

### 13.

## JUSTICE - ALTERNATIVE DISPUTE RESOLUTION PROGRAM FOR COMPENSATION OF VICTIMS OF ABUSE AT PROVINCIAL YOUTH INSTITUTIONS

### BACKGROUND

**13.1** On November 2, 1994 government announced three goals to deal with allegations of sexual abuse at Provincial youth institutions, which it wanted to accomplish in a reasonable amount of time at reasonable public expense. Government's three goals were to:

- ensure abuse could not recur;
- determine what happened and who was responsible; and
- provide fair compensation to victims.

**13.2** The first goal was addressed by an institutional audit that looked at the safety of children within Provincial institutions. The audit was conducted in early 1995 and the report *In Our Care* (Samuels-Stewart) was produced in March 1995. The second goal was addressed in June 1995 when an investigation and report by retired Judge Stuart G. Stratton, Q.C. documented a number of conclusions related to allegations of abuse at five Provincial institutions. The investigation identified 89 victims of abuse at three of the institutions. In July 1995 the Department of Justice announced an Alternative Dispute Resolution (ADR) process which would focus on goal three: the compensation of victims.

**13.3** In February 1996 government began negotiations with the lawyers representing claimants. A Memorandum of Understanding (MOU) outlining a process for resolution of claims was finalized on May 3, 1996 and became effective on June 17, 1996. At the time the MOU was finalized, the estimated number of claimants had increased to 500. In 1996 government allocated \$33.3 million for claims. In 1997, an additional \$15.4 million was approved to provide funding for an increased number of claims.

**13.4** The ADR Program was developed and approved by government. It does not derive any of its mandate from legislation passed by the House of Assembly. Most of the costs of the program were not included in the Annual Estimates of the government, but rather were established by way of Additional Appropriations approved by the Executive Council.

**13.5** On November 1, 1996 the ADR process was put on hold by government and the MOU was revised. The number of claimants had increased significantly, program staff could not achieve the 45 day turnaround required by the MOU, documents thought to have been destroyed were discovered, there was increasing evidence that a number of claimants' statements were unreliable, and fraudulent claims had been detected. When the process restarted on December 19, 1996 there were 1,457 claimants. Later, in November 1997, the Department released a new set of guidelines to govern the assessment of claims, the administration of the ADR Program, and the process used for appeals of Program decisions.

**13.6** Upon release of the new guidelines, the claims process became the operation that was in place at the time of our audit. Claims received by the ADR Program are forwarded to the Department's Internal Investigations Unit for analysis. Claimants are interviewed for purposes of providing additional support for the claim, as well as evidence that may later be used in the Department's determination of disciplinary action against any perpetrators of abuse still employed by government. Based on evidence gathered and conclusions drawn by investigators, claims assessors classify the alleged abuse in accordance with a scale contained in the MOU and guidelines, and present a compensation offer to the claimant. Upon being made an offer, claimants have a right to have their case evaluated by a file reviewer; an independent lawyer who will examine the facts of the case and make a binding decision with regard to the amount of compensation to be paid. Upon finalization of the claim, the greater of 20% of the claim or \$10,000 will be paid to the claimant immediately, and any amount in excess will be paid, with interest, over a four-year period. Based on referrals from the Internal Investigations Unit, claimants may also be required to be interviewed by members of a police agency. Operation Hope - an undertaking of the Royal Canadian Mounted Police - is one such group that interviews claimants as part of its investigation of alleged criminal abuse.

**13.7** As of September 1998, 1,248 demands, totalling \$71.4 million had been received by the Program, and 812 had been settled with offers totalling \$25.0 million. Some claimants have foregone the ADR Program in favour of litigation, while others pursue civil litigation in addition to participating in the ADR Program. However, if claimants settle a claim with the Program, they waive their right to proceed with a civil action. The Department has referred 29 suspected fraudulent claims valued at \$1 million to the RCMP, but other suspected frauds have not been sent as there is insufficient evidence for a criminal proceeding. It is anticipated that the Program's claims assessment process will be completed by July 1999, but payment of claims may continue for another four years.

**13.8** By the fall of 1998, allegations had been made by claimants against 363 employees and former employees, and 328 of them had been investigated by the Department.

## **RESULTS IN BRIEF**

**13.9** The following are the principal observations from this audit.

- Internal performance reporting is sufficient, but external accountability is deficient and could be improved if regular comprehensive reports were published and provided to the House of Assembly on a timely basis.
- Extensive planning was conducted between late 1994 and early 1996, but many of the planned procedures and guidelines for the Program were later changed, partly as a result of negotiations with the claimants' legal representatives. As the ADR process progressed, the government unilaterally changed Program guidelines to implement some of the features originally planned.
- Guidelines, standards and procedures have been established for all of the Program's key processes, roles and responsibilities. Our tests indicated that there was appropriate compliance with these by Program staff.
- The ADR process was developed in 1994 and 1995, and started operating in 1996. The process was amended in December 1996, and again in November 1997. We believe that process management and controls improved over time. However,

because of the nature of the Program and the importance of negotiation in its development we were unable to form an opinion on whether value-for-money increased as a result of these improvements.

