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Deloitte's Recommendations and LAO Status Updates

Code	Recommendation	Status August 2012
Compliance Management		
1.3 Organizational Structure	<ul style="list-style-type: none"> • Develop a compliance management program <ul style="list-style-type: none"> ○ Coordinate efforts ○ Understand risks faced ○ Focus resources on the most effective compliance measures ○ Set targets and monitor performance ○ Assign responsibilities to deter prevent and detect inappropriate activities 	<ul style="list-style-type: none"> • In 2010 the Compliance Division was formed made up of ACU, Investigations and Internal Audit • To ensure their objectivity and independent reporting they report to the VP of Compliance, whose mandate comes from the Board, and to the Audit and Finance Committee of the Board • Since 2010 the Division's strategic direction has been established through its business plan • It meets regularly formally and informally to ensure its efforts are coordinated • The Division developed performance measures in April 2012 and uses these to report on its performance to the Board • Organizational risks are identified through Compliance Division's risk management processes established in 2010 and enhanced significantly in 2011 through education, executive level and front-line risk reporting and ethics exercises • Compliance Division tracks key risk indicators associated with lawyer billings • Compliance Division implemented an Ethics Hotline December 2011 • Compliance Division is currently increasing its capacity to detect irregularly billing by implementing data analytics •

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Lawyer Services & Payments (LSP)		
4.2.3 Recommendation 1	LAO should clearly identify and document a competency profile for Adjustors to ensure that all requisite skills and knowledge are possessed by Adjustors executing reviews of lawyer accounts	Completed <ul style="list-style-type: none"> • LSP reorganized to create three regional teams with a Lawyer Manager overseeing each team. Each regional team has greater interaction with the regional business units for increased accountability. • Identified new skills competency, including paralegal license, for 4 new Lawyer Payment Specialist positions • Established LSP Human Resources & Training group to develop core competency training modules • Conducted Training Needs Assessment for LSP staff • Developed training modules on new initiatives and programs • Drafted a Framework for Accountability • Conducted LSP Team Building day
4.2.6 Recommendation 2	Implement a robust Adjustor performance management program including periodic review by management of their Key Performance Indicators ("KPI's").	To be completed <ul style="list-style-type: none"> • LSP Transformation Initiative: Quality Service & Communications working group agreed to develop Quality Assessment Framework prior to setting KPI's • Preliminary performance measures established
4.3.3 Recommendation 3	In order to ensure that the various monitoring and compliance functions are coordinated and effectively working together, LAO needs	Completed <ul style="list-style-type: none"> • Established Compliance Committee, chaired by CEO

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	to establish formal communication channels between the relevant functions.	<ul style="list-style-type: none"> Established LSP Compliance Committee (includes LSP, Finance, Investigations, Audit & Compliance, Panel Management and Compliance). Established regular meetings with LSP and the Lawyer Service Centre (LSC) Ongoing coordination of training of all new portal and billing initiatives.
4.3.6 Recommendation 4	Lawyers should be mandated to provide supporting documentation (e.g. dockets, disbursement invoices) at the time of submission for all accounts submitted to LAO for payment.	Completed <ul style="list-style-type: none"> Dockets are mandatory attachments to portal tariff accounts Dockets are optional attachments for Block Fee accounts, but dockets continue to be mandatory if requested by LAO
4.3.9 Recommendation 5	LAO should execute on its existing Adjustor quality assurance program	Partially completed <ul style="list-style-type: none"> Drafted Framework for Quality Assurance Developing QA strategy with the Quality Service Office for implementation of new discretion criteria.
4.4.3 Recommendation 6	LAO should implement additional business logic and mandatory data capture in the collection of lawyer billing data	Partially completed, ongoing development <ul style="list-style-type: none"> Introduced an electronic worksheet to capture information on discretion Re-design of the worksheet to align with new discretion criteria in development Implemented improvements to collect better court and outcome data for block fee accounts

