should be reviewed.

- xiii. **Implement a 360 assessment/performance culture**— The HR Committee should consider implementing a 360 feedback review process including transparent leadership and peer review, with consequence to both low and high scores, particularly for senior management who may not otherwise be subject to the annual performance review process. Research shows that “upward leader feedback” is effective for monitoring performance of senior management.
- xiv. **Draft and Implement a Whistleblower Policy**—the Board should adopt a “whistleblower” policy which would enable employees to anonymously, and without retribution, report to a designated Board member (through a secure, encrypted “anonymous” email address) the following:
- Any serious violations of The Link’s policies, which we understand would cover a broad spectrum of matters including the health, safety and workplace environment of employees and consultants, as well as the population which The Link serves, disclosure of conflicts of interest, the confidentiality of information, and compliance with environmental and other laws.
 - Concerns regarding accounting, internal accounting controls or auditing matters or any questionable accounting or auditing matters.

The policy would also set out how the anonymous report would be dealt with or investigated (for example, in certain circumstances, HR matters would be referred to the head of HR).