## AUDIT SCOPE

**13.10** The audit was conducted in accordance with Section 8 of the Auditor General Act. Our audit objectives were to examine and assess:

- the accountability structure and reporting practices of the ADR Program;
- strategic, operational and financial planning;
- compliance with legislation, government policy and program guidelines; and
- issues relating to economy and efficiency.

**13.11** Audit criteria developed for this assignment were discussed with program management at the beginning of this audit, and are described in Exhibit 13.2 on page 154. Our audit procedures consisted of interviews with Program management and staff; examination of processes, controls and related documents; and detailed testing of systems. Testing included an examination of a sample of claim files to assess how well the Program complied with the standards and guidelines that were developed for the compensation of victims of abuse.

**13.12** Accordingly, the focus of the audit was on Departmental operations with respect to the ADR Program. It did not address expressed complaints and concerns of Program stakeholders such as past and present employees of the youth institutions, and the victims of abuse. We did not meet with representatives of these groups because their concerns, as expressed in letters to our Office, are related closely to matters of government policy and the achievement of Program goals. Our assignment was not a Program evaluation, and thus did not evaluate whether goals were met or whether the Program adhered to principles of natural justice and fairness. In our opinion, it would have been beyond our legislated mandate to address such issues in the performance of the audit.

## PRINCIPAL FINDINGS

### *Accountability*

**13.13** The ADR Program is administered by the Department of Justice. The program was announced by government in July 1995 and a Memorandum Of Understanding (MOU) was reached with claimants' lawyers in May 1996. The MOU set out the Program principles, the compensation parameters and outlined a claims resolution process. In November 1997 the Department issued new guidelines for the administration of the Program and other matters. However, the accountability and reporting requirements of the Program were never specified.

**13.14** We observed that claim assessors report on a regular basis to the Program Director, and claims investigators used by the Program report regularly to the Executive Director of Police and Public Safety. Semi-monthly statistical and financial reports, and a monthly financial report are prepared for the Deputy Minister. We concluded that internal reporting is timely and addresses appropriate topics.

**13.15** However, we noted a separation in Program reporting responsibilities which had reportedly caused work flow problems. The ADR Program Director is responsible for all activity related to compensation claims, including timely processing of claims. Internal Investigation Unit staff investigate claims before awards are finalized, but this group did not report directly to the Program Director. They received their work assignments and priorities from the Department's Executive Director of Policing Services. Effective August 1998, all activities relating to the compensation of victims of abuse were made the responsibility of the ADR Program Director.

**13.16** We concluded that external reporting has been deficient. The Department briefly mentioned the Program in its 1996 and 1997 Annual Reports, but these reports were not issued on a timely basis and the information presented in them is not comprehensive. For example, the March 1997 Annual Report was tabled in September 1998 and contains no operational, financial, statistical or other performance information for the Program. The information provided to date, primarily through Department media announcements, has generally been issue specific and has not provided a broad overview of all aspects of the Program.

**13.17** The cumulative cost of the ADR Program has not been reported and compared with the funds appropriated by government for the Program. We have tabulated costs relating to the compensation of victims of institutional abuse (see Exhibit 13.1 on page 153), but cannot be certain that we have detected all costs relating to this issue. For example, related costs of other departments and those of Justice staff other than members of the ADR Program and Internal Investigation Unit have not been tabulated and included in the accounting for the Program. Other costs, such as those of the RCMP's Operation Hope, are also not included. Furthermore, Exhibit 13.1 does not include the forecasted cost to settle claims which were still in process at the time of our audit. Thus, the total public cost of the Program is not known.

### ***Program Planning***

**13.18** In early 1994 several civil actions were initiated against the Province by individuals who had been in custody at the Shelburne Youth Centre in the mid to late 1960's. In all cases, the accused staff person had pled guilty or been convicted of an offense. As part of the settlement procedure, the Department of Community Services (which had responsibility for the Centre at the time) and the Department of Justice began planning a process to redress the harm suffered by the individuals. The objective was to determine a cost effective, timely process for responding to incidents of sexual abuse at the Shelburne Youth Centre which would be acceptable to the claimants and the public. The planning process involved an assessment of alternatives, including traditional litigation, public inquiry and an alternative dispute resolution process.

**13.19** In August 1994 responsibility for the Shelburne Youth Centre was transferred from the Department of Community Services to the Department of Justice.

**13.20** In the Fall of 1994 memoranda were submitted to government outlining proposals for a response to the sexual abuse at the Shelburne Youth Centre. The proposals included initiating an independent investigation into the incidents and initiating an independent audit of present practices at the Centre. At the time, seven legal actions had been initiated against the Province and dozens more were expected.

**13.21** In November 1994 government announced its response to the incidents of sexual abuse at the Shelburne Youth Centre. The government announced three goals which were to be accomplished in a reasonable amount of time and at reasonable public expense. The goals were to ensure the incidents could not recur, to determine what happened and who was responsible, and to provide fair compensation.

**13.22** In March 1995 an independent auditor reported on the current practices at the Shelburne and Waterville Youth Centres. The report concluded that young offenders were not adequately protected against abuse and recommendations were provided to make the institutions safer. In June 1995 an independent investigator presented a report to government which indicated abuse had occurred at three of the five Provincial facilities. At that time, 89 individuals were identified as having suffered abuse.

**13.23** In June 1995 the Department of Justice reviewed compensation programs in other jurisdictions, conducted planning sessions and presented a proposed plan of action to government. In July 1995 government approved the Alternative Dispute Resolution (ADR) process which was based on the Ontario government's experience with its Grandview facility. Planning for the ADR process anticipated that claimants would be organized into an advocacy group. The group would be coordinated by an independent national non-profit counselling association which had a long history of dealing with sexual abuse. It was acknowledged that it was essential to the ADR process that the government negotiate with no more than one or two groups to arrange the terms and conditions of a compensation agreement.

**13.24** The number of claimants was expected to double once the government began to compensate. The ADR process was expected to take two years and eight months and cost \$13.2 million dollars. This contrasted with the alternative of defending lawsuits, which would take five years at an expected cost of \$11.4 million. The maximum award in the Ontario program was \$60,000 plus special damages for counselling and education. The maximum award planned by the Nova Scotia government was approximately \$50,000 for each of the expected 170 claimants, plus any additional amounts for special damages. The claims were to be adjudicated, which would take two to three hours for each hearing and be completed in 12 months, following a year and eight months of planning and preparation for the adjudication process. The process would include investigators who would scrutinize and validate claims before awards were paid. In other jurisdictions, claims were verified before compensation was paid. The experience of these other jurisdictions was that investigations found claims to be valid in approximately 95% of the cases.

**13.25** In February 1996 the Department entered negotiations with claimants' lawyers to determine a process for compensation of their clients. In May 1996 government agreed to a Memorandum of Understanding (MOU) with the lawyers, which included a schedule of compensation with a range of awards up to \$120,000. It provided for compensation for physical abuse, in addition to sexual abuse. Some of the factors relating to physical abuse, while considered abusive by today's standards, would not have been recognized as a criminal offense when the alleged offense took place. Also, a significant portion of the MOU was devoted to the remuneration of the numerous legal representatives for the claimants. At the time of our audit, there were 62 lawyers acting on behalf of claimants. Based on experience in other jurisdictions and the Department's planning process, it was anticipated there should not be a need for a large number of lawyers representing individual and small groups of claimants.

**13.26** The ADR Program began operating on June 17, 1996 and the estimated number of claimants had increased from 89 to 500. The revised Program announced in the House of Assembly in December 1996 noted the objectives were to compensate the abused and bring the perpetrators to justice. The process was designed to spare claimants the hardship of going through the rigours of common law courts. However, claimants still had the option of pursuing civil litigation if they wished to do so. As a result, 19 individuals opted for civil action against the Province. Also, claimants may be required to testify in the criminal court trials of alleged abusers.

**13.27** In our view, planning for the ADR Program was thorough. Different alternatives were examined and the experiences of other jurisdictions were considered. However, when the Program

began to operate, it was significantly different from that originally proposed to government. The negotiations with claimant lawyers resulted in substantial changes. We cannot express an opinion on the appropriateness of the changes resulting from the negotiations with claimant lawyers. In our opinion, it is not possible for auditors to retroactively assess the compromises made in such negotiations.

### ***Compliance with Program Guidelines and Standards***

**13.28** Compensation criteria were established in May 1996 when the Memorandum of Understanding (MOU) between the Department and the claimants' lawyers was signed. The MOU documented the compensation process and defined categories of compensation, lawyers' fees, the file review (appeals) process, and other related matters.

**13.29** In 1996, contrary to the original plan, compensation claims were generally accepted as stated and the level of proof required to approve a claim was not rigorous. At the outset, investigations focussed primarily on the accused abusers and the need for disciplinary action. Investigators often could not obtain corroborating evidence to support a claim because there were very few medical or other records available to use as evidence. Also, