Deloitte & Touche

Ministry of the Attorney General

**Program Evaluation of the Administration Component
of Legal Aid Ontario**

March 10, 2003

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**Deloitte
& Touche**

March 10, 2003

Ms. Terese Weisberg
Senior Policy / Program Analyst
Program Support
Family Justice Services Division
Ministry of the Attorney General
595 Bay Street, Suite 800
Toronto, Ontario
M5G 2M6

Dear Ms. Weisberg:

We have concluded our Program Evaluation of Legal Aid Ontario's (LAO) Administration function. Attached is the final version of our report for your review.

If you have any questions or concerns with the content of this report, please do not hesitate to contact me directly at 416-601-6511 or Andy Potter at 416-643-8938.

Yours very truly,

DELOITTE & TOUCHE LLP

Stephen Diotte
Partner

**Deloitte
Touche
Tohmatsu**

Table of Contents

Executive Summary

BACKGROUND & SCOPE

April 1st, 1999 marked the end of the Legal Aid Plan under The Law Society (which formally began in 1967) and the beginning of 'Legal Aid Ontario'. Legal Aid Ontario (LAO), is an independent, but publicly funded and publicly accountable non-profit corporation set up to administer the province's legal aid program. The objective of this engagement is to evaluate the relevance, efficiency, effectiveness and sustainability/affordability of the Administration component of LAO as well as to identify opportunities for alternative service delivery where appropriate. This review is part of the Government of Ontario's four-year program evaluation strategy and is consistent with the Program Evaluation Guidelines issued by the Program Management and Estimates Division (PMED) of the Management Board Secretariat.

The scope of this review is on the Administration function of Legal Aid Ontario, within the Corporate Services Area. Therefore, our focus is on the following areas:
- Finance
- Information Technology
- Human Resources
- Facilities and Support Services

The following Administration areas are not considered part of the scope of this review:
- Policy Development
- Communications
- Legal Accounts (only the interaction with the Finance department has been assessed)
- The mailroom
- The TSN project (although it has been assessed at a high-level in terms of impact to the Administration function)
- Clinic administration costs are not within the scope of this review but our evaluation does take into consideration the interaction that clinic offices have with LAO with respect to Information Technology and Facilities and Support services.

SUMMARY OF THE PROGRAM EVALUATION & RELATED KEY FINDINGS

This Executive Summary provides an overview of the analysis and summarizes the key findings and observations related to each of the four components. The overall assessment for each component is also provided based on the following legend:

Assessment of the risk level or significance of the findings	
	Strong results no material improvements required
	Satisfactory results but some improvements required
	Significant improvements required
	Unsatisfactory results and does not meet requirements

In order to put our assessment of the individual components within the Administration function in perspective, we have presented the following spectrum, which summarizes the progress that LAO's Administration function has made since its inception on April 1st, 1999.

Spectrum of LAO's Administration Function

	Sample Attributes of LAO's Admin Function As at April 1999	*Sample* Attributes of LAO's Current Admin Function As at January 2003	*Sample* Target Attributes for LAO's Admin. Function
Overall Admin.	• Need to establish and create Board of Director structures and Audit & Finance Sub-Committee structures • Need to establish governance procedures within LAO and to MAG • Need to establish a contingency reserve fund with a minimum balance of $20M	• **Board of Director structure and Audit & Finance Sub-Committee structures exist with regularly scheduled meetings** • **Reporting to MAG through informal channels and on an as requested basis** • **Estimated Contingency Reserve Fund (CRF) of $26M as at March 31, 2003.** • **Existence of a CRF Policy to govern use of the fund**	• Improve effectiveness of LAO's governance by staggering the expiration date of Board members and by increasing the amount of financial expertise of Board members • Adherence to documented processes that govern the flow of information from LAO to MAG including the type and timing of information required.
Finance	• Highly fragmented structure • Financial activities limited to producing yearly financial statements • No formalized budgeting process • Lack of Accounts Receivable management • Only 1 designated financial accountant • Reconciliations were not performed • Manually driven processes • Lack of operating policies governing purchasing & delegations of authority	• **Revised finance function structure** • **Movement towards financial analysis and reporting (however quality and effectiveness of reports is limited by system functionality)** • **Establishment of an Accounts Receivable Collection Project (occurred in early 2002)** • **Change in budgeting process from a centralized process to a decentralized process** • **Reconciliations are performed**	• Inclusion of the Accounts Payable aspects of Legal Accounts into the Finance department • Improvements to the quality and timeliness of financial reporting • Shift from manual processing to increased financial analysis • Decrease in the outstanding Accounts Receivable balance • Decreased actual to budget variances and improved accountability • Creation of monthly cash flow forecast
IT	• Outdated and antiquated IT systems established in-house over 18 years ago • Insufficient IT spending • Understaffed IT department • Lack of system integration across the Provincial Office, Area Offices and Clinics • Not all employees had computers	• **PeopleSoft implementation project ("TSN") in the beginning phases** • **Long-term IT Capital Expenditure Plan in existence** • **Strategic commitment to improving LAO's systems and integrating systems across LAO offices** • **All employees now have access to the computer system**	• PeopleSoft fully operational • Transformation of IT skills from programming and supporting A/S 400 towards PeopleSoft support • Shift away from manual processing towards increased automation of routine tasks • Fully integrated operating systems across LAO
HR	• Highly centralized decision making procedures • Lack of formal HR policies & procedures • Lack of standardized pay bands and salary decisions • Lack of strategic focus, emphasis was on payroll • Reactive	• **Formalized and standardized HR policies & procedures** • **Creation of 'LAO Comp' that standardized salary ranges for non-unionized employees** • **Proactive organizational development activities such as training programs**	• Creation of standardized pay policies for Unionized employees • On-going organizational development through training and yearly performance reviews • Linking of performance reviews to compensation, training and other performance incentives • Succession planning
Facilities & Support	• Fragmented lease management and furniture management • High space utilization practices • High degree of month-to-month leases used • Records retained for an extended period of time	• **Effective lease renewal process as expiration dates are staggered** • **Revamped space utilization criteria through a needs assessment model** • **Standardized furniture supplier and furniture requirements** • **Records retained for an extended period of time**	• Continued improvements to maximizing space utilization and costs • Decreased number of locations through area office mergers and area office/clinic co-locations • More cost effective records management practices
Conclusion	• Not Efficient • Not Effective • Not Sustainable in the L/T	• **Partially Efficient** • **Partially Effective** • **Sustainable in the L/T**	• Efficient • Effective • Sustainable & Affordable in the L/T

As illustrated in the spectrum, LAO's Administration function has made considerable progress since becoming an independent agency of the government in 1999. Although, legal aid has existed in the Province since 1967, the change to a government agency had a significant impact on the Administration requirements needed in order to fulfill its increased public accountability and governance mandate. Since 1999, LAO's Administration function has made considerable progress, although on-going improvements are still required especially in the Finance and Information Technology areas.

Overall, the results of our program evaluation can be summarized as:

Components of the Process	Relevance	Efficiency	Effectiveness	Affordability & Sustainability	Overall Assessment
Finance	🟩	🟧	🟧	🟨	🟧
Information Technology	🟩	🟨	🟧	🟨	🟨
Human Resources	🟩	🟨	🟨	🟨	🟨
Facilities and Support Services	🟩	🟨	🟨	🟨	🟨
Overall Assessment by Component	**A**	**B**	**C**	**D**	**Overall Conclusion**

The following summarizes our assessment of LAO's Administration function:

A) RELEVANCE

The Administration function is relevant to Legal Aid Ontario as administration is a critical support service to core business operations. Administration is essentially the backbone of the organization that facilitates service delivery.

B) EFFICIENCY

Overall, LAO's Administration function is producing satisfactory results but some improvements are required. Efficiency is a measurement of the outcomes versus the inputs specifically related to productivity, performance, costs and service.

The following items contribute to the efficiency of LAO's Administration function:

- Total Administration costs for LAO are relatively low at 8% of total expenditures.
- Despite increased service demands the total amount spent on administration has been relatively constant.
- Cost efficient use of an external service provider for payroll.
- Establishment of a purchasing department that has been successful in obtaining preferred rates to decrease costs on stationary and office equipment purchases and rentals.

- Increasing trend away from issuing cheques for solicitor payments towards the use of direct deposit which is a less costly and more efficient process (currently 79% of solicitor invoices are paid through direct deposit).
- Ability of the IT department to support a high number of end users.

The following items detract from the efficiency of LAO's Administration function:

- The poor administration of Accounts Receivable in the past, which has led to, the creation of a current outstanding Accounts Receivable balance of approximately $73 million.
- Data integrity issues and lack of integrated systems have resulted in less efficient processes as manual interventions and reconciliations become necessary compensating control activities.
- High space utilization in comparison to industry standards.
- Number of area offices and clinics located within close proximity, thereby presenting potential unrealized opportunities to co-locate to realize further cost savings.
- Unrealized cost efficiencies for records management and file retention exist.

The assessment of the Administration function and in particular the Finance department, is based upon delivered historical and current performance. Our review indicates that several of the building blocks, including the hiring of additional qualified people, the TSN project and the Collections Project are now in place to improve this position in the short to medium term.

C)   EFFECTIVENESS

Overall, LAO's Administration function can be assessed as partially effective although significant improvements are required in the Finance and Information Technology areas. Effectiveness is an assessment on whether the intended results are being achieved in an accountable manner that enhances customer satisfaction.

The following items enhance LAO's effectiveness:

- Formalization of the Board of Directors, Audit & Finance Sub-Committee and Senior Management Committee meetings which enhance LAO's governance structures (although consideration should be given to including the CIO as part of the executive team given the strategic importance of IT to LAO).
- Based on interviews with Board members, LAO has become more effective since April 1st 1999 due to the business and administration skills of the Vice President, Corporate Services, LAO's President and CEO and other Senior Management recently hired into the Corporate Services area.
- Focus on revitalizing the skill set of LAO's employees as evidenced by the hiring of several new individuals into senior positions within the Administration function and other training initiatives administered by Human Resources.
- An HR department that is providing more strategic rather than transactional services.
- Formalized HR policies and new LAO Comp. program.

The following items detract from LAO's effectiveness:

- Insufficient clarity and agreement between LAO and MAG on information reporting requirements and the timing of such information.
- High-degree of manual processes within Administration.
- Delayed cycle time for financial processes such as closing of month end (which impacts timeliness of internal and external reporting and analysis).
- Large variances in budgeted to actual costs within the Corporate Services Administration function that have resulted because of a historically centralized budgeting process.
- Lack of clarification between the roles and responsibilities of certain functions within the Administration area (i.e. purchasing, relationship between HR and Payroll).
- Need to standardize union compensation processes and evaluation tools, subject to union negotiations.
- Current system limitations (including functionality limitations, data integrity issues and lack of system integration) decrease LAO's effectiveness.
- Lack of integrated systems between the Provincial Office, the 53 Area Offices and the 77 Clinics decreases LAO's effectiveness and client service.
- Insufficient on-going IT assurance on security, data quality and integrity control processes.
- Need for a Corporate-wide Project Management Office to oversee, coordinate and align the numerous IT priorities, TSN project and other corporate initiatives.

It should be noted that LAO has a large PeopleSoft project implementation (referred to as the "Total Service Network" or "TSN" project) underway. It is expected that PeopleSoft will be operational in one and a half years and will contribute to improving LAO's effectiveness.

As mentioned in the above section on Efficiency, initiatives such as the TSN project are now in place and will likely improve the assessment of the Finance and IT functions in the future.

D) AFFORDABILITY & SUSTAINABILITY

The affordability and sustainability of LAO's Administration function has been assessed as satisfactory. Overall, as indicated in the report, LAO's Administration function costs approximately $21.7[1] million per year which represents 8% of LAO's total expenditures and 7% of total revenue. Based on the forecasted Administration costs for LAO, which are expected to average $22.3 million annually, the Administration costs for LAO are both affordable and sustainable in the long term from a financial perspective. However, we have included in our assessment of affordability and sustainability a factor for the resulting service implications associated with this forecasted level of expenditures. From a service perspective, the pressure for LAO's Administration function to service an increasing customer base without a corresponding increase in funding could have an adverse impact on service levels. Therefore, on an aggregate basis we have assessed the affordability and sustainability component of Legal Aid Ontario as cautionary, meaning financially affordable and sustainable but at potentially reduced service levels.

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[1] This $21.7M is for total Provincial Office Administration and therefore includes items such as Legal Accounts, Policy Development, Communications, etc. The Administration budget related specifically to Finance, IT, HR and Facilities is approximately $13M.

Also, LAO has outlined a long-term capital expenditure plan, but the affordability and sustainability of these expenditures is questionable since the total amount of committed funding for these expenditures is currently unknown. LAO is presently in discussions with MAG to establish a plan for funding capital expenditures on a go-forward basis. It is recommended that LAO work towards establishing a capital expenditure fund.

It is important to note that the impact of potential cost savings resulting from the TSN project has not been factored into the affordability and sustainability assessment as the real dollar savings, if any, are unknown at this point in time.

KEY OPPORTUNITIES FOR IMPROVEMENT

As the details in this report illustrate, LAO is currently in a state of change with a strong emphasis on continuous improvement. Although legal aid services have been delivered in the Province of Ontario since 1967, LAO's current structure has only been in place for the past four years and is therefore in a state of infancy. This transition has required a paradigm shift for LAO, with an increased focus on customer service and internal business processes. The following are the key areas for improvement that LAO should continue to address (refer to the Recommendation summary of this report for a more comprehensive list):

- Improve communication and formalization of information reporting requirements and the timing of such information between LAO and MAG to support public accountability.
- Improve quality and timeliness of financial reporting.
- Enhance current financial analysis reporting and budgeting procedures (which are accrual based) by creating a monthly cash flow statement and projection.
- Maintain a strong priority for the current Accounts Receivable Collection project and after the pilot collection phase is concluded, assess the cost-benefit of hiring further resources for this project.
- Conduct a business process risk assessment on TSN to ensure sufficient and appropriate internal control procedures exist for business process integrity (including privacy compliance), infrastructure integrity, data quality integrity, interface integrity and application security assessment.
- Standardize (to the extent possible and subject to negotiations) compensation and job classification categories for unionized employees so that they become consistent with LAO Comp. guidelines.
- Continue emphasizing training and performance improvements as the benefits realized from PeopleSoft will increase if supported by appropriate communication plans, change management initiatives and employee IT and process level training.
- Develop a detailed plan that outlines LAO's strategy for pursuing opportunities to merge and co-locate offices to improve overall cost efficiency and effectiveness.

OVERALL CONCLUSION

Based on our review, we have determined that overall, the Administration function of the Legal Aid Program is performing at a satisfactory level but some improvements are required.   It should be noted that during the past two years LAO has demonstrated a strong commitment to identifying areas of weakness and developing action plans to address these issues. These essential building blocks have only recently been put into place and controls are still being developed. Therefore, at this point in time, the data examined throughout this evaluation does not reflect the benefits of these recent changes. It would be reasonable to state that in the future the benefits of these new processes and controls will be realized and will improve the overall assessment of LAO's Administration function.

Acknowledgements

As part of the Program Evaluation of the Administrative function of LAO, Deloitte & Touche conducted a number of consultation sessions with key program stakeholders, the objectives of which are as follows:

- To engage program stakeholders, partners, users and other key informants as primary inputs for the program assessment.

- To gain an overall understanding of stakeholder views and perspectives on current program operations and objectives.

- To gain input on areas for improvement and in particular opportunities for improvement relating to the program structure and service delivery model.

We would like to extend our appreciation to the following groups of stakeholders who actively participated in the consultation process. Each group provided valuable insight and a unique perspective on the program structure and delivery, and identified opportunities for improvement with respect to the program evaluation of the Administration of LAO.

Stakeholder Consultations:

- LAO Board of Directors
- LAO Senior Management Team
- LAO Administration Directors and Managers and Employees
- LAO Administration staff members
- Ministry of the Attorney General Steering Committee
- Selected Area Office Directors
- Selected Clinic Directors

For a detailed list of people who contributed to this report refer to Appendix A and Appendix B.

1.0 Introduction

PURPOSE OF THIS REVIEW

The objective of this engagement is to evaluate the relevance, efficiency, effectiveness and sustainability/affordability of the Administration component of LAO as well as to identify opportunities for alternative service delivery as appropriate. This review is part of the Government of Ontario's four-year program evaluation strategy and is consistent with the Program Evaluation Guidelines issued by the Program Management and Estimates Division (PMED) of the Management Board Secretariat.

REVIEW OBJECTIVES

Specifically, the objectives of this review are to assess the following four program evaluation components (for specific questions related to each program evaluation area refer to Section 3.0 – The Evaluation Plan).

1. Relevance of the program -

The objective is to assess whether LAO's Administration function is relevant to the core business of the government. Relevancy is based on whether the Program is aligned with government priorities, responsive to public needs and delivers a service that is of value and for which there is a perceived governmental role.

2. Efficiency -

The objective is to measure the extent to which LAO's Administration function is operating efficiently on the basis of productivity, performance, and a measure of outcomes versus inputs. Key areas of efficiency include cost efficiency and service delivery efficiency.

3. Effectiveness –

The objective is to assess the overall effectiveness of LAO's Administration function based on whether it is producing intended results, meeting objectives, satisfying user needs, and whether it is appropriately designed, structured and monitored. This criterion also includes an assessment of accountability and client satisfaction.

4. Affordability & Sustainability -

The objective is to determine whether LAO's Administration function will continue to be affordable and sustainable based on the current costs and medium to long-term budget and fiscal context. Alternatively, are certain cost cutting measures required to increase affordability and promote sustainability given the current and expected pressures and risks?

SCOPE

The scope of this review is the Administration function of Legal Aid Ontario. Therefore, our focus is on the following areas:

- Finance
- Information Technology
- Human Resources
- Facilities and Support Services

The following Administration areas are not considered part of the scope of this review:

- Policy Development
- Communications
- Legal Accounts (only the interaction with the Finance function has been assessed)
- The mailroom
- The TSN project (although it has been assessed at a high-level in terms of impact to the Administration function)
- Clinic administration costs are not within the scope of this review but our evaluation does take into consideration the interaction that clinic offices have with LAO with respect to Information Technology and Facilities and Support services.
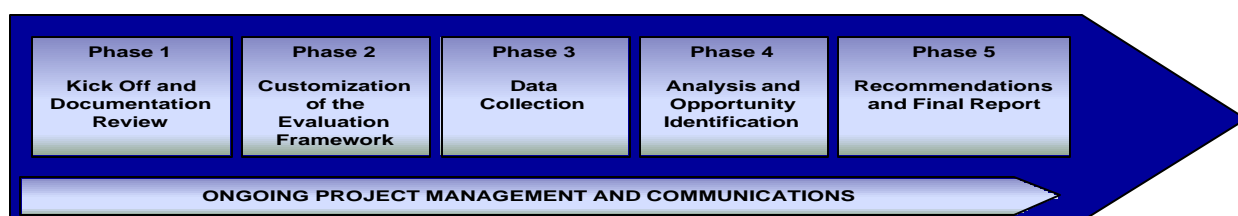
When assessing the Administration function of LAO, our scope focuses on the period of time since LAO became an independent agency of the Government. Therefore, our scope is from April 1st, 1999 until January 2003. Although our scope is multi-year, emphasis has been placed on current policies, procedures and processes. Historical information has only been used for trending purposes and as a point of reference.

METHODOLOGY AND APPROACH

The methodology and approach utilized for this review are consistent with the Program Evaluation Guidelines issued by the Program Management and Estimates Division (PMED) of the Management Board Secretariat. Key principles of our engagement approach include:

- Consultations across all relevant groups at LAO, with an appreciation of the needs of various stakeholders.
- Independence and objectivity to ensure the credibility of findings and recommendations.
- Open communications that enable both internal and key external stakeholders to provide input throughout the project.
- Balanced consideration of the risks and benefits associated with our recommendations.

Our approach to conducting the Program Evaluation of LAO's Administration function is comprised of five discrete phases that are outlined below:

Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
Kick Off and Documentation Review	Customization of the Evaluation Framework	Data Collection	Analysis and Opportunity Identification	Recommendations and Final Report

ONGOING PROJECT MANAGEMENT AND COMMUNICATIONS

2.0 Background

PROFILE OF THE LEGAL AID ONTARIO (LAO) PROGRAM

April 1st, 1999 marked the end of the Legal Aid Plan under The Law Society (which formally began in 1967) and the beginning of 'Legal Aid Ontario'. Legal Aid Ontario (LAO) is an independent but publicly funded and publicly accountable non-profit corporation developed to administer the province's legal aid program.

The transition from the Ontario Legal Aid Plan to the establishment of Legal Aid Ontario (which is a Schedule 3 Government Agency) resulted in numerous changes including:

- The merger of two organizations that were separately managed under the Law Society (i.e. the merger of the Clinic Program with the Ontario Legal Aid Plan to create Legal Aid Ontario).
- Change in governance structure from reporting to two separate Law Society committees to reporting to a Board of Directors.
- Creation of an agency relationship with the Ministry of the Attorney General.
- Increased reporting requirements and need to demonstrate accountabilities.
- Need to formalize business planning process and budgeting process.

The mandate of LAO is to promote access to justice throughout Ontario for low-income individuals. LAO's vision is to "pursue its legislative mandate with the goal of achieving excellence in accessibility and quality of client service, effective relationships with service providers, and efficient, accountable and innovative use of resources".

PROFILE OF THE LAO ADMINISTRATION COMPONENTS

The Administration function of Legal Aid is led by the Vice-President of Corporate Services, who reports to the President and CEO. The Corporate Services Department has undergone numerous staff changes since it was established in 1999 (refer to Appendix D for an overview of the people that have held various positions in the Corporate Services Department). The Administration function is comprised of 112[2] employees with an annual budget of approximately $21M[3].

LAO's Administration services supports a variety of internal and external customers, although the support required by each may differ. The following table summarizes the key stakeholders supported by the Administration function:

	LAO Stakeholder Groups	LAO Administration Support & Services Provided
1	LAO's Board of Directors	Reporting to Board on All Administration responsibilities

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[2] Source: LAO HR Department as of March 31, 2002

[3] This $21.7M is for total Provincial Office Administration and therefore includes items such as Legal Accounts, Policy Development, Communications, etc. The Administration budget related specifically to Finance, IT, HR and Facilities is approximately $13M.

	LAO Stakeholder Groups	LAO Administration Support & Services Provided
2	Ministry of the Attorney General	Finance (ie. Financial Reporting)
3	Area Office Directors & Staff	Finance, IT, Facilities and Support and HR
4	Clinic Directors	Facilities & Support and IT
5	Other LAO employees	Finance, IT, Facilities and Support and HR
6	Ontario citizens served by LAO through certificates, duty counsel, etc. (i.e. LAO clients)	Finance (ie. indirectly Accounts Receivable and Legal Accounts)
7	Service Providers	Finance, IT and HR support services
8	Other Government Reporting (as requested)	Financial and Operational reporting on Administration responsibilities

The main services provided by the Administration function include:

- Finance;
- Information Technology;
- Human Resources; and
- Facilities and Support Services.

During the past four years, all of the Administration functions have been reviewed and have undergone major organizational re-designs. The following is a high-level overview of each of the Administration functions:

FINANCE

LAO's Finance department had a total March 2001/2 budget of approximately $1.8 million and is comprised of approximately 34 employees[4]. The Finance department supports the internal operations of LAO (including area offices) through a variety of services including: monthly financial reporting, budgeting, accounts receivables, collections, payroll, financial planning, cash and investment management and data entry.

INFORMATION TECHNOLOGY

Information technology at LAO has grown and evolved over the past three years. The IT department has 45 employees[5] and supports 1695 end users[6] in over 150 locations across Ontario. Since the transition to a new corporation in 1999, a number of significant investments in technology have been made in order to improve the technology infrastructure and enhance the performance of IT systems across the organization. Some of those investments include: the replacement of the clinic system in order to make it Y2K compliant, the consolidation and creation of a new data centre, the purchase of desktop computers for the provincial office (before this investment a significant number of employees in the provincial office did not have computers) and most recently LAO contracted Cedar to implement PeopleSoft Financials, CRM and EPM.

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[4] Source: LAO HR Department as of March 31, 2002

[5] Source: LAO HR Department as of March 31, 2002

[6] Source: LAO's CIO, based on active number of accounts/end users

HUMAN RESOURCES

LAO's HR department consists of 8 employees[7] and is responsible for a number of services including learning and development, compensation and benefits administration. Over the last few years the HR department at LAO has undergone a major re-design. The department is now more customer-focused and has established policies and procedures to govern the equitable treatment of HR across LAO.

FACILITIES AND SUPPORT SERVICES

The Facilities and Support department is responsible for four main areas: facilities management, leasing, records and the resource centre which includes the mailroom and the copy centre. As of March 31, 2002 the Facilities and Support Department employed 12 employees[8]. For the purposes of this review we will be focusing primarily on leasing and, to a lesser extent, our analysis will cover the records department.

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[7] LAO HR Department as of March 31, 2002

[8] LAO HR Department as of March 31, 2002

3.0 Evaluation Plan

Prior to the commencement of this engagement, The Ministry of the Attorney General in conjunction with LAO developed an Evaluation Framework. The Evaluation Framework presented below formed the basis of our review:

Relevance		
Evaluation Questions	**Data Required**	**Method for Data Collection**
What evidence is there that the program is relevant to the Ministry Core Business?	• LAO Planning Documents (Business Plans, budget, etc.) • Previous evaluations	• Document review, interviews with key stakeholders.
If a misalignment exists, what can be done to realign the program with ministry and government policy objectives?	• LAO Planning Documents (Business Plans, budget, etc.)	• Interviews with stakeholders
Efficiency		
Evaluation Questions	**Data Required**	**Method for Data Collection**
What are the costs associated with delivering the program?	• Financial Statements • Budgets	• Document Review
What are the opportunities to deliver the program or service at a lower cost (e.g. through shared infrastructure), or to recover some or all costs (e.g. non tax revenues) while maintaining the effectiveness of the program?	• LAO Planning Documents • Business Plans • Budgets • Financial Statements • Monthly reports • Board Minutes	• Interviews with key stakeholders • Document Review • Comparing of delivery with industry standards
What are the fiscal impacts of the program? on achievement of the government's budget on economic growth - on the ability of clients/customers to pay taxes	• Program Statistics • Monthly Reports • Related Costs	• Document Review • Stakeholder Interviews
What evidence is there that the program is efficient in meeting its objectives in the short term, intermediate and long term?	• Examine current procedures & processes • Business plan and supporting documents • Printed estimates • Program statistics	• Stakeholder interviews • Document Review • Comparing of delivery with industry standards

Effectiveness		
Evaluation Questions	**Data Required**	**Method for Data Collection**
What evidence is there that the program is effective in achieving its short-term intermediate and long-term outcomes?	• LAO Planning Documents (Business Plans, etc.), staff performance plans/ appraisals	• Document review
What evidence is there that clients or customers are satisfied with the program's services?	• Finance and Controllership: Audit reports, previously completed survey of lawyers, staff interviews • Human Resources: staff interviews • Corporate Programs: Facilities and Leasing agreements, staff interviews	• Interviews with stakeholders, review of documents
What has been done to integrate planning and management of the program across functions, ministries and/or sectors for improved outcomes? What evidence is there that structures to ensure accountability to the ministry and or the clients/public are in place?	• Planning documents (business plans) Management procedures and plans • LAO Accounting policies and procedures, Management report prepared by external auditor	• Document review, with interviews with key stakeholders
What has been done to improve client service by integrating service delivery of this program with other programs (over the counter, over the phone, through the mail, at public access terminal/kiosk or online)?	• Business Plans • Stakeholder opinion	• Interview with stakeholders • Review of documents
Affordability & Sustainability		
Evaluation Questions	**Data Required**	**Method for Data Collection**
Can the ministry continue to deliver the program in light of current and projected fiscal realities or other factors that impact on the program? What are the pressures faced by the program? What risks are faced by reducing/maintaining/eliminating the program?	• Monthly reports • Financial/cost data for the program (unit costs, etc.) • Stakeholder opinion • Program statistics and forecasts	• Review of Documents • Stakeholder Interviews
What alternatives are available based on an assessment of cost and benefit scenarios?	• Forecasted costs • Cost-benefit analysis reports	• Stakeholder Interviews

4.0 Findings

The following section includes the detailed analysis of our findings. These findings have been grouped according to the following categories:

a. Overall LAO Administration
b. Finance
c. Information Technology
d. Human Resources
e. Facilities and Support Services

Furthermore, we have assessed the above LAO Administration areas according to the four Program Evaluation Criteria of:

- Core Business Relevance;
- Efficiency;
- Effectiveness; and
- Affordability & Sustainability.

It should be noted that the Core Business Relevance and Affordability & Sustainability have only been discussed under the 'Overall LAO Administration' category. These evaluation criteria were not specifically addressed for each sub-category of LAO's Administration function, since the analysis is best performed at the macro level.

OVERALL LAO ADMINISTRATION

The Administration function of LAO is led by the Vice-President of Corporate Services, who reports to the President. The Vice-President of Corporate Services was a newly created position established in 1999. The Administration function is comprised of 112 employees[9] with an annual budget of approximately $21M. The main services provided by the Administration function include:

- Finance;
- Information Technology;
- Human Resources; and
- Facilities and Support Services.

Since April 1st 1999, the Administration function has undergone significant changes due to the change in organizational structure and strategic direction. The LAO Administration function now operates in a more business-like manner, meaning that there is an increased focus on providing customer service and on internal processes and controls.

The significant progress that the Administration component of LAO has made since its inception in 1999, was acknowledged by the majority of people interviewed throughout this engagement (including the directors of the area offices and clinics). While not without problems, the level of service provided by all departments within the LAO Administration has improved and become more client-oriented. Despite the progress made within the past two years, continuous improvements are still required.

Relevance

The relevance of the LAO Administration function has been assessed in two parts. Firstly, is LAO relevant to the Provincial Government Priorities and secondly, if LAO is deemed relevant to the Government then is the Administration function relevant to LAO?

Relevance of LAO to the Ontario Government

April 1st, 1999 marked the end of the Legal Aid Plan under The Law Society (which formally began in 1967) and the beginning of 'Legal Aid Ontario.' The newly formed 'Legal Aid Ontario' is a government agency that is publicly funded (through the Ministry of the Attorney General) and publicly accountable. This change in governance and structure was the direct result of the 'Legal Aid Services Act' enacted by the Ontario government. The creation of the "Legal Aid Services Act' signified the Government's renewed and strengthened commitment to legal aid.

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[9] Source: LAO HR Department as of March 31, 2002

Prior to launching LAO, the program objectives, budget and structure were approved by the Management Board of Cabinet. This approval serves as initial endorsement of the relevance of the program to the Government's priorities. The program itself was established in recognition of the Government's duty to provide a fair and equitable justice system to citizens of all income levels.

Moreover, in the Ministry of the Attorney General's 2002-2003 Business Plan, the Honourable David Young states, "Access to justice remains a priority. We have raised legal aid rates to attract and retain lawyers to ensure that low-income citizens continue to receive high-quality legal representation."

Clearly, LAO is relevant to the Ministry of the Attorney General as "providing decision-making and justice support services to vulnerable people" is considered one of the Ministry's five core businesses. LAO is relevant to the Ministry in fulfilling this core business objective, which is further supported by virtue of approximately $250 million in Provincial funding. LAO represents approximately 25% to 30% of the Ministry's operations and is undoubtedly an essential and relevant public service.

Relevance of Administration to LAO

Given, LAO's relevance to the Ontario Public Sector, the main question in this program evaluation becomes "Is the Administration function within LAO relevant to LAO?"

In any organization, Administration is critical to supporting the core business operations as these support services form the backbone of the organization. Finance, Human Resources, Facilities and Support Services and Information Technology are all essential functions required by all organizations (although the service delivery models may vary).

As stated in LAO's 2003-2004 Business Plan "LAO's operational priorities map out how we will develop the management and organizational capacity to support the strategic priorities. LAO's operational priorities are to:
1. Improve LAO's decision-making and organizational infrastructure
2. Develop comprehensive and meaningful performance standards
3. Develop a strategic communications plan".

The achievement of these operational priorities depends largely upon the Administrative functions in place at LAO. Without efficient and effective support structures in the areas of finance, human resources, information technology and facilities, LAO will not have the necessary tools to improve decision making and organizational infrastructure, develop performance standards or disseminate communication plans. Therefore, the Administration function of LAO is relevant to improving LAO's overall efficiency and effectiveness.

Efficiency

Efficiency is concerned with determining whether the Administration operations of LAO are performing tasks in the most efficient manner; key aspects of this include cost efficiency and service efficiency (i.e. throughput time). Overall, as the findings contained within the report will illustrate, LAO has been successful in improving the efficiency of its operations since April 1st 1999. However, there are still further opportunities to improve efficiency through process

redesign and technological enhancements. During the past four years, LAO has been efficient in managing the total amount spent on Administration, which means that all efficiency improvements that have been realized to date have occurred without increasing Administration operating costs. LAO recognizes that there are further opportunities to increase efficiency, and will use the Total Service Network (TSN) project to 'drive' further process redesign and improvements (not only for the Administration function of LAO but also for LAO as a whole, including area offices and clinics).

The following are the key findings with respect to the overall efficiency of LAO's Administration function:

- At a high-level LAO's administration function appears to be efficient in controlling its costs. As the below graph illustrates, even though total LAO expenses have increased since 1998 the total administration expenses have remained relatively constant. The 5-year average cost of LAO's administration is approximately $19M. While the 5-year average for total expenses is $231M and the 5-year average for revenue is $267M[10].

5-year comparison of Admin Expenses & Total Expenses
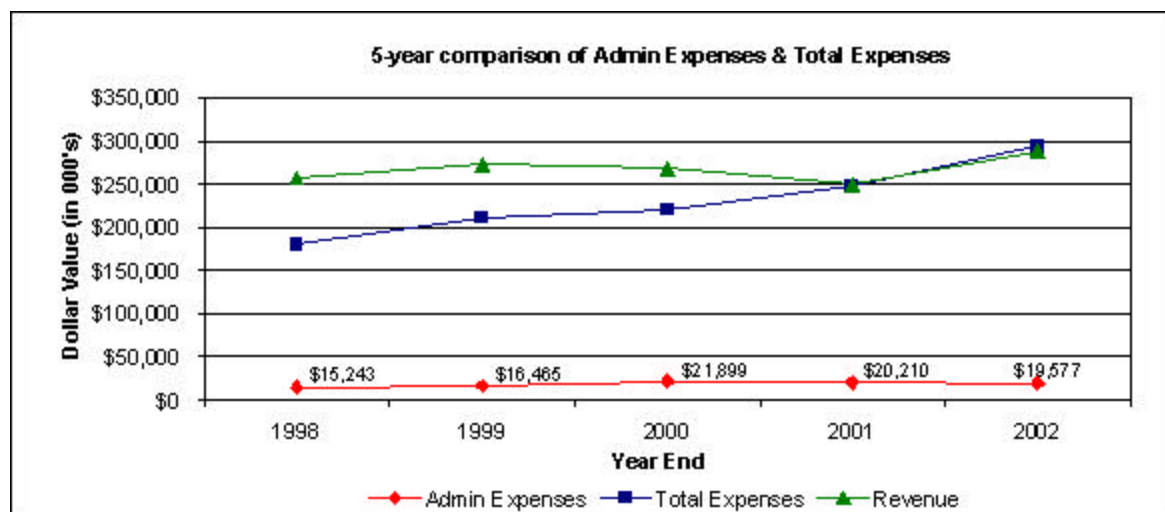
- On average (from 1998 to 2002) the total LAO administration expense has been 8% of total expenses and 7% of total revenue. Overall, this percentage is towards the low end of the expected range and is a clear sign that LAO is managing the Administration function in an efficient manner.

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[10] Analysis based on numbers taken from LAO's Annual Reports

- As illustrated in the graph above, overall Administration expenses have remained relatively constant during the past 5 years. However, the total number of clients supported by the Administration function of LAO has increased as illustrated in the chart below:

| | Year End | | | | % Change |
Customer Base	1999[11]	2000	2001	2002	1999 to 2002
# of Area Offices Supported	51	51	51	53	4%
# of Clinics Supported	70	70	72	77	10%
# of LAO employees	560	656	695	723	29%
# of Clients served through certificates, duty counsel, etc.	928,502	908,324	992,839	1,108,132	19%

Therefore, LAO's Administration function has been able to support an increased number of clients with essentially no change in the absolute dollars spent on Administration. This high-level analysis of the Administration function lends itself to the understanding that Administration has been able to efficiently support a larger customer base without a corresponding increase in costs.

Effectiveness

The overall effectiveness of LAO's Administration is based on whether it is producing its intended results, meeting objectives, satisfying user needs, and whether appropriate accountability structures exist. As illustrated by the findings contained within this report, the effectiveness of LAO's Administration function has improved over the years but still requires on-going improvement. Such improvements are especially required in monitoring and improving customer satisfaction and in improving the effectiveness of governance and accountability structures.

The following are the key findings with respect to the overall effectiveness of LAO's Administration function:

- Based on feedback obtained during interviews (including feedback received from the Board), the Administration function at LAO has become more effective since April 1st 1999. Key aspects adding to the effectiveness of the Administration function include the business and administration skills of the Vice President, Corporate Services, LAO's President and CEO and other members of the Senior Management team that were recently hired into the Corporate Services area.

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[11] The March 31, 1999 year-end is pre 'Legal Aid Ontario' structure

- The effectiveness governing the accountability structures of LAO's administration function to its Board appears to be effective. The following items are currently enhancing the accountability structures:

  o The Board of Directors meets on a regular basis.
  o The Administration function reports key issues to the Board.
  o The Board reviews and approves all key financial and strategic decisions.
  o An Audit and Finance Sub-Committee of the Board has been established.

- The following issues detract from the overall effectiveness governing the accountability structures of LAO's administration function:
  o An insufficient number of Board members have financial designations and specializations.
  o A large number of Board memberships are expiring at the same time.
  o A lack of clarity on the information and reporting requirements between LAO and MAG needed to satisfy public accountability and governance. This includes the type of reports required and the timing of such reports.

- In addition to the points mentioned above, in order to improve overall effectiveness, LAO should establish a corporate wide Project Management Office that is responsible for managing all of LAO's key business initiatives including the TSN project, outstanding IT priorities and other non-IT corporate wide initiatives. The purpose of a PMO is to ensure that corporate objectives are being adhered to. Moreover, this office will improve the coordination of all initiatives across the organization.

Affordability & Sustainability

In assessing affordability and sustainability, we have structured our analysis into the following sections: Operating Expenditures and Capital Expenditures.

Operating Expenditures

Since 1999, LAO has had fixed funding of $237.8M ($227.9M Provincial funding and $9.8M Federal Funding Increase). Of this funding, LAO has used approximately $21.7M per year for Administration purposes. Therefore, during this time period LAO's Administration function has had to absorb all unplanned and inflationary cost increases over the years, while simultaneously serving more customers (as highlighted in the efficiency section).

The following graph summarizes, LAO's total financial position from 1999/2000 to 2005/6, including LAO's Administration expenses both actual[12] expenses and budgeted/forecasted expenses[13]:

Total Revenue, Operating Expenses & Administrative Expenses Historic Trend and Forecast
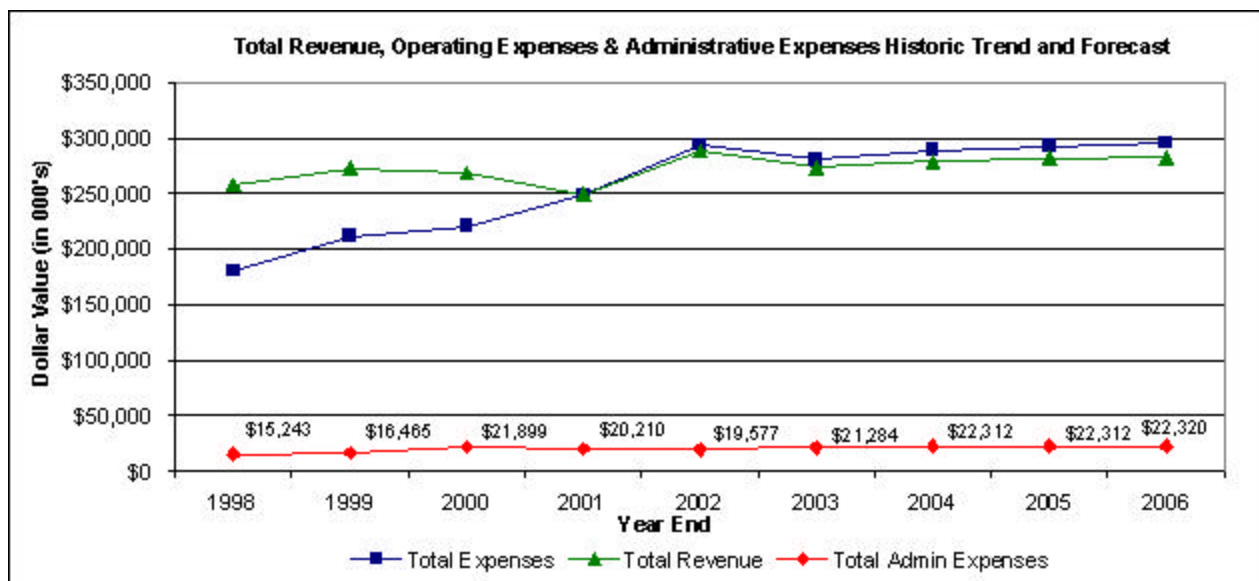
As illustrated in the graph above, LAO's Administration expense has remained and continues to remain relatively constant over the years. The current budgeted amount for Administration expenses for the year ended March 2004 through to March 2006 is $22.3M per year. However, the amount of funding that LAO has historically received for Administration is $21.7M. Therefore, in the next three years LAO will require an additional $600K to fund this 2.8% increase in expected costs.

This additional administration funding will be required to sustain the following items:

- WAN implementation project.
- Cost of living increases including: inflation, salary, rent, insurance, utilities, etc.

Overall, it appears that from a financial perspective, LAO's Administration function will be affordable and sustainable in the future. This is contingent upon the receipt of an additional $600K for Administrative funding.

The above analysis is based on the financial impact and not the service impact. From a service perspective, which includes LAO employee workload and customer service, the pressure for LAO's administration function to service an increasing base without some increase in funding, could have an adverse impact on service levels.

Finally, it should be noted that the impact of the expected cost savings as a result of the Total Service Network (TSN) project are currently unknown. Therefore, there is the potential for improved sustainability and affordability to be realized in the future.

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[12] As per the LAO's Annual Report for each year
[13] Source: Legal Aid Ontario 2003/4 Business Plan dated November 2002

Capital Expenditures

In addition to the above analysis on LAO's operating sustainability and affordability is the need to assess the affordability and sustainability of LAO's capital expenditures. LAO's capital expenditures relate to two main components. The first component is LAO's IT investments which includes the implementation of the Total Service Network (TSN) project. The second component of the capital expenditures is related to Facilities. These capital expenditures are for maintenance, relocations, barrier free or universal access upgrades and furniture upgrades.

The following represents the annual cash required by LAO for capital expenditures as stated in the 2003/4 Draft Financial Plan (dated October 24, 2002):

| Area | Year End | | | | | | | |
	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10	TOTAL
IT	2,149,000	3,676,363	2,964,113	2,457,131	3,746,238	3,828,288	3,982,488	22,803,621
Facilities	1,743,000	3,208,000	3,005,000	2,927,000	903,000	275,000	475,000	12,536,000
Total	3,892,000	6,884,363	5,969,113	5,384,131	4,649,238	4,103,288	4,457,488	35,339,621

Although LAO has outlined a long-term capital expenditure plan, the affordability and sustainability of these expenditures is questionable since the total amount of committed funding for these expenditures is currently unknown. LAO is presently in discussions with MAG to establish a plan for funding capital expenditures on a go-forward basis. It is recommended that LAO work towards establishing a capital expenditure fund.

FINANCE

OVERVIEW

LAO's Finance department had a total budget of approximately $1.8M (for the March 31, 2002 year-end) and is comprised of approximately 34 full-time employees[14]. The Finance department supports the internal operations of LAO (including area offices) through monthly financial assessments, budgeting, reporting and a variety of other services.

The following section of the report contains our analysis of the efficiency and effectiveness of LAO's finance department. We have segmented our findings into eight main areas:

1. Overall Finance findings
2. Accounts Receivables & Collections
3. Accounting
4. Payroll
5. Purchasing & Contract Management
6. Legal Accounts Processing*
7. Financial Planning & Analysis
8. Data Entry

* - it should be noted that the Legal Accounts Processing department does not report to the Vice President, Corporate Services and therefore has only been discussed in relation to its Finance processes

OVERALL FINANCE FINDINGS

Overall, the Finance area results can be summarized as follows:

Efficiency

LAO's Finance cost including Legal Accounts, is slightly higher than the industry standard[15]. This is likely due to the high reliance on manual processes within Data Entry and the manual tariff verification process within Legal Accounts (which is not part of LAO's Finance structure but has been included for benchmarking comparison purposes). Therefore, LAO should seek process improvements to improve cost efficiency. In the long run, it is expected that TSN will improve the efficiency of the financial functions.

Finance Cost as a Percentage of Revenue

	Value
LAO	1.55
Average	1.06
World Class	0.56

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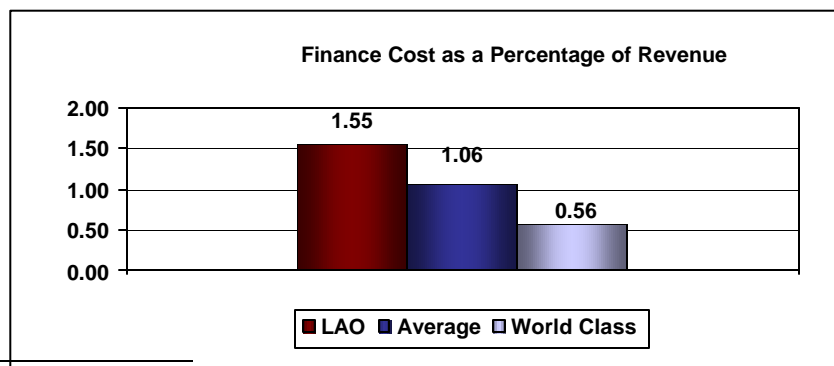
[14] Source: LAO HR Department as of March 31, 2002

[15] The industry standard includes companies from the private and public sectors

Effectiveness

Overall, the effectiveness of LAO's Finance function has improved since April 1st, 1999. During the 2002/3 year, LAO implemented numerous changes that created a strong foundation for the Finance department. As the benefits of these changes materialize further improvements will be realized. We would expect that the trend for the next four years will demonstrate evidence of a more effective Finance function.

The following are the key findings on the overall effectiveness of the Finance function at LAO:

- The structure of the Finance department has changed over the past three years. Prior to this new structure, the Finance department was fragmented as the finance components reported to many different parts of the organization. The restructuring has consolidated all of these finance functions into the current Finance department structure. This new structure is more in-line with industry best practices and is more effective.

- Historically, there have been no designated accountants within the Finance Department. However, during the past two years, LAO has hired three designated accountants. The combination of these new employees and the restructuring of the Finance department have provided LAO with the necessary tools to support the achievement of a more effective Finance department.

- Based on our telephone interviews with the area offices, more than 85% of respondents viewed the services provided by the Finance department as good to excellent. In particular, more than 75% of area offices assigned Accounts Payable and Payroll excellent ratings.

- The current staff composition of LAO's Finance department (excluding legal accounts) is 76% clerical staff and 24% professional/manager staff. Again, this large clerical composition is due to the dependency on manual processes especially within Accounts Receivable and Data Entry. This analysis indicates that there are opportunities to improve the effectiveness of LAO's finance department by automating these manual processes. This will also facilitate a shift in the nature of the roles within finance away from data entry towards analysis and financial management. It is believed that this shift will be realized once TSN is operational.

FINANCE – ACCOUNTS RECEIVABLE & COLLECTIONS

Efficiency

Our review indicates that in the past, LAO did not have an efficient Accounts Receivable and Collections department. The following are the key factors that have detracted from the efficiency of LAO's Accounts Receivable and Collections function:

- LAO has an accumulated Accounts Receivable balance of approximately $73M (this is after approximately $30M in outstanding Accounts Receivable were closed[16]). This amount represents approximately 27% of LAO's total 2002/3 budgeted revenue. Moreover, of the outstanding balance of $73M, approximately $16.4M relates to Accounts Receivable balances generated since the creation of Legal Aid Ontario in 1999[17].

- LAO has data integrity issues with its A/S 400 system that has impacted the efficiency of collecting outstanding receivables, as the 'true' Accounts Receivable balance is not readily known. For example, in March 2001 the Provincial Auditor stated that the Accounts Receivable balance was $115M. However, after LAO analyzed the data in the A/S 400 system it restated the balance to $103M (as at March 2002) and then closed $30M for a final balance of $73M. The differences in the Provincial Auditor's assessment and LAO's assessment are due to data integrity issues and the complexity of the A/S 400 system. For example, one difference is that the Provincial Audit used the estimated Accounts Receivable balance whereas LAO used the actual Accounts Receivable balance. Therefore, the amounts in the A/S 400 system cannot be taken at face value. Instead the amounts need to be manually verified and confirmed with client files. Also, the lack of system integrity is a key factor that diminishes the efficiency of the Accounts Receivable and Collections function.

- LAO has not been very efficient in collecting Accounts Receivable in a timely manner. We understand that LAO's business is not comparable to a typical business where Accounts Receivable should be collected within 30 days. However, during the past LAO has not had the processes or systems to support or facilitate the collection of Accounts Receivable. For example, LAO does not have a process to 'flag' when client mortgages are expected to be renewed. If such a tool existed then LAO could send the client a collection letter in advance of this renewal.

Effectiveness

Consistent with the analysis presented in the previous section, LAO's Accounts Receivable & Collections department has been ineffective in the past. The following are the key contributing factors:

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[16] The closure of $30M in A/R balances refers to amounts which were previously written off or deemed uncollectible in the client's file but were never removed from A/S 400.

[17] As per the LAOwed Accounts Receivable Project, Definition of Accounts Receivable Report dated January 17, 2003

- LAO's processes for capturing and recording Accounts Receivable information on the financial statements are ineffective due to the lack of system integration between the A/S 400 system and Oracle. Currently the Accounts Receivable balance on the financial statements is based on the actual cash collected during the past year. The Oracle balance bears no relation to the balance in the A/S 400 system. For example, the Accounts Receivable balance as per the March 31, 2002 financial statements is approximately $30M[18] in contrast to the $119M balance in the A/S 400 system. To make this process more effective, Accounts Receivable should be set up as an accrual based on the amount LAO expects to collect during the upcoming year. Moreover, year-end Accounts Receivable balances should be reconciled to the A/S 400 system with a detailed explanation describing the reconciling items. It is the goal of the Accounts Receivable Project to work towards developing a process to properly reflect the accrued Accounts Receivable balance on the financial statements.

- LAO currently has no formal policy for writing-off Accounts Receivable balances in the A/S 400 system. It has been stated that LAO will develop this policy once the collection pilot project (currently in progress) is completed.

- With the current process, the area offices determine the estimated amount of the client contribution and certificate value. It has been stated that area offices often over estimate the expected client contribution. The impact of this estimate is that the amount indicated as an Accounts Receivable balance in the A/S 400 system is overstated. When client accounts are not closed in a timely basis, overestimation may result in clients over contributing. Therefore, better controls should be put in place for both the estimation process and the account closing process. (Note: given the historic under-collecting of accounts receivable balances client overpayment has not been a large concern in the past)

- LAO currently does not produce any reports to monitor the effectiveness of the estimated Accounts Receivable on certificates. Analysis of the variance between the estimated Accounts Receivable and the actual Accounts Receivable would enable LAO, through its area offices, to improve the effectiveness of the Accounts Receivable estimation process. In addition, this variance report could be used to identify training requirements.

- The effectiveness of the Accounts Receivable department to a certain extent is dependant upon the effectiveness of the Legal Accounts department. Since April 1999, the process dependencies between these two functions were not effectively managed. However, during the past year the effectiveness of this relationship has improved slightly. For example, processes have been redesigned so that Legal Accounts informs Accounts Receivable of collections in 'solicitor set-off' situations. Further, process integration between these two areas is needed especially with respect to the Legal Accounts policy of not recognizing lawyer bills received after a certain date. This policy impacts LAO's ability to collect on such certificates.

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[18] The breakdown of this amount is approximately $12M Client Receivables and approximately $18M for Federal and Provincial Receivables.

- 50% of respondents surveyed stated that the collections process requires improvement. In particular, area offices feel that the Accounts Receivable and Collections department is not processing payments received in a timely manner. For example, if a client pays LAO on the 25th of each month sometimes it takes LAO longer than 3 to 5 days to process this payment. As a result, on the cut-off date of each month, if the Data Entry department does not process all submitted payments, clients receive a statement indicating that they have payments in arrears. This issue arises because the systems between the area offices and LAO are not integrated real-time systems. Until system integration is achieved, LAO should seek process improvements to minimize this issue. For example, LAO should institute better cut-off policies with Area Offices which may include requiring the Area Offices to state which payments have been received after the cut-off date (so that LAO does not send a collection letter to these people).

During the past year, LAO has taken steps to improve the efficiency and effectiveness of its Accounts Receivable and Collections processes, such steps include:

- Establishing an Accounts Receivable Collections Project ("LAOwed"). This is a formal project with an advisory committee, a structured project plan, project objectives and identified milestones.
- Hiring a Manager, Accounts Receivable and Collections with strong Collections experience.
- Hiring a Project Manager to oversee the Collections project.
- Conducting an in-depth analysis of the data within the A/S 400 system to assess LAO's 'true' Accounts Receivable balance.
- Defining what LAO should consider as a receivable.
- Initiation of a collections pilot project to test the Accounts Receivable collections plan (this project involves 1,000 outstanding accounts).
- Offering incentives to encourage client payments.
- Acceptance of Debit card payments is currently being piloted in the Ottawa and Brampton area offices.
- Establishing receipt books to track, monitor and reconcile Accounts Receivable payments received in cash.

The LAO Collection project is relatively new therefore, improvement to efficiency and effectiveness from the initiatives noted above has not yet been realized. These benefits are expected to materialize during the upcoming years, through an increase in client contribution revenue.

FINANCE - ACCOUNTING

Efficiency

The following are the key findings related to the Accounting procedures at LAO:

- LAO's main financial system Oracle was implemented in 1999. Currently, only one person has in-depth Oracle knowledge resulting in a low utilization of the functionality within the Oracle system. If the system was more effectively utilized, process efficiencies could be realized in the Accounting area. Moreover, the dependency upon one individual creates a 'bottle-neck' that makes the accounting and reporting process inefficient.

- Efficiency of the Accounting process is also decreased because of the lack of integration between Oracle and other systems used by LAO such as the A/S 400 system and Vista (the payroll system). The impact of this disconnect is that the information in the A/S 400 system needs to be entered into Oracle through journal entries. Some of these journal entries, such as the payroll information are uploaded into Oracle but other journal entries such as duty counsel payments, which are in the A/S 400 system, are batched and manually entered into Oracle. Therefore, the lack of system integration detracts from efficiency, as it requires increased processing efforts through duplicate recording of information. Moreover, it increases the potential for error and creates the need for reconciliations between the two systems.

- It is important to note that once PeopleSoft is implemented and business processes are streamlined, the efficiency of the Accounting processes should increase significantly.

Effectiveness

The following are the key findings with respect to the effectiveness of LAO's Accounting function:

- LAO's cycle time for closing month end lags behind current industry best practices. On average, during the past 18 months it has taken LAO between 4 to 6 weeks (therefore an average of 25 days) to close month end accounts. However, industry best practices indicate that it takes most organizations 5 days to close month end and the 'best in class' target is lower at 4 days. It should be noted that the December 31, 2002 month end was closed on January 23, 2003, therefore within 15 days of month end. Although, January month-end has not yet been closed, it appears that it will be closed within approximately 3 weeks. LAO should continue to work towards decreasing the month end cycle time, on a consistent basis, to at least 10 days. Once this target has been achieved for a stable period of time, LAO should move towards the 5-day average industry standard[19].

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[19] The industry standard includes companies from the private and public sectors

Closing Cycle Time

	Number of Days
LAO	25
Average Industry	5
Best in Class	4

■ LAO ☐ Average Industry ■ Best in Class
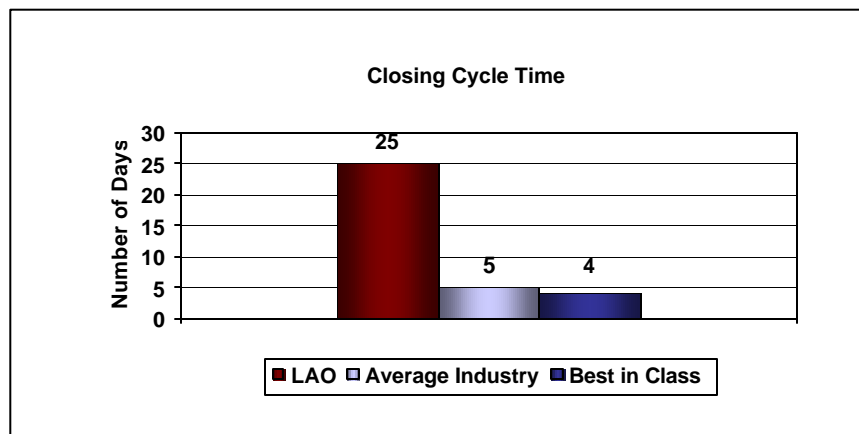
- Similarly, the amount of time that it takes LAO to publish its annual financial report is higher than industry standards. Since 1999 it has taken LAO between 8 to 15 months to publish its Annual Financial Report. Some of this delay can be attributed to the length of time of the financial audit, which has varied from 2 months to 10 months.

- A few stakeholders reported that the financial and business reports generated do not contain sufficient information and are therefore not as effective as they could be. For example, the 'Account Analysis Report with Subledger Detail' is difficult to understand by users.   Therefore, LAO should strive to improve the quality of the reports generated in order to improve their effectiveness.

FINANCE - PAYROLL

Efficiency

Currently, a significant proportion of all payroll activities are outsourced to Ceridian. Outsourcing payroll is cost effective and an industry best practice.

Effectiveness

Overall, LAO's payroll function appears to be effective as employees feel that they are always paid accurately and on time. As a result employees are extremely satisfied with the level of service provided by the Payroll department. However, the following items have been identified as detracting from the effectiveness of the Payroll function:

- There is a lack of clear roles and responsibilities between the Payroll department and certain functions within the HR department. For example, employees in the HR department enter certain payroll data (i.e. banking information for new employees) into the system even though it is the responsibility of the Payroll department. Also, HR currently enters attendance information although some would consider this a payroll function. Therefore, it is recommended that an analysis be performed to clarify the roles and responsibilities of HR and Payroll.

- Additionally the department appears to be understaffed since employees are operating in a 'reactive mode' in which they are constantly trying to keep up with the volume of work in the department. In order to increase the overall effectiveness of this department LAO should proactively forecast the future volume of work to be undertaken and determine the optimal staff composition. This assessment should include an analysis on whether the backlog could be diminished if LAO's contract employee (in the payroll department) worked during regular business hours, instead of the current work shift that is from 3am to 11am.

FINANCE – PURCHASING & CONTRACT MANAGEMENT

The purchasing department has been in existence at LAO for the past three years and its scope of services is still being defined. Currently, purchasing is a department consisting of one person who reports to the Manager, Financial Services. The main responsibilities of the Purchasing department include:

- Purchases of stationary;
- Purchases and rental of office equipment; and
- Coordinating IT purchases.

Efficiency

- To date the purchasing department has achieved some cost savings for LAO through the negotiation of preferred vendor arrangements. Also, in a limited number of instances, LAO has been able to leverage Provincial Government preferred vendor arrangements. For example, LAO receives a 50% discount for all purchases made at Grand & Toy and the IT department is able to purchase Compaq computers using a government discount.

- The purchasing department recognizes the benefits of leveraging government contracts however, employees have found it challenging to gain the benefits of certain government contracts. Since LAO does not always purchase goods and services in large quantities, in certain cases they are ineligible for government discounts that cater towards organizations that make large volume purchases.

Effectiveness

- A formal purchasing position has only existed at LAO for the past three years. As with any new function, there is a period of adjustment before those within the organization understand and embrace the position. Consequently, at the moment there is a lack of clarity surrounding the roles and responsibilities of the Purchasing department. For example, employees have entered into contractual obligations without consulting the Purchasing department and as a result they do not always use preferred suppliers that offer discounts.

- The creation of policies and procedures for the Purchasing department is still evolving. To date, a Draft Purchasing Policy has been created. This policy should be finalized and disseminated across LAO. Also, a Delegation of Authority policy has been created that outlines the authority limits of different levels. The creation of this policy adds to the effectiveness of the Purchasing function as it creates a governance framework for the approval of purchases.

- Currently it is LAO's policy that a Purchase Order (P.O) is only issued for purchases greater than $5,000. LAO should re-assess whether $5,000 is the appropriate minimum value required to issue a P.O. For example, LAO should undertake an analysis of its Accounts Payable to determine the percentage of purchases less than $5,000. If there are a large number of purchases that are less than $5,000 then the limit should be lowered.

- Although a centralized purchasing function exists, purchases are still performed on a highly decentralized basis. There are different models for staffing a purchasing department with corresponding roles and responsibilities for such a department. LAO must determine the degree of centralization desired and then staff its Purchasing department accordingly. For example, currently the purchasing department does not review all RFPs issued by LAO (external consultants currently perform this task on an as needed basis). If this is desired, then LAO should re-design the function accordingly.

FINANCE – LEGAL ACCOUNTS PROCESSING & OTHER ACCOUNTS PAYABLES

NOTE: A full review of the Legal Accounts Processing was outside the scope of this review. These findings only relate to the payable processes of Legal Accounts that fall within the Finance Department.

Efficiency

As evidenced by the following information, the efficiency of Legal Accounts is improving.

- LAO's target is to pay 90% of Standard Form Accounts within 30 days. As at September 2002, LAO paid 99% of criminal cases within 30 days and 96% of civil cases within 30 days.

- LAO's target is to pay 80% of Non Standard Form Accounts within 60 days. As at September 2002, LAO paid 92% of all criminal and civil cases within 60 days.

- Standard industry practice is to decrease the number of cheques issued by moving towards direct deposit, which is generally more efficient and cost effective. As illustrated by the following table, LAO is moving towards using direct deposit for solicitor payments. Currently 79% of solicitor invoices are paid through direct deposit. Furthermore, the number of cheques issued to solicitors has decreased from approximately 1,300 per weekly cheque run to 400 per weekly cheque run. This transition contributes to the cost efficiency of Legal Accounts and the Accounts Payable departments.

Transaction	Time Period (For the Week Ending)			
	30-Mar-01	28-Mar-02	31-Dec-02	24-Jan-03
Total number of Cheques & Direct Deposits	2109	1987	1208	1960
% of Cheques Written	59%	30%	24%	21%
% of Direct Deposits	**41%**	**70%**	**76%**	**79%**

Effectiveness

- Legal Accounts, which is essentially the Accounts Payable function of LAO, is not part of the Finance Department and therefore does not report to the Director of Finance or the Vice President of Corporate Services. However, the business reality is that there is a strong interrelation between Legal Accounts and Accounts Receivable. For those certificates where clients are required to make a contribution, this client contribution essentially becomes an Accounts Receivable to LAO when the bill from the lawyer is received (i.e. when the Accounts Payable for LAO is created). Due to this interdependence, it is reasonable to believe that the processes would be more efficient if Legal Accounts and Accounts Receivable reported to the same person. We recommend that LAO further analyze the potential benefits that would arise if Legal Accounts were part of the Finance Department. Furthermore, the multiple hand-offs that currently exist between Legal Accounts and Data Entry (which is part of the Finance department), would be reduced by including Legal Accounts within the Finance department. It should be noted, that the above recommendation would exclude big case management and any legal accounts that require discretionary adjustments.

- LAO currently has no payment management process to manage Accounts Payable, which means that payables are paid in the cheque run following the date when the Accounts Payable was entered into the system. A more effective purchasing process would be to monitor when the payable balance is due and then pay the bill prior to the due date. For example, if a bill is due 30 days after receipt, it is ineffective for LAO to pay the bill prior to that date as LAO will be losing out on interest income. Another aspect of this payment management process related to Accounts Payable would be to ensure that LAO takes advantage of discounts offered for early payment of invoices. In order to facilitate this payment management process, LAO would need to ensure that the purchasing system is capable of tracking vendor terms/conditions and automatically generating system flags on when a cheque should be issued to maximize savings.

FINANCE – FINANCIAL PLANNING ANALYSIS

Overall, the budgeting process at LAO has undergone significant changes during the past year. The most significant factor contributing to the improved efficiency and effectiveness of the budgeting process was the creation and staffing of a budgeting position within LAO. LAO now has a Financial Reporting Analyst who is fully dedicated to budgeting and variance analysis.

Efficiency

LAO's decentralized budgeting process begins September 1st with the formulation of high-level budget assumptions for the Business Plan. The budgeting process ends March 25th once LAO's Audit Committee and Board has approved the budget.

Therefore, LAO's budgeting process takes approximately 135 business days from beginning to end. As illustrated, this is slightly higher than the industry norm of 93 days. However, this may be because the budgeting process is integrated with the Business Planning process.
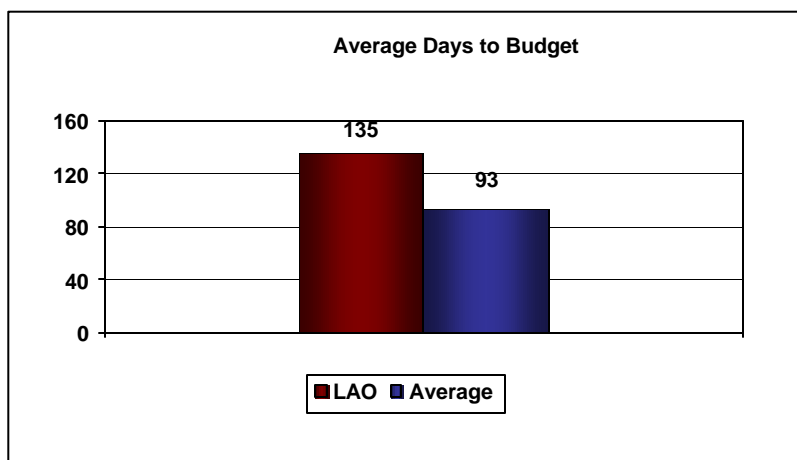
- Currently, the budget is created by consolidating approximately 200 budget templates in Microsoft Excel. Industry best practices would suggest that excel is not the most efficient tool to support the budgeting process, as the potential for consolidation errors is possible. LAO recognizes this and will use the budgeting module within PeopleSoft once the TSN project implementation is complete.

Effectiveness

- The scope of this review does not include a detailed review of the certificate estimation forecasting model. However, the certificate cost forecasts were analyzed at a high-level in terms of their impact on LAO's budget. As illustrated in the below table, the total results produced by the certificate estimation model are fairly accurate.

	Fiscal 2001			Fiscal 2002			Fiscal 2003		
	Actual	Model	Variance	Actual	Model	Variance	Actual	Model	Variance
Cash Basis	131.40	136.00	(4.60) -4%	145.10	145.90	(0.80) -1%	138.3	144.3	(6.0) -4%
Year End Accrual Adj	(8.3)	n/a	(8.30) 100%	3.9	n/a	3.90 100%	5.0	n/a	5.0 100%
Total	123.10	136.00	(12.90) -10%	149.00	145.90	3.10 2%	143.3	144.3	(1.0) -1%

- During the past three years, LAO has had difficulty predicting budgeted expenditures for the Provincial Office. The following table illustrates the actual to budget variance for the Provincial Office at year end:

Summary of Budget Variances for the Provincial Office Expenses			
	Mar-00	**Mar-01**	**Mar-02**
Variance in $s	(3,044,601)	(1,448,102)	298,742
Variance as a % of Budget	-24%	-8%	2%

  As illustrated above the budgeting process has become more effective during the past three years. However, there are still significant variances within the cost centers included in the Provincial Office. For example, even though for the year ended March 2002, the Provincial Office of LAO as a whole is within budget, there are still significant cost center variances. Consequently, these large budget variances decrease the effectiveness of the budgeting process and make it difficult to hold cost centers accountable.

- Moreover, in the past LAO's budgeting process was ineffective as the process was centralized. This centralization contributed to the ineffectiveness of the budgeting process as LAO line management was not accountable for departmental budgets. In the past, there was a lack of accountability, by line managers, for their expenses and managing operations to stay within budget. Currently, LAO has implemented a decentralized budgeting process to encourage more commitment and accountability from line managers and area offices. As this new budgeting process has only been used in the creation of the March 2002 budget, the process is still being developed and refined.

- The budgeting process was also expressed as concern to more than 60% of individuals that we interviewed from LAO's area offices. In the past, the budgets were managed centrally, so this is the first year that the area offices are responsible for managing their own budgets. Interviewees felt that the final approved budget amounts were not communicated in a timely manner. Also, some of the respondents noted, the budgeting process needs to be more integrated. Again, this may be a short-term issue as the decentralized budgeting process is new for LAO.

- The starting point used for the budgeting process detracts from the effectiveness of the current budgeting model. The starting point for the budgeting process is the prior year's budget, instead of the actual results for the prior year. The impact of this is the potential for actual to budget variances from the base year to be carried forward to future years through the base budget amounts.

FINANCE – DATA ENTRY

Efficiency

Employees from this department are responsible for entering lawyer account information into the AS/400 system. The activities that are conducted within this department are extremely inefficient since employees manually enter information into the system multiple times. Additionally, once the information is entered, another employee is responsible for manually verifying that all of the information is correct. The implementation of the PeopleSoft system, however, does provide LAO with significant opportunities to re-engineer and streamline the processes in this department.

Effectiveness

Although the department is not very cost efficient it is operating in a relatively effective manner. Employees within the department are able to handle the volume of invoices that they receive in a timely manner.

INFORMATION TECHNOLOGY

OVERVIEW

LAO is an organization that has experienced a significant amount of change. Information Technology, in particular, is a component of LAO that has grown and evolved over the past three years. Before LAO became a corporation in 1999, very little investment was made in information technology and as a result LAO's technology was outdated by the late 1990s. For example, the clinic's statistical program was DOS based, a significant number of employees across the organization did not have desktop computers and the existing networks were extremely slow. Since the transition to a new corporation in 1999, a number of significant investments in technology have been made in order to improve the technology infrastructure and enhance the performance of IT systems across the organization. Some of those investments include: the replacement of the clinic system in order to make it Y2K compliant, the consolidation and creation of a new data centre, the purchase of desktop computers for the provincial office (before this investment a significant number of employees in the provincial office did not have computers) and most recently LAO contracted Cedar to implement PeopleSoft Financials, CRM and EPM.

Currently LAO's IT department supports 1695 end users[20] in 150 locations [21] across Ontario. The universe of IT users is very diverse and includes employees in area offices, clinics and the Provincial office.   The distribution of IT users across numerous locations across Ontario presents the IT department with unique challenges.

In the following section of the report, we have presented our analysis of the efficiency and effectiveness of LAO's IT department. We have segmented our findings into three main areas:

1. Overall IT findings
2. IT Help Desk
3. The TSN Project

OVERALL FINDINGS RELATED TO THE IT DEPARTMENT

Efficiency

- Since the 1999/2000 fiscal year-end the IT operating budget has grown by over 56%[22].
  This increase represents one of the largest increases in spending by a department within the Administration function over the past three years. Although costs have increased significantly over the past few years there are several factors that have contributed to the increase. Prior to LAO becoming a corporation in 1999, very little funds were spent on information technology and as a result by 1999 LAO's technology was outdated. Since 1999, LAO has made significant investments in technology to modernize the organization and as a result the operating costs of supporting that technology have increased significantly.

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[20] Source: LAO's CIO, based on active number of accounts/end users
[21] Source: Legal Aid Ontario Business Plan, November 2002
[22] In order to provide a fair representation of the number of employees supported by the IT department we included clinic employees in our calculation of the total number of LAO employees.

Information Technology Cost Analysis
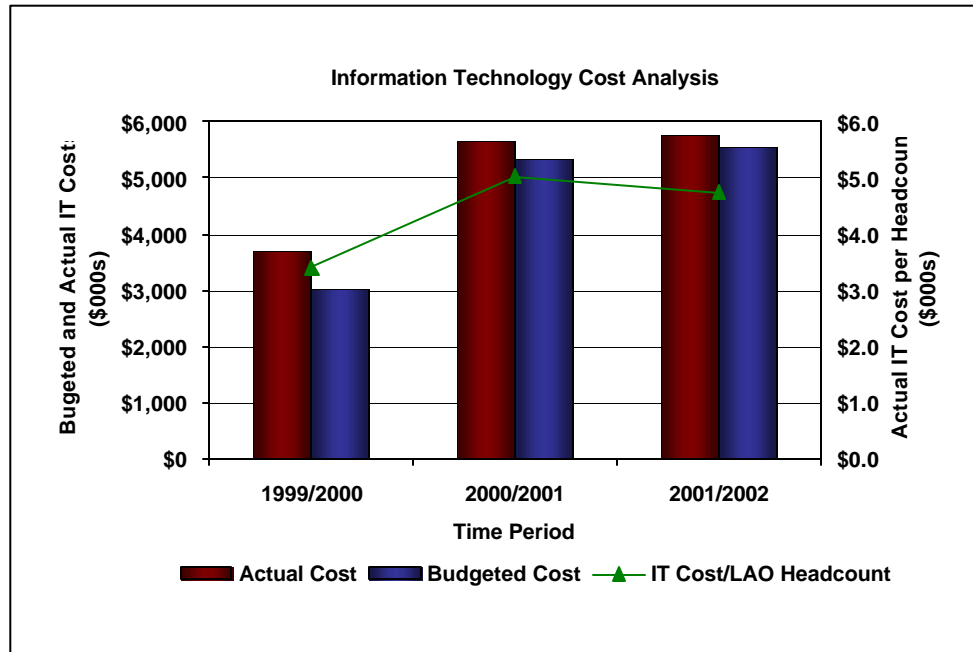
- Our findings indicate that the cost increases incurred by the IT department are reasonable given the number of end users supported by the department. The 45 FTEs[23] in LAO's IT department currently support 1695 end users[24] in over 150 locations across Ontario. Each of the FTEs in the IT department support approximately 38 end users which is a relatively high number compared to the industry standard. Presented below is a comparison of the number of end users supported by LAO's IT department versus the industry standard.

- Given that LAO's IT department is able to support a relatively high number of end users, it appears that the department is operating in a cost efficient manner. However the fact that the department is operating cost efficiently does not mean that it is operating in the most effective manner. The fact that a relatively small number of staff is supporting a large number of end users may indicate that the department is short staffed which could have an overall impact on the ability of staff to meet the needs of its end users. Our findings indicate that overall, end users are happy with the level of service that they receive from the IT department. However, employees that work in the IT department feel that they are overwhelmed by their workloads. Additionally, there are a number of outstanding IT initiatives, which are documented in the IT priorities list that staff members do not feel they have the capacity to implement.

- Presented below is a comparison of LAO's IT operating budget per end user compared to the industry standard.

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[23] Source: LAO HR department, as at March 31, 2002
[24] Source: LAO's CIO, based on active number of accounts/end users

IT Budget Per End User
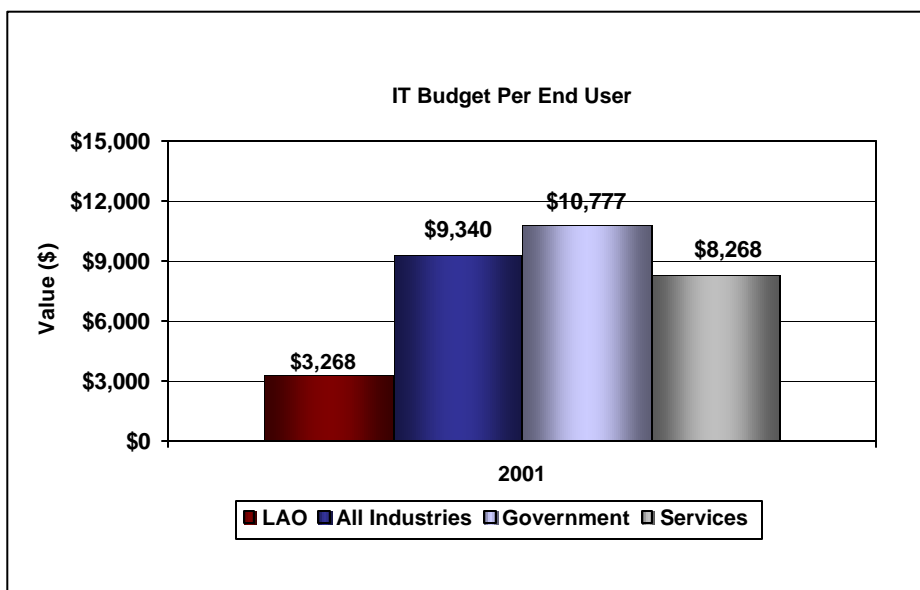
Source: Gartner 2001

As demonstrated by the graph, LAO's operating budget per end user is considerably lower than the industry standard, which supports our analysis that the department is short staffed and more resources are required.

Effectiveness

In order to analyze the overall effectiveness of the IT department in accordance with the fundamental program evaluation questions, we focused our analysis on 5 key areas:

1) People
2) Roles & Responsibilities
3) Staffing Levels
4) IT Systems
5) Customer Satisfaction

People

The people employed by an organization have a considerable impact on the ability of the organization to deliver service in an effective manner. Our findings indicate that the people within LAO's IT department demonstrate a number of qualities that enable them to make an effective contribution to the department including:

- Employees are hard working and work effectively as a team.
- A number of employees have good technical skills and have a strong understanding of LAO's business. It is important that employees within the IT department have a sound business knowledge since they need to truly understand the business in order to apply their technical skills and training in an effective manner.
- Turnover in the group is considered to be relatively low.

Although the IT department is a cohesive group, a few opportunities for improvement were identified through our analysis. In particular, certain employees are too specialized and as a result their knowledge is only focused on specific applications. In order for the staff to be more effective they need to be offered more opportunities and training to develop into generalists so that they can leverage their knowledge to support a wide range of applications. Additionally, if certain individuals have all of the knowledge related to an application, the business is at risk if they leave the organization.   Finally, some individual performance issues were noted.

Roles and Responsibilities

With respect to roles and responsibilities, the following areas of improvement were identified:

- LAO does not have a dedicated security administrator. Once PeopleSoft is live the need for this role will become even more critical. The environment that will be implemented to support PeopleSoft will be located in the Provincial office. Therefore, if the network in the Provincial office goes down all of the area offices will be impacted. Given the greater dependency on the network, it is important that LAO focuses on maintaining the security of the system on an on-going basis. LAO should either hire a person whose sole responsibility is to maintain the security of the system or it should assign the responsibility of managing security to specific individuals within each functional group.

- Another position that should be added to the IT organizational structure is a Quality Assurance position. Currently there is no one in the IT department that is responsible for on-going quality assurance. The absence of a dedicated quality assurance position puts the information technology systems at a greater risk of shutting down.

- The CIO is not a member of the senior executive team.   Within the current organization structure the CIO reports directly to the Vice President of Corporate Services. Given the strategic importance of information and IT to the organization and the fact that significant capital expenditures are made on IT initiatives consideration should be given to elevating the position of the CIO in the organization and have the CIO report directly to the President and CEO. This is also in line with best practices.

- Another area of weakness that was identified in this department relates to the management of outstanding IT initiatives. Currently the IT department has a list of over 100 IT priorities/projects. Although the top 40 projects are considered to be of the highest priority, employees are often working on initiatives that are outside of the top 40 cut-off. The list should be shortened significantly and the department should only focus on initiatives that are of strategic importance to the organization. The list should also be reviewed on an ongoing basis since IT priorities are constantly shifting given the pace of change in the IT department. It is also important for the IT department to meet with Senior Management on a recurring basis to revisit these priorities and realign the priorities with the overall business vision.

Staffing Levels

Our analysis indicates that certain areas within the IT department are understaffed which is detracting from the overall effectiveness of the department. Interviewees also commented that often their workloads are overwhelming and that the TSN project is putting an additional strain on resources which is making it difficult to fulfill all of the IT priorities. Currently, LAO's IT department supports a high number of end users relative to the staff complement in the IT department. To a certain extent, this suggests that the IT department is operating efficiently since a relatively smaller number of people, 45 FTEs[25] are able to support a large number of end users (1695 end users)[26]. While the department may be operating in a cost efficient manner it is not operating in the most effective manner. Since the department is short staffed employees are often operating in a 'reactive' mode instead of proactively trying to prevent problems before they occur.

IT Systems

The IT department supports a number of systems including the Legal Aid Management System (LAMS) which is a cobol based AS/400 system. The LAMS system has been developed internally over the past 18 years and it manages Legal Aid Certificates, Lawyer Account Payments and most of the data required to manage LAO's business. Another system supported by the IT department is an internally developed system called the Service Encounter System (SES), which is based on UNIX/Oracle client service technology. The SES system is used to manage legal aid applications.

There are a number of fundamental issues with LAO's current IT systems, which detract from the overall effectives of the organization. Some of those issues are as follows:

- The SES system lacks functionality and is not integrated with the AS/400 system.
- The AS/400 system does not have strong report generation capabilities.
- The AS/400 system also has serious data integrity issues that adversely impact a number of areas including the efficiency of collecting outstanding receivables, as the 'true' Accounts Receivable balance is not readily known.
- Each area office has its own individual server and database which contain legal aid application information for the local client base only. This makes cross-system information searches challenging and inefficient.

Although a significant number of issues exist related to these systems LAO is aware of these issues and as a result it is currently in the process of replacing its core systems with PeopleSoft. In the future the effectiveness of LAO's IT systems should improve significantly.

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[25] Source: LAO HR Department, As at April 1, 2002
[26] Source: LAO's CIO, based on active number of accounts/end users

Customer Satisfaction

In order to provide an assessment of the level of customer satisfaction with IT services we analyzed the IT department's performance against LAO 2002/2003 Service Quality Measures and conducted interviews with selected area offices and clinics. The following summarizes our key findings:

- According to the 2002/2003 Service Quality Measures[27] the Provincial Office Network, WAN and e-mail are operational 99% of the time between 8 am and 6 pm.

- The AS/400 System is also operational 99% of the time between 8 am and 6 pm[28].

- We conducted interviews with 14 area offices and clinics. During our interviews we asked respondents to comment on their level of satisfaction with the IT department. Overall the people that we interviewed are very satisfied with the level of service that they receive from the IT Help Desk (refer to the comments in the following section). Interviewees also commented that they experience very little system down- time, which indicates that the computer systems are running smoothly.

- However, it was noted that several of the major IT initiatives targeted at the clinic offices, such as the implementation of a remote access system, the statistical program upgrade from DOS to Windows and the e-mail upgrade from Office Logic to Microsoft Outlook, have not been fully completed.

THE IT HELP DESK

Efficiency

Overall the IT Help Desk is operating in a relatively efficient manner given that it supports a very large client base using very few resources. Also, there are a number of vacant positions in this group, which indicates that it is short staffed.

Effectiveness

Overall, the IT Help Desk is effective, although a few opportunities for further improvement have been identified. The following are the key findings:

- 85% of respondents interviewed rated the IT Help Desk service as either good or excellent (on a 4-point scale from poor to excellent) and commented that the service is timely, customer-oriented, and of a great quality.

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[27]Source: 2003-2004 Legal Aid Ontario Business Plan
[28] Source: Client Service Performance Measures, October 2002

- Although the people that we interviewed are satisfied with the level of support that they receive from the IT Help Desk we identified a few opportunities for improvement. Our findings indicate that IT Help Desk team members need to be able to support a broader range of applications since they often escalate problems to other functional groups within the IT department.

- The IT Help Desk sends service quality surveys via email to callers at the conclusion of a service call. Between October 1, 2002 and December 31, 2002 the IT Help Desk received 242 service quality services and achieved the following ratings:

No.	Question	Average Rating out of 4.0
1.	The Technical Support Specialist was friendly, courteous and helpful.	3.67
2.	A clear understanding of my issue was demonstrated by all who assisted me.	3.61
3.	The priority given to my technical support call was appropriate to the urgency of my issue.	3.60
4.	My issue was resolved completely by this call	3.65
5.	The time taken to resolve my issue was acceptable	3.60

Rating Scale: 1= Strongly Disagree, 2=Disagree, 3= Agree, 4 = Strongly Agree

Overall the IT Help Desk received an average rating of 3.6 out of 4 on all five questions which indicates that end users are generally happy with the IT service that they receive.

THE TSN PROJECT

Efficiency

Although a full evaluation of the TSN project and primarily the PeopleSoft implementation is not within the scope of this review, we felt that it is appropriate to present our findings on certain issues that arose during the course of our analysis.

The pending PeopleSoft implementation is expected to change dramatically the way LAO conducts its business activities. The PeopleSoft implementation began in October of 2002 and is currently near the end of the Project Initiation phase.

The TSN project team reports that at this time the PeopleSoft implementation is ahead of plan and slightly under budget. Given that the project only began recently, all project costs should be strictly monitored throughout all phases of the project to ensure that the project does not go over budget.

Effectiveness

As part of our evaluation we performed a high-level review of the PeopleSoft implementation project plan and made the following observations:

- Planning & Scoping activities are scheduled to end in June 2003 – We recommend that the plan is recast and rebudgeted at that point in time since more information will be available which may have an impact on the project.

- The new IT organizational design is scheduled for September 30 2003 – We feel that this may be late in the process and recommend that the re-design occur earlier to enhance communication, facilitate learning during the implementation, and manage stress related to the change.

A key theme that arose in most of our interviews was the need for increased communication related to the impact of the PeopleSoft implementation on the IT department. Employees seem to be uncertain as to how TSN will impact their workloads and their future roles and responsibilities. Without fully understanding the potential impact of TSN, employees are finding it difficult to effectively plan and manage IT priorities and initiatives. There are also concerns that employees have not received the training they require to support the new system. Given that the PeopleSoft implementation is at an early stage, it is not surprising that employees have concerns about the future impact of the project. However, the TSN project group is aware of these issues and has taken steps to proactively mitigate against potential project risks. For example, Cedar, the organization that has been contracted to implement PeopleSoft, conducted a Change Readiness Assessment. Based on the findings from the assessment strategies have been developed by the project team to address potential risks of the project. Examples of activities that are being conducted to reduce potential project risks include:

- The establishment of a formal change management position within LAO for the TSN project.
- The development of a detailed project plan that includes resource requirements.
- The creation of formal communication tools (ie.TSN information kits).
- The establishment of a change management working group consisting of staff from a range of functional groups.

As part of the change management process the project team is also going to determine the gaps that exist between the skill sets of people within the IT department and the skills sets that are required to support the PeopleSoft system. Once the gaps are identified the project team is going to develop a training strategy to ensure that people within the department receive the appropriate training.

Several of the initiatives that are mentioned above were developed after we conducted our interviews with members of the IT group. Therefore issues such as lack of communication may have already been addressed. Since communication and change management is critical to a successful implementation of PeopleSoft it is important that all initiatives are monitored for effectiveness on an on-going basis.

HUMAN RESOURCES

LAO's HR department consists of eight FTEs[29] and is responsible for a number of services including learning and development, compensation and benefits administration. Over the past few years the HR department has made a transition from a department that was focused primarily on conducting transactional activities (such as payroll) to one that is more strategic in nature. For the purposes of this review we have limited the scope of our evaluation to a review of the HR department's costs, including variance analysis, LAO's compensation policy, training and development initiatives and the performance evaluation process.

Efficiency

- Our preliminary analysis indicates that the HR department has been inefficient in managing its actual costs in comparison to its budgeted costs[30]. Actual costs in 2001/2002 were greater than budgeted costs by 20.8%. While cost overruns have decreased from a high of 90.9% in the 2000/2001 time period they are still an issue (refer to comments on the budgeting process in the Finance section of the report).

- Over the past three years the HR department has improved in managing HR costs per LAO headcount[31]. Following an increase in HR costs per LAO headcount of 7.98% in 2000/2001 they declined by 22.19% in 2001/2002. This indicates that fewer resources are being used to support a greater number of employees, which is a sign of greater efficiency.

Human Resources Cost Analysis

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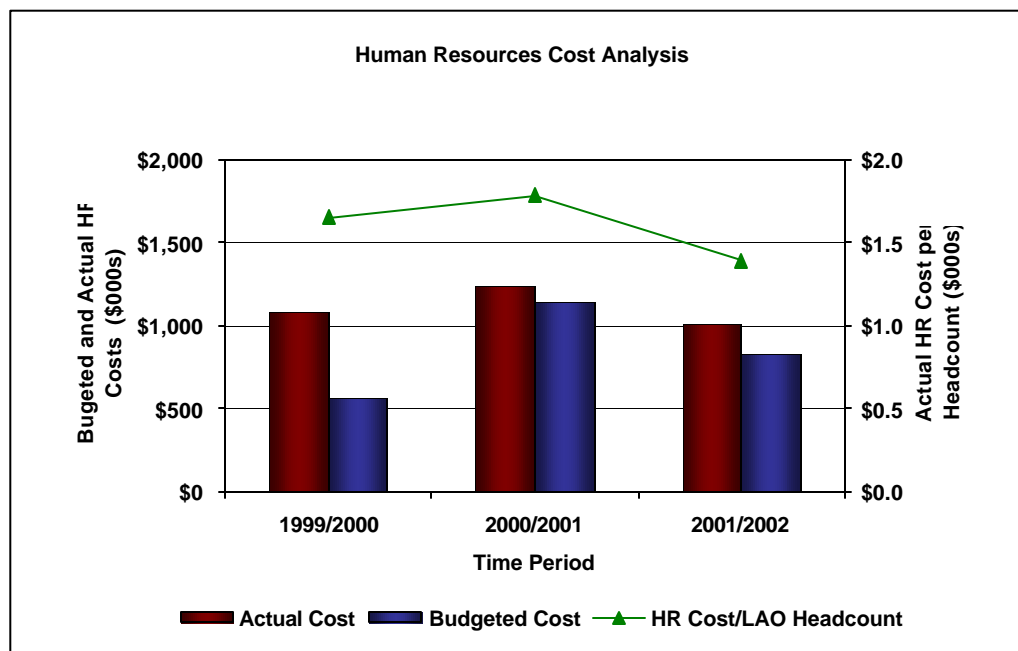
[29] Source: HR Department as of March 31, 2002

[30] Actual and budget numbers are based on LAO Month LAO Monthly Expense Reports for the past three fiscal year-ends.

[31] LAO Headcount is as of March 31, 2002 and does not include clinic employees

- In addition to analyzing overall costs incurred by the HR department we also analyzed the compensation of a sample of nine positions within the Administration department in order to determine if employees are being compensated according to prevailing market rates. In general, the selected LAO positions appear to be reasonably compensated as compared to current market rates. When compared to the median compensation rates among comparable Canadian not-for-profit organizations, of a similar scope, all of the positions analyzed were found to be within 15% of the median market rate[32].

Effectiveness

In order to assess the overall effectiveness of the HR department we analyzed a number of factors including:

1. LAO's Compensation Policy
2. Training and Development
3. The Performance Evaluation Process

LAO's Compensation Policy

LAO recently introduced a new compensation policy for its non-union employees. The new system is a significant improvement over the old compensation system, which did not provide a fair mechanism for compensating employees.

- In general the employees that we interviewed believe that the new compensation system is more effective since it creates a standardized process for compensating employees. As a result, 75% of the interviewees from the area offices rated the compensation policy as either good or excellent. Additionally, interviewees and focus group participants are pleased that the salary bands in the new system have broadened.

- Although LAO's compensation policy for non-union employees has been revamped there are still issues with the compensation policy for unionized employees. The compensation policy does not have standardized job classification categories. The salary bands are also very narrow which means that unionized employees progress to the top of their bands quickly. Additionally employees close to the top of their current band have minimal opportunity for salary growth, which reduces their incentive to grow and develop within the organization. It is important to note that the ability of LAO to restructure the compensation policy for unionized employees is subject to union negotiations.

Training and Development

In order to determine the level of satisfaction with LAO's training and development programs we interviewed a number of directors from a selection of area offices across Ontario and we held a focus group session with a number of employees from a range of functional groups within LAO.

- 50% of the people that we interviewed from the area offices rated LAO's training and development programs as good and 25% of the interviewees rated them as excellent.

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[32] Our analysis was based solely on secondary research, including sources within our proprietary compensation database. For a more detailed analysis, primary research is required.

These results indicate that people are generally satisfied with the level of training that they receive.

- While employees are generally satisfied with LAO's training and development initiatives Managers and Directors reported that the skill sets of employees in several areas of the Administration department are below the level that is required to conduct their roles and responsibilities. In the future LAO should invest more in learning and development programs such as Learn@LAO, which will enable employees to perform their jobs more effectively.

Performance Evaluation Process

One area of improvement that we identified is related to LAO's performance evaluation process. Certain departments have a consistent process for conducting performance evaluations while other departments conduct performance evaluations at random intervals over long periods of time. Although the process is supposed to be standardized across the organization, managers are not held accountable for ensuring that evaluations are conducted. As a result, employees across the organization are not evaluated on a consistent basis. In order for people to grow and develop their performance needs to be evaluated on a regular basis so that they are aware of any areas that require improvement. Additionally, the evaluation process is not linked to an incentive program, which makes the entire process less meaningful to employees.

FACILITIES AND SUPPORT

OVERVIEW

The Facilities and Support department is responsible for four main areas: facilities management, leasing, records and the resource centre which includes the mailroom and the copy centre. As of March 31, 2002 the Facilities and Support Department employed 12 FTEs. Of those 12 FTEs, one FTE is dedicated towards leasing activities and 6 FTEs work in the Records department.

For the purposes of this review we focused primarily on:

1. Leasing
2. The Records Department

Other areas that are within the scope of the Facilities and Support Department such as facilities management and the construction and renovation of facilities are not evaluated within this report.

LEASING

LAO is responsible for the leasing activities related to 53 area offices, 77 community clinics[33] and numerous satellite and duty counsel sites. Activities related to this area include:

- Lease administration and negotiation including the regular review of all LAO leases and leases entered into by Community Legal Clinics.
- Coordination of office relocation including furniture requirements.
- Retaining independent real estate agents, lawyers and other advisors as required.

Efficiency

<u>Costs</u>

- As illustrated in the graph below, the Facilities and Support department has been inefficient in managing its actual costs in comparison to its budgeted costs [34] (refer to comments on the budgeting process in the Finance section of the report). Additionally the cost per headcount[35] increased by 58.3 % in 2001/2002 which indicates that the costs of the department are increasing at a faster rate than the growth in the number of employees that the department is supporting.

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[33] Source: LAO Facilities and Support Department, February 2003

[34] Source: LAO Monthly Expense Reports for the past three fiscal year-ends. Data for the 1999/2000 period was unavailable

[35] Headcount includes employees from the clinics since the Facilities department supports clinic employees

Facilities Cost Analysis
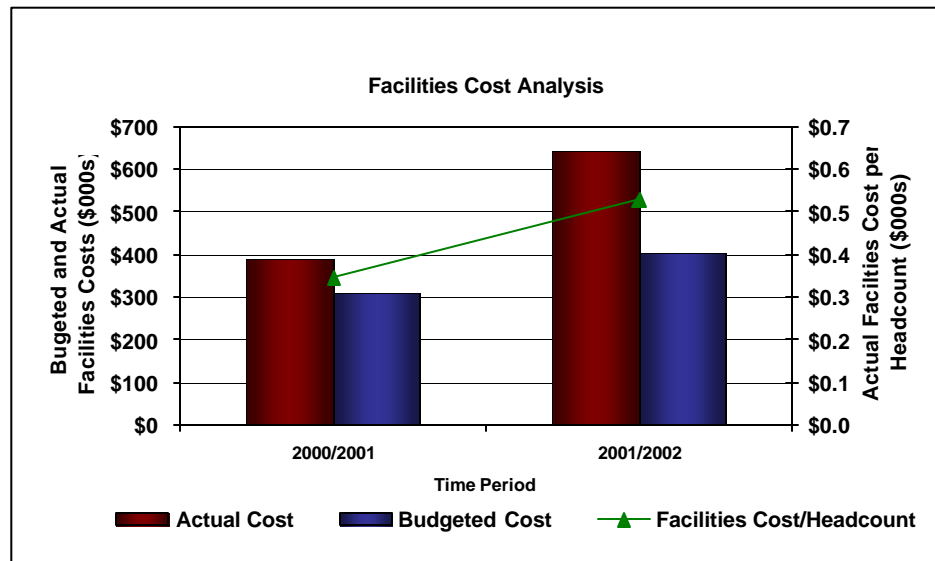
- LAO currently leases 85,876 sq. ft of space at 375/395 University Avenue for its Provincial Office, Toronto Area Office, Refugee Law Office and Family Law Office at a net rental rate of $21.00 per sq. ft. This space is considered Class B+ space. As of the 4th quarter of 2002 the average net rental rate of class A buildings in the downtown area was $25.00 per sq. ft.[36]. Therefore the cost that LAO is paying to lease the space is within the range of similar buildings in the downtown area.

- However, of all the areas within the GTA, the downtown area has the highest average net rental rate for class A office buildings. The average net rental rates for class A buildings in other areas in the GTA range from $15.46 per sq. ft to $23.78 per sq. ft[37]. Additionally the average net rental rate of class B and C buildings in the GTA, range from $10.08 to $17.98 per sq. ft.[38].

- Given that LAO currently pays $3,226,694 annually to lease its space at 375/395 University Avenue it has an opportunity to achieve cost savings by moving to a cheaper location. In 2002, LAO completed a comprehensive study that assessed whether the Provincial Office should be moved to another location. The results of this assessment indicated that cost savings of approximately $300,000[39] annually would be realized if the Provincial Office was re-located. However the study also reported that there are a number of benefits associated with the current location including: existing leasehold improvements, the proximity of the office to the courthouse, to employees' residents, to clients and to public transportation. Also, given the amount of change that LAO is currently experiencing with the TSN project and Accounts Receivable Collection project, LAO's Senior Management felt that a change in location, in addition to all the projects and initiatives underway, would cause too much disruption and change. After an analysis of the potential cost savings versus the impact of

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[36] Source: Royal LePage Commercial Inc., 2002
[37] Source: Royal LePage Commercial Inc., 2002
[38] Source: Royal LePage Commercial Inc., 2002
[39] Royal LePage Commercial Inc., 2002

relocation on clients, service providers, employees and the organization the Board concluded that LAO should not relocate its Provincial office.

- LAO should further explore the option of either:

    a) Moving certain departments or offices located at 375/395 University Avenue (ie. Administration or the Toronto Area Office etc.) to a more cost effective location outside of the downtown area; or
    b) Moving the entire office to either a class B - or C location that has cheaper lease rates.

    Since LAO recently renewed its lease at 375/395 University Avenue for another five-year term, ending in 2008 it will not have the option of further exploring cost saving alternatives associated with relocating its facilities until a later date.

Space Utilization

- Another measure of efficiency is the space utilization per person. In the past, LAO was using a standard measure of 350 sq. ft. per person to determine the amount of space required. Using this benchmark to allocate space results in increasing excessive space allocations as the number of employees increase. This is because the 350 sq.ft benchmark includes a gross amount for common areas such as a reception area, kitchenette, meeting rooms, washrooms, etc. Conversely, this benchmark may produce insufficient space allocations for area offices with a small amount of employees, as it does not provide sufficient space for common elements.

- The average square footage per person for LAO's area offices is 355.46 sq. ft.[40] and the average square footage per person is 392.71 sq. ft. for clinic offices[41], which is above the industry standard. The current industry standard for square footage per person is approximately 250 sq. ft.[42] per person (this is base office space requirements including common elements). However, in the client service facilities there is the need for larger reception areas, offices and washrooms for clients. Also, in the legal profession additional space may be required for large research centers, investigation rooms, etc.

- During the past two years, LAO has hired a Facilities Manager. This Manager has developed a new policy to improve the space utilization issue. Specifically the department requires that all offices complete a needs assessment form, which outlines the minimum space requirements of an office based on the number of employees within the office and the need for certain common elements. This process is more effective as it eliminates the space distortion caused by using the benchmark of 350 sq.ft. Moreover, it is more cost efficient as it focuses on leasing only the minimum amount of space required.

[40] Based on a sample size of 47 out of 53 area offices and excludes co-located facilities
[41] Based on a sample size of 71 out of 77 clinics and excludes co-located facilities. Also, this number is calculated based on the funding FTE per clinic, this may skew the results as clinics also provide facility support to students.
[42] Source: Deloitte & Touche Real Estate Group

Co-location

- LAO currently spends over $9 M on costs related to the leases of its 53 area offices, 77 community clinics [43] and Provincial office. The map below shows the distribution of LAO's area offices and clinics across Ontario[44].

LAO's Area Offices and Clinics

| | Area Office | | Clinic |
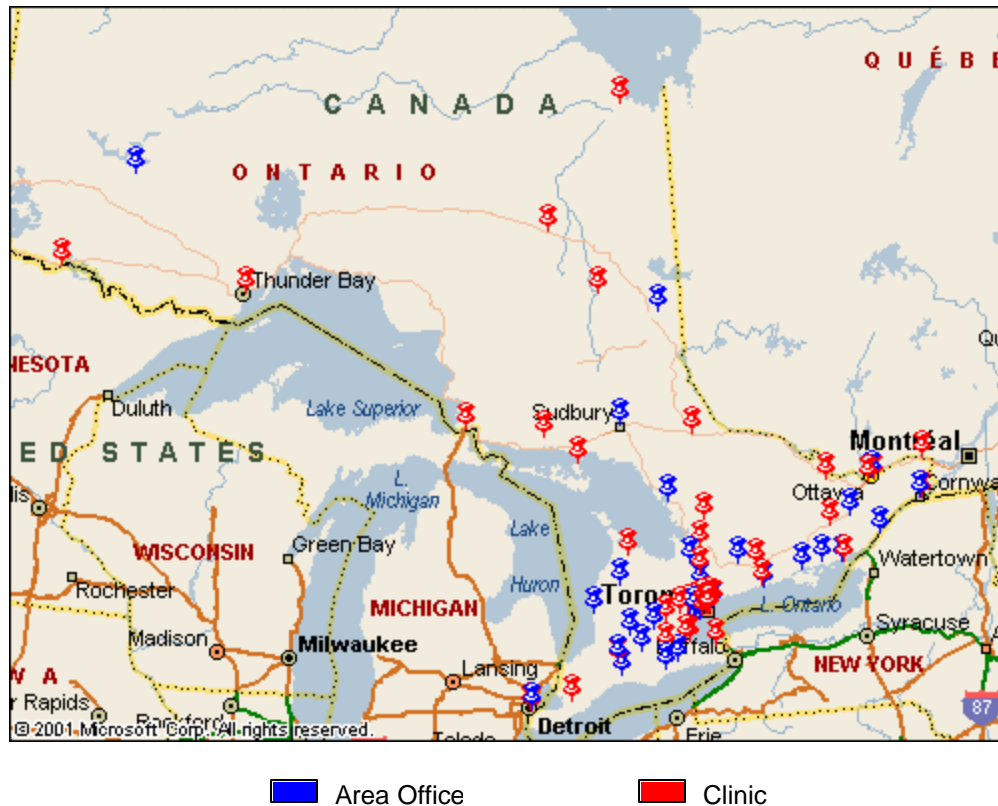
- As the map clearly illustrates, LAO has a number of affiliated offices that are situated primarily in southern Ontario with a few locations in the northern regions of Ontario. In order to improve the overall cost effectiveness of the leasing process, LAO should co-locate more of its area offices and legal clinics in the same facility. Currently only five area offices and clinics are co-located. Our analysis indicates that there are several more opportunities for clinics and area offices to utilize the same facilities.

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[43] Source: LAO Facilities and Support Services Manager
[44] Please note that 2 area offices and 3 clinics are not plotted on the map. Co-located facilities have also been excluded

- As illustrated in the maps below, there are 28 distinct clinics and 4 distinct area offices located in the City of Toronto.

LAO Clinics
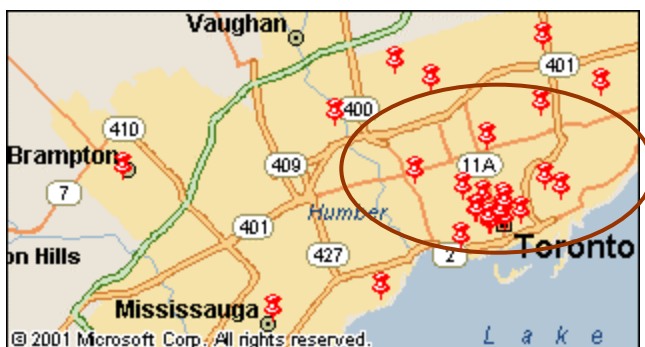
LAO Area Offices

| ■ | Clinic | ■ | Area Office |

- The primary benefit of co-locating facilities is to reduce the lease cost per person. Every facility that LAO leases has common elements such as a receptionist area, a kitchenette and boardrooms. If LAO can locate more of its employees within the same facility it can spread the costs of these common elements over a greater number of people thus reducing the lease cost per person. In addition to cost savings, co-location has other benefits including an increased customer satisfaction through a "one-stop shopping" approach.

- Although co-location has its benefits, the independent status of clinics presents LAO with unique challenges.

- However, given that LAO has over 130 offices in Ontario, it should to the greatest extent possible, focus on integrating more of its facilities in order to achieve cost savings. To facilitate this process LAO has already begun to harmonize lease expiry dates.

- In the medium to long term LAO should develop a strategy that targets the co-location of area offices and clinics within the same city.

Effectiveness

- During the late 1990s under the Legal Aid Plan of Ontario, there was uncertainty as to whether additional funding was going to be received for all of the clinics. As a result, LAO did not renew several leases for its clinics and was renting space on a month-to-month basis. This process created a huge backlog of lease negotiations and as many as 80 leases needed to be renegotiated in 2001.

- Since 2001 the Facilities and Support department has been able to effectively reduce the number of outstanding leases and it has proactively taken steps to ensure that the expiry dates of outstanding leases are staggered so that the number of leases that expire within a certain year can be managed effectively. The following chart shows the Facilities and Support department's estimate of the number of leases due to be renegotiated over the next ten years.
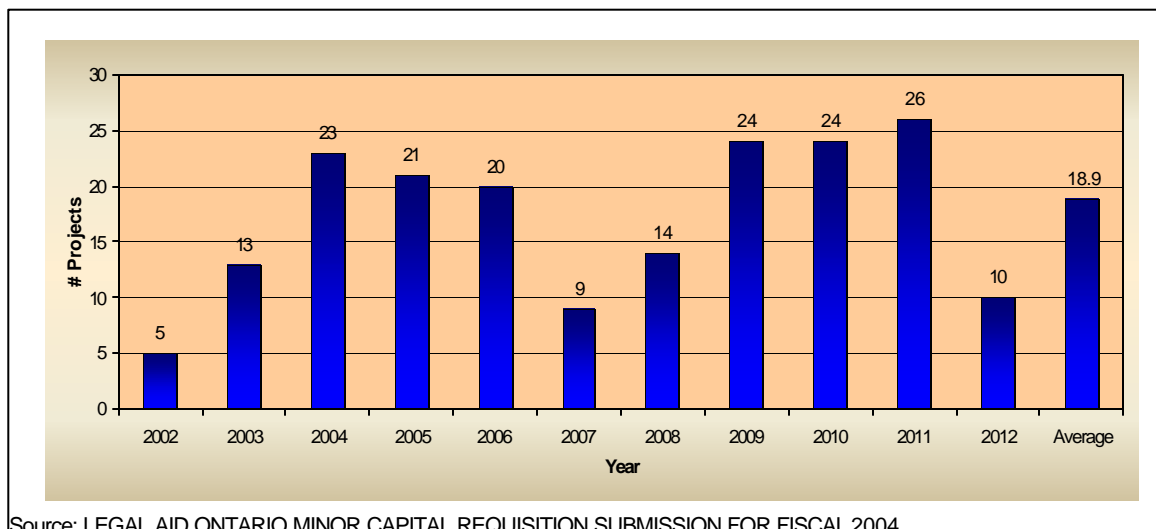
Source: LEGAL AID ONTARIO MINOR CAPITAL REQUISITION SUBMISSION FOR FISCAL 2004

- On average 18.9 leases are expected to be renegotiated each year over the next the ten years. The Facilities department should be able to effectively manage this number of leases given its current staff complement.

- One area of weakness that was noted with respect to the Facilities department is that currently LAO incurs costs to store furniture in off site storage facilities. In particular, during the 2002/2003 fiscal year LAO incurred expenses of $65,000 related to the offsite storage of furniture. Of the total cost incurred a significant proportion was spent to store old furniture that has no economic value. The practice of storing old furniture that has no economic value is not the most optimal use of resources and thus is not cost effective. It should be noted that the Facilities and Support department plans to dispose of the furniture over the next couple of months.

The records management process at the LAO is very manual. The most recent clean-up of client files was done in 1983. Since then the LAO's Records Department has been storing all client accounts either on-site (at two different locations) or off-site. As of March 2002, the LAO's Records Department budget was approximately $270,000 and the department employs four full-time and one contract employee (in addition to the Supervisor of the department).

Efficiency

- As per Policies and Procedures (2001), LAO's turn-around time for the requisitions of files located on-site is two working days and for files located off-site the process may take up to one week. However, if the request is of urgent nature the department supervisor should be notified to expedite the process. Industry best practices indicate a turnaround time of 3[45] times a day of delivery service to the requestor's location. If the request is urgent, the turnaround time is one and a half hours to two hours. Therefore the Records Department is managing records less efficiently than the industry standard.

- LAO is currently spending 15% of the budget for the Records Department on off-site storage. As stated earlier, the last file clean-up occurred in 1983, therefore LAO has retained all files created during the past 19 years. It has been stated that files cannot be eliminated due to the lack of integrity of the A/S 400 in producing lists of files that can be pulled and eliminated. However, we would encourage LAO to attempt a mass file clean-up (working in-conjunction with the Accounts Receivable department to ensure that files with outstanding balances are not eliminated) so that costs can be reduced (either through a reduction in off-site storage paid or through a reduction of space utilized in the Provincial Office related to records retention).

Effectiveness

- The LAO's Records department does not maintain statistics for the number of files retained on-site. The lack of this key statistics limits our ability to assess the cost effectiveness and efficiency of the Records Department. Specifically, the cost per file maintained cannot be determined. Moreover, without tracking the total number of files maintained, LAO's record management processes are less effective. We recommend that the LAO make an effort to determine the number of files retained both on-site and off-site.

- Once the number of files maintained by LAO is determined, LAO should evaluate whether it is more efficient and effective to maintain these files on-site or off-site. Currently, the on-site storage is significantly larger than the off-site storage space. This assessment is something that can be done as part of the analysis of how this process will be changed as a result of TSN. TSN will allow the storage of client files in an electronic format and will therefore change current processes.

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[45] According to the File Bank, 2002

- The LAO's Retention and Destruction policy is consistent with the Ministry of Attorney General's policy. For example, case files with paid Solicitors accounts should be retained for eleven years. However, as noted earlier, this policy is not being adhered to as all files are being retained without an effective on-going file 'clean up' process.

- LAO has implemented controls to monitor and track the location of client files. For example, the Records Department has an established 'outcard' policy. Therefore, when client files are given out, an outcard with the requestor name, file number and date is put in place of the file. In addition, the department supervisor fills in the file requisition sheet to indicate the whereabouts of the file. It was also mentioned that all files and cartons at the LAO have a bar code. However, each time a file is given out there is no database to scan the file bar code to in order to track the movement of the file. There is also no scanning of the file's bar code into the database, when the file is returned to the off-site storage area.

5.0 Conclusions

OVERALL ASSESSMENT BY COMPONENT & PROGRAM AREA

The overall results for each component (i.e. relevance, effectiveness, efficiency, affordability and sustainability) are based on a cumulative assessment of each Administration area in relation to each component.

We have used a Program Evaluation Scorecard to summarize the results of our review. The Score Card provides both the individual assessment by component for each Program Area and the overall assessment. The colour coding signifies the assessment rating and is explained in the legend below. Some general overall comments to support this assessment are provided on the next page and details have been provided in the section entitled Findings.

ASSESSMENT OF THE RISK LEVEL OR SIGNIFICANCE OF THE FINDINGS	
(green)	Strong results no material improvements required
(yellow)	Satisfactory results but some improvements required
(orange)	Significant improvements required
(red)	Unsatisfactory results and does not meet requirements

Overall, the results of our program evaluation can be summarized as:

Components of the Process	Relevance	Efficiency	Effectiveness	Affordability & Sustainability	Overall Assessment
Finance	green	orange	orange	yellow	orange
Information Technology	green	yellow	orange	yellow	yellow
Human Resources	green	yellow	yellow	yellow	yellow
Facilities and Support Services	green	yellow	yellow	yellow	yellow
Overall Assessment by Component	green	yellow	yellow	yellow	yellow

OVERALL CONCLUSION

Based on our review, we have determined that overall the Administration function of the Legal Aid Program is performing at a Satisfactory level but some improvements are required. It should be noted that during the past two years LAO has demonstrated a strong commitment to identifying areas of weakness and developing action plans to address these issues. Unfortunately, these essential building blocks have just recently been put into place and controls are still being developed. Therefore, at this point in time the data examined throughout this engagement does not reflect the benefits of these recent changes. It would be reasonable to state that in the future the benefits of these new processes and controls will be realized and will improve the overall assessment of LAO's Administration function.

6.0 Recommendations

The following section summarizes the recommendations contained throughout the body of this report. Our recommendations have been grouped according to the high-level components of the Administration function, specifically we have categorized our recommendations to correspond to the main areas contained within the Findings section of this report.   In order to improve the efficiency, effectiveness and sustainability and affordability of LAO's Administration function, we present the following recommendations:

Overall Administration

In order to improve the overall effectiveness and efficiency of administration at an aggregate level, LAO should implement the following recommendations:

- Improve the communication and formally document the information reporting requirements and timing of such information between LAO and MAG.

- To improve the effectiveness of LAO's cash flow management LAO should develop monthly cash flow projections. Since LAO's financial and budget information is prepared on an accrual basis, it is especially important for LAO to monitor and track cash flows. This can be accomplished by monthly cash flow projections in conjunction with a 3-year cash flow projection. This cash flow projection should begin with LAO's current cash and investment balance and should include a section on the contingency reserve fund and capital cash outlays.

- LAO should seek to stagger the expiry dates for members on LAO's Board of Directors. Also, LAO should seek to increase the amount of financial expertise and specialization of its Board Members.

- LAO should also consider establishing a Corporate-wide Project Management Office to ensure that a consistent and coordinated process governs all projects within LAO, including non-IT related projects such as the Accounts Receivable Collection project, the list of IT priorities and the TSN project. A Corporate-wide Project Management Office will ensure that project risks are managed on a collective basis and that projects are aligned with corporate objectives.

Finance

In order to improve the efficiency and effectiveness of the Finance department, LAO should focus on implementing the following recommendations:

- LAO should continue with the Accounts Receivable Collection project. Once the current 'pilot' is completed and assessed, LAO should reforecast the collection plan based on the results of the pilot. Also, at this point in time, it is recommended that LAO conduct a cost-benefit analysis to determine whether additional resources should be directed towards these collection efforts.

- Also, the processes surrounding the recording of the outstanding Accounts Receivable balance should be re-examined as the current process is not a full accrual basis of accounting. Accounts Receivable balances on the financial systems should be reconciled to the Accounts Receivable balance in the A/S 400 system. It is the goal of the Accounts Receivable Collection project to develop a process for properly recording the Accounts Receivable balance on the financial statements.

- LAO should improve the timeliness of financial reporting (which includes decreasing the month end cycle time towards the industry standard of 5-days). Also, the quality of the financial reports generated should be improved as users expressed some dissatisfaction with current reports. In the short term, this may be achieved by creating report templates in excel and exporting financial data into these templates. In the long-term user reporting requirements should be built into the PeopleSoft implementation so that reports are system generated.

- Roles and responsibilities within the finance department should be continually formalized. This includes the role of the centralized purchasing function within LAO, the interdependencies between Legal Accounts and Finance including an assessment of the potential benefits of merging these functions, and further clarification between the duties of Payroll versus Human Resources.

Information Technology

In order to improve the effectiveness of the Information Technology department LAO should focus on:

- Given the process re-design that PeopleSoft will create, it is recommended that LAO conduct a business process risk assessment. The purpose of this assessment is to ensure that sufficient and appropriate internal control procedures exist for business process integrity (including privacy compliance), infrastructure integrity, data integrity, interface integrity and application security.

- After the above assessments has been completed, LAO should determine the on-going assurance requirements and the optimal channel for delivering these assurance services. This may include hiring a person whose sole responsibility is to maintain the security of the system. Alternatively LAO could assign the responsibility of managing security to specific individuals within each functional group. Another role that should be addressed in the IT organizational structure is a Quality Assurance position. Currently there is no one in the IT department that is responsible for on-going quality assurance. The absence of a dedicated quality assurance position puts the information technology systems at a greater risk.

- Currently the CIO is not a member of the senior executive team. Within the current organization structure the CIO reports directly to the Vice President of Corporate Services. Given the strategic importance of information and IT to the organization and the fact that significant capital expenditures are made on IT initiatives consideration should be given to elevating the position of the CIO in the organization and have the CIO report directly to the President and CEO.

- Additionally, the IT department should proactively determine the amount of resources that are required to deliver IT services in an optimal manner since the department appears to be understaffed.

Human Resources

In order to improve the effectiveness of this area, the HR Department should focus on:

- Standardizing (to the extent possible) compensation and job classification categories for unionized employees so that they become consistent with LAO Comp. guidelines.

- Improving the performance evaluation process, which includes holding managers accountable for conducting performance evaluations on a consistent basis.

- Emphasizing training and performance improvements at the management and junior levels.

Facilities and Support Services

In order to improve the efficiency and effectiveness of this area, the Facilities and Support Services Department should focus on:

- Developing a detailed plan that outlines LAO's strategy for pursuing opportunities to co-locate offices to improve overall cost efficiency and effectiveness. Specifically LAO should focus on the following initiatives:
  - Co-locating area offices and clinics within the same facility.
  - Re-locating offices to smaller facilities in order to reduce the square footage per person.
  - Moving some of the departments or offices located at 375/395 University Avenue (ie. Administration or the Toronto Area Office etc.) to a more cost effective location outside of the downtown area.

- Undertaking a detailed assessment of the Records Department with the goal of reducing the amount of old files retained and determining the most cost effective balance for record retention (i.e. assess whether the current mix of on-site versus off-site should be changed and assess the cost/benefits of scanning files). This assessment should be undertaken after LAO has undertaken some essential tasks, including:
  - Determining the current number of files located on-site and off-site storage,
  - Engaging in a mass file clean-up (working in-conjunction with the Accounts Receivable department to ensure that files with outstanding balances are not eliminated).
  - Develop a revised File Retention policy and process.

Appendix A – List of Participants

As part of the Program Evaluation of LAO's Administration Function, the following people were interviewed either on a one on one basis or during a focus group session:

	Name	Organization	Title
1	Sheena Andrade	LAO	Examiner, Legal Accounts
2	George Biggar	LAO	VP, Policy
3	Rob Buchanan	LAO	VP, Client Legal Services
4	Joan Clarke	LAO	Supervisor, Records
5	Marnie Crouch	MAG	Exec. Assistant, FJSD, Past Administrative Assistant/Jr. Analyst
6	Cheryl Davis	LAO	Supervisor, Payroll
7	Michael Etcher	LAO	Senior Leasing Specialist, Facilities & Support
8	Rona Fleming	MAG	Policy Adviser, Cabinet Office, Past Counsel, FJSD
9	Janet Froud	LAO	Director, Legal Accounts
10	Elaine Gamble	LAO	Director, Communications and Public Affairs
11	Ross Gardner	LAO	Director, Finance
12	Steve Hall	LAO	Technical Lead, TSN Project
13	Maureen Hastings	LAO	Executive Lead, TSN Project
14	Diane Janisse	LAO	Staff Lawyer, Clinic Resource Office
15	Ruth Lawson	LAO	General Council
16	Mark Leach	MAG	Director, Policy Branch
17	Justice Linden	LAO	Chair of the Board
18	Angela Longo	LAO	President and CEO
19	Jimmy Luu	LAO	PC Support Specialist
20	Karl Martineau	LAO	Manager, Development Services
21	Derry Miller	LAO	LAO Board Member
22	Maureen Murphy	LAO	Research Lawyer, LAO Law
23	Lou Mustillo	MAG	Administrative Assistant/Jr. Analyst, LAPL
24	Robert Pasut	LAO	CIO
25	Elizabeth Patterson	MAG	Assistant Deputy Attorney General, FJSD
26	Murray Plichta	LAO	Supervisor, Accounting Services
27	Claire Rothery	LAO	Manager, IT Project Group
28	Martin Schindler	LAO	Senior Financial Analyst
29	Steven Schwartz	MAG	Risk & Assurance Consultant, Corporate Audit, Past Sr. Program and Financial Analyst, LAPL
30	Doug Shaw	LAO	Manager, Client Account Services
31	Leslie Slater	LAO	Director, HR
32	Harvey Strosberg	LAO	Member of the Board and Audit & Finance Sub-committee
33	Nye Thomas	LAO	Director, Policy
34	Dave Vanstone	LAO	Manager, Facilities & Support Services
35	Jeannie Viscardi	LAO	Supervisor, Data Entry
36	Marylee Web	LAO	Purchasing Administrator
37	Terese Weisberg	MAG	Senior Policy / Program Analyst
38	Fanny Yip	LAO	Change Manager
39	Julia Yoo	LAO	Manager, Financial Services
40	Michelle Seguin	LAO	Vice President Corporate Services

Appendix B – List of Area Offices and Clinics Interviewed

As part of the Program Evaluation of LAO's Administration Function, a sample of users from LAO's 53 area offices and 77 clinics were interviewed (via phone) to assess their level of satisfaction with selected Administrative services. Presented in the table below are the individuals that were interviewed.

	Name	Title	Area Office or Clinic Name
Area Offices			
1	Deborah Lockey	Office Administrator	Brantford Area Office
2	Nathalie Champagne	Executive Director	Ottawa Area Office
3	Mary-Anne Stevens	Executive Director	Windsor Area Office
4	Jennifer G. Carten	Executive Director	Kenora Area Office
5	R. B. Leach	Executive Director	Pembroke Area Office
6	Carmelo Runco	Executive Director	Hamilton Area Office
7	Elizabeth Champlin	Executive Director	Toronto Area Office
8	Jack Martin	Executive Director	Toronto Area Office
Clinics			
1	Kimberly Murray	Executive Director	Clinic in Toronto
2	Jack Fleming	Executive Director	Clinic in Brampton
3	Kenneth Bondy	Executive Director	Clinic at Elliot Lake and Northshore
4	Hugh Tye	Executive Director	Clinic in Hamilton
5	Terry Edgar	Executive Director	Clinic in Mississauga
6	Elizabeth Klassen	Executive Director	Clinic in Scarborough

Refer to Appendix C for a Summary of the Survey Results.

Appendix C – Summary of Survey Results

For each office, we asked interviewees to rate certain aspects of the Administration function on a scale from Poor to Excellent. Presented below is a summary of the survey results. Qualitative interview comments are presented through out the report.

Results of interviews with 8 area offices

Functional Group	Ratings				
	Excellent	Good	Fair	Poor	n/a
Finance					
Collections	25.0%	12.5%	12.5%	12.5%	37.5%
Accounts Payable	12.5%	62.5%	0%	0%	25%
Procurement	0%	37.5%	0%	12.5%	50%
Payroll	87.5%	0%	0%	0%	12.5%
Budgeting	25%	37.5%	12.5%	12.5%	12.5%
IT					
IT Help Desk	37.5%	50%	12.5%	0%	0%
HR					
Training and Development	25%	50%	12.5%	0%	12.5%
Pay Admin (Comp Policy)	50%	25%	25%	0%	0%
Recruitment / Staffing	75%	12.5%	0%	0%	0%
Benefits Administration	87.5%	12.5%	0%	0%	0%
Facilities and Support					
Leasing and contract negotiations	50%	12.5%	0%	0%	37.5%
Repairs and construction services	50%	0%	0%	12.5%	37.5%
Office furniture and procurement	37.5%	12.5%	0%	12.5%	37.5%

Results of interviews with 6 clinic offices[46]

Functional Group	Ratings				
	Excellent	Good	Fair	Poor	n/a
IT					
IT Help Desk	50%	33%	17%	0%	0%
Facilities and Support					
Leasing and contract negotiations	50%	16.7%	16.7%	16.7%	0%
Repairs and construction services	33.3%	16.7%	33.3%	0%	16.7%
Office furniture and procurement	50%	33.3%	16.7%	0%	0%

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[46] Clinic offices primarily use services related to IT and Facilities and Support, therefore questions only related to these areas were asked.

Appendix D – Position History detail from 1999 to 2002

The following table summarizes the position transition history for LAO's Corporate Services Area and the positions that Corporate Services reports to (i.e. LAO's President and Chair of the Board of Directors). As illustrated in the below chart, since 1999 until 2002 LAO has experienced significant transition and vacancies.

	Executives			
Position	**1999**	**2000**	**2001**	**2002**
Chair	Sidney Linden	Sidney Linden	Sidney Linden	Sidney Linden
President	Robert Holden	Sidney Linden (04/01/00 to 12/03/00) Angela Longo (12/04/00)	Angela Longo	Angela Longo
VP - Corporate Services	David Porter (04/01/99 to 07/05/99) Michelle Seguin (11/22/99)	Michelle Seguin	Michelle Seguin	Michelle Seguin
	Corporate Services Directors & Managers			
Position	**1999**	**2000**	**2001**	**2002**
Director of Finance /	Russell Hall (Controller)	Russell Hall (Controller) (to June 29 2001)	Ross Gardner (08/30/01)	Ross Gardner
Director of Human Resources	Laura Nashman (Manager, HR)	Laura Nashman (Manager, HR) (to October 5 2001)	Leslie Slater (11/01/01)	Leslie Slater
Director of Information Technology	Al Knott (04/01/99 to 06/01/99) Vacant (06/01/99 to 12/31/99)	Steve Hall (Chief Information Officer)	Steve Hall (Chief Information Officer)	Steve Hall (01/01/02 to 06/01/02, then seconded to the TSN project) Robert Pasaut, Acting CIO since June 6th, 2002
Manager of Facilities	Angela Smedema	Angela Smedema	Angela Smedema (12/31/01)	Vacant (01/01/02 to 07/01/02) Dave Vanstone (07/01/02)
Manager of Client Account Services (Collections)	Lee David	Lee David	Lee David	Doug Shaw
Manager of Finance	Position did not exist	Position did not exist	Position did not exist	Julia Yoo (11/10/02)