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		<ul style="list-style-type: none"> Completed a comprehensive review of portal to identify risks and opportunities for error prevention and enhancements Portal enhancements, phase I, in development
4.4.6 Recommendation 7	LAO should enforce its policy of not paying accounts in excess of tariff maximums without the presence and diligent review of discretionary increase requests	Completed <ul style="list-style-type: none"> Enhanced the Pay-to-Max process to support immediate payment of accounts up to tariff maximum. System designed not to forward account for discretion if not requested when account submitted. Implemented policy not to pay discretion if discretion request not submitted. Revised payment messages to advise that lawyer may request discretion within 60 days. Future of Discretion initiative to provide clear guidelines for discretion payments. Finalizing middle case management processes and procedures to reduce dependence on discretionary payments and to ensure service provider operating within an approved budget.
4.4.9 Recommendation 8	LAO should ensure its solicitor file is up to date and reflects accurate list of solicitors on the lawyer panel	Partially completed <ul style="list-style-type: none"> Re-organized to move responsibility for solicitor files and record clean up is underway. Initiative underway to match LAO solicitor information with LSUC records

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General recommendation	LAO should develop, monitor and report risk indicators related to LAO's lawyer billing process.	Partially completed, in development <ul style="list-style-type: none"> Completed a review of the portal to identify potential areas of risk and opportunities for enhancements LAO identified key risks and error prevention enhancements Error Prevention Phase I: The top risks are currently in IT development. Enhancements include increased business logic, pop-up messages, improved help text and other messaging in the portal to reduce error and improve accuracy of account submission Future phases are planned Identified risks for block fee accounts and implemented portal enhancements
Post Payment Examination (PPE) (Now Audit & Compliance – ACU)		
5.2.3 Recommendation 9	LAO should align the objectives and mandate of the PPE group with LAO's compliance management framework and strategic direction.	Completed <ul style="list-style-type: none"> ACU along with Investigations and Internal Audit is now part of Compliance Division formed in 2010 with dual reporting to the VP of Compliance and to the Audit and Finance Committee of the Board of Directors in order to better focus the efforts and strategic direction of the departments and to ensure their objectivity and independent reporting ACU's mandate now aligns with Compliance Division's risk-based

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		<p>approach and is reinforced through the annual business plan</p> <ul style="list-style-type: none"> • ACU re-established meetings of the Lawyer Services & Payment Compliance Committee (includes LSP, Finance, Investigations, Audit & Compliance). • ACU developed performance measures
5.3.3 Recommendation 10	LAO should identify and document a competency profile for Examiners to ensure that all requisite skills and knowledge are possessed by Examiners executing post payment reviews.	<p>Completed</p> <ul style="list-style-type: none"> • Job descriptions for all positions were re-written in 2009 based on an expanded profile that significantly increased educational and technical competency requirements such as data analytic skills and knowledge of the tariff. Since 2010 the unit is completely re-staffed and since 2011 has a new manager.
5.3.6 Recommendation 11	A more robust Examiner performance management program should be implemented including periodic review by management of departmental Key Performance Indicators.	<p>Partially completed</p> <ul style="list-style-type: none"> • Key Performance Indicators have been identified, and are being tracked for each analyst. Baselines for the team are still being established. • ACU now reports its performance based on recently developed performance measures
5.4.3 Recommendation 12	PPE needs to be an active participant in interdepartmental communication.	<p>Completed</p> <ul style="list-style-type: none"> • Involved with discussions and updates with LSP, Internal Audit and Investigations on a regular basis. • As noted above, ACU is also involved in the re-established meetings of the Lawyer

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		Services & Payment Compliance Committee
5.4.6 Recommendation 13	PPE should implement risk-based sampling and certificate reviews as part of the group's examination process.	Partially completed <ul style="list-style-type: none"> Implemented targeted examinations – the selection of accounts based on likelihood of risk. Risk factors include: accounts with risk indicators, recommendations based on a solicitor's past billings, and accounts whose outcomes were not substantiated with ICON. LAO is currently working with outside consultants to implement data analytics tools that will more quickly identify "hot spots".
5.4.9 Recommendation 14	LAO should develop, monitor and report risk indicators related to LAO's lawyer billing process.	Partially completed, in development <ul style="list-style-type: none"> Identified key risks and error prevention enhancements LAO identified the top risks for phase 1 which are currently in IT development Identified risks for block fee accounts and portal enhancements were implemented
5.4.12 Recommendation 15	LAO should execute on its existing Examiner quality assurance program	Partially completed <ul style="list-style-type: none"> Analysts' decisions are reviewed on a regular basis via the appeal process available to lawyers. All accounts appealed are reviewed by the Sr. Examiner and the manager if needed. Results are shared with analysts. A Quality Assurance program is in development.

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Investigations		
6.2.3 Recommendation 16	LAO should align the objectives and mandate of the Investigation group with LAO's compliance management framework and strategic direction.	Completed <ul style="list-style-type: none"> Investigations along with ACU and Internal Audit is now part of a Compliance Division formed in 2010, with dual reporting to the VP of Compliance and to the Audit and Finance Committee of the Board of Directors in order to better focus the efforts and strategic direction of the departments and to ensure their objectivity and independent reporting Investigations' mandate now aligns with Compliance Division's risk-based approach and is reinforced through the annual business plan Investigations now reports its performance based on recently developed performance measures Manager Investigations member of Compliance Committee chaired by CEO Re-established meetings of the Lawyer Services & Payment Compliance Committee (includes LSP, Finance, Investigations, Audit & Compliance, Panel Management and Compliance).
6.3.3 Recommendation 17	LAO should identify and document a competency profile for Investigators to ensure that all requisite skills and knowledge are possessed by Investigators to executing reviews.	Completed <ul style="list-style-type: none"> This recommendation was completed in June 2011 The investigation group are either certified or in the process of obtaining

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		their certification in investigation techniques
6.3.6 Recommendation 18	A robust Investigator performance management program should be implemented including periodic review by management of departmental Key Performance Indicators.	Completed <ul style="list-style-type: none"> This recommendation was completed and implemented on April 1, 2012. Investigations now reports its performance based on recently developed performance measures
6.4.3 Recommendation 19	The Investigations group needs to be an active participant in inter-departmental communications	Completed <ul style="list-style-type: none"> Become a participant in inter-departmental communications; Status – Completed with the formation of the Lawyer Payments and Compliance (LP & C) Committee which meets monthly
6.4.6 Recommendation 20	Management should consider implementing a “whistleblower” program (e.g. confidential hotline) that allows individuals inside and external to LAO (e.g. panel lawyers, clients) to report any unusual or inappropriate activities.	Completed <ul style="list-style-type: none"> LAO implemented the <i>Ethics Hotline</i> with services provided by an independent company to ensure confidentiality and anonymity. The Ethics Hotline was implemented on December 1, 2011.
6.4.9 Recommendation 21	Investigations should continue to the pilot project with the liaison from the Ministry of the Attorney General to facilitate the retrieval of account dockets [<i>court records</i>]	Completed <ul style="list-style-type: none"> Since April 2010, LAO has been using Court records from MAG's ICON database to expedite and enhance verification of accounts by ACU and Investigations work.
In Section 8 – System Based Controls		
8.2.1	Court Dates	<ul style="list-style-type: none"> Implemented for Block Fee accounts

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		<ul style="list-style-type: none"> which represented about 80% of all criminal certificates For other criminal certificates, court dates are in the dockets and these can be confirmed against court data, ICON.
8.2.2	Court case number	<ul style="list-style-type: none"> Considered but not implemented not deemed to be valuable data
8.2.3	Solicitor List	<ul style="list-style-type: none"> Regular review in progress Initiative with LSUC to validate active status
8.2.4	Cost Settlement Awarded	<ul style="list-style-type: none"> Under consideration with error prevention initiative
8.2.5	Dockets	<ul style="list-style-type: none"> Implemented
8.2.6	Recording of non-lawyer hours	<ul style="list-style-type: none"> Irrelevant for block fee certificates as all services are linked to a lawyer completing the case Under consideration for others
8.2.7	Yes/No Fields	<ul style="list-style-type: none"> In development with error prevention initiative
8.2.8	Access to Ontario Court Data (ICON)	<ul style="list-style-type: none"> LAO has access to ICON based on data elements specified by LAO
8.3.1	Enhancers	<ul style="list-style-type: none"> Addressed with block fees In development with error prevention initiative for other criminal certificates
8.3.2	Tariff Hard Cap	<ul style="list-style-type: none"> About 15 lawyers go over the cap annually; in 2011, 3 lawyers were paid over the hard cap maximum; Lawyer now has access to a hard cap report which shows their hard cap status

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8.3.3	Over Tariff Maximum Notification	<ul style="list-style-type: none"> This is a significant project which is under consideration and assessment of effort
8.3.4	Over Tariff Maximum with no Discretion Request	<ul style="list-style-type: none"> Implemented
8.3.5	Minor Charge Election	<ul style="list-style-type: none"> In development with error prevention initiative
8.3.6	Minor Billings	<ul style="list-style-type: none"> Completed through payment messages and enhanced communication
8.3.7	Adjuster approval	<ul style="list-style-type: none"> Approach taken by LAO was to review the criteria for payment of discretion to clarify for the adjustors to support the adjustors in their decision making.