Council Direction: During the presentation of the 2012 Community Services Department Budget overview, Council requested further information on the collection of Ontario Works overpayments.

Information:
The Eligibility Review Unit consists of Eligibility Review Officers and Recovery Officers who provide eligibility review and overpayment recovery functions for the City of Hamilton Ontario Works program.

Eligibility Review

The objective of the eligibility review process is to ensure that clients are receiving assistance under the Ontario Works Act in accordance with the legislation. If it is suspected that a client may be receiving assistance they are not eligible for, a review of eligibility is required.

This review entails a thorough review of the allegations, making recommendations and recording outcomes on the Ontario Works file. Outcomes could include determining ongoing eligibility for Ontario Works, assessing overpayments, arrears, and where warranted, referrals to the police for an investigation of potential criminal fraud.

Ontario Works case managers conduct a preliminary review of each eligibility complaint and may determine that an allegation is unsupported or that it requires further investigation by an Eligibility Review Officer.
A case warrants an investigation by an Eligibility Review Officer when:

- information received from the client cannot be validated or only partially validated;
- it appears that a substantial overpayment will be assessed; and,
- client has not been forthcoming with information regarding the complaint.

Eligibility Review Officers investigate cases under the Ontario Works Act; they are not authorized to investigate criminal fraud. The Program Manager, in consultation with the Eligibility Review Officer, must determine if there are reasonable grounds to suspect that there was intent to commit fraud. Where this is the case, the matter is referred to the police for a criminal investigation. In 2011 the Eligibility Review Officers forwarded 29 cases, totalling $346,558, to the police for criminal investigation.

**Overpayment Recovery**

An overpayment is created when the amount of basic financial assistance given to a client turns out to be higher than the amount they were eligible for. Ontario Works benefits are issued at the end of one month for the following month. From one month to the next, a client's situation and subsequently their eligibility can change which could affect the amount of benefits due to them (see the following examples).

In some situations people may make an application for social assistance because they are waiting for another source of income to be received. Other sources of income include monies from Workplace Safety and Insurance Board (WSIB), Employment Insurance (EI), Canada Pension Plan (CPP), Old Age Security (OAS), Ontario Student Assistance Plan (OSAP), Insurance Companies, or settlements from a lawsuit. In situations such as this, where a payment is or may become due and owing from another source, clients are required to sign a written agreement to reimburse all or part of the Ontario Works financial assistance paid. This is called an assignment. Where assignments are not honoured or reimbursement is not received, an overpayment is established.

An eligibility review investigation may show that a client reported some but not all of their income from a job, or an information sharing data match with the Ministry of Correctional Services shows a client was incarcerated, and staff were not notified in a timely manner.

If a person has an overpayment and they are currently active and receiving Ontario Works, their benefit will be reduced by 5% per month and these funds will be applied to the existing overpayment. In 2010, $9,729,379.00 was recovered from active Ontario Works cases and in 2011, $10,410,355.00 was recovered. Once a person's Ontario Works file has been closed, they are referred to as non-active or terminated. Recovery Officers contact these former clients to arrange a repayment schedule. Recovery Officers balance the legislative requirements to recover overpayments with the interest in not creating any additional hardship to low-income earners. As a result, staff
negotiates repayment amounts that balance the person’s ability to pay and other mitigating circumstances in order to avoid pushing citizens into further financial distress. Ministry of Community and Social Services (MCSS) Directives identify the requirement for the Overpayment Recovery function. They identify that overpayment collection must take place from inactive clients, and they provide guidelines however they do not prescribe exactly how recovery must be done.

The City of Hamilton Audit Report 2007-15, Ontario Works (OW) Non-Active Clients and Overpayments, from May 15, 2008, highlighted some areas for improvement in Overpayment Recovery. As noted in the Annual Follow Up report on the October 19, 2011 Audit Finance & Administration (AF&A) Committee agenda, of the seven recommendations, six have been completed and one remains in progress as the outcome is MCSS driven.

In order to increase our recoveries from individuals who are non-active or terminated from Ontario Works Assistance, staff have:

- Developed in house adhoc reports in order to prioritize newly terminated cases with overpayments;
- Worked with legal services to file overpayments and restitutions as judgments in civil court where staff are aware the person has the ability to pay the debt and has not done so;
- Implemented the Ministry write off policy for uncollectible overpayments;
- Actively worked with the Ministry to communicate overpayment recovery business requirements for the new province wide computer software being released in 2013;
- Increased follow-up with former clients in order to arrange a repayment schedule;
- Increased follow-up contact with other sources of income, such as WSIB, EI, CPP, OAS, OSAP, and Insurance companies in order to try to increase the amount of reimbursements received;
- Actively promoted the Pre Authorized Payment Plan (PAPP) which allows the city to withdraw a set monthly amount, from the bank account of individuals who are no longer in receipt of Ontario Works; and,
- Implemented a policy whereby clients are requested to repay at a rate of 5% of their gross monthly income (minimum of $50/month) unless financial impairment can be demonstrated. The repayment terms are reviewed annually.
Total Recoveries by Eligibility Review Unit 2010 to 2011

<table>
<thead>
<tr>
<th>Client repayments from non-active (terminated) Ontario Works cases</th>
<th>2010</th>
<th>Percentage</th>
<th>2011</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$450,001.07</td>
<td>25%</td>
<td>$595,522.05</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Reimbursement from Employment Insurance (EI)</td>
<td>$421,464.00</td>
<td>24%</td>
<td>$499,490.00</td>
<td>24%</td>
</tr>
<tr>
<td>Reimbursement from Lawsuit Settlements</td>
<td>$394,874.08</td>
<td>22%</td>
<td>$590,441.24</td>
<td>28%</td>
</tr>
<tr>
<td>Reimbursement from Private Insurance</td>
<td>$86,585.41</td>
<td>5%</td>
<td>$49,430.96</td>
<td>2%</td>
</tr>
<tr>
<td>Reimbursement from Canada Pension Plan (CPP)</td>
<td>$376,910.37</td>
<td>21%</td>
<td>$312,143.97</td>
<td>15%</td>
</tr>
<tr>
<td>Reimbursement from Workplace Safety and Insurance Board (WSIB)</td>
<td>$47,785.70</td>
<td>3%</td>
<td>$74,334.72</td>
<td>3%</td>
</tr>
<tr>
<td>Total</td>
<td>$1,777,620.63</td>
<td></td>
<td>$2,121,362.94</td>
<td></td>
</tr>
</tbody>
</table>

Overpayment Write – off

The Ontario Works Act 1997 was amended in June 2006 to give service delivery agents the authority to write off uncollectible accounts. The Ontario Works Write-Off Policy, Report ECS08055, was approved November 17, 2008. Ontario Works Recovery Officers have written off the following overpayments using these criteria:

- Value of $2.50 or less
- Debts discharged because of bankruptcy
- Debtor is deceased
- Debtor has been deported
- Administrator has negotiated a reasonable settlement for an overpayment - the balance is written off
- Debts are less than $20 and greater than 120 days old
- Established under legislation that existed prior to introduction of the Ontario Works Act 1997 (General Welfare Assistance Act or Family Benefits Act).

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Cases</th>
<th>Total gross amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>125</td>
<td>938,493.36</td>
</tr>
<tr>
<td>2010</td>
<td>211</td>
<td>452,083.47</td>
</tr>
<tr>
<td>2011</td>
<td>90</td>
<td>181,419.38</td>
</tr>
</tbody>
</table>

In addition, a computer data fix to write off uncollectible overpayments belonging to inactive (terminated) Ontario Works recipients was implemented by the Ministry on August 27 2011. The Ministry wrote off 3,022 cases equalling $2,747,028.86 gross in overpayments on behalf of the City of Hamilton.

All overpayment recoveries and write-off’s are cost shared with MCSS. The City of Hamilton’s share was 20% in 2009, 19.4% in 2010 and 18.8% in 2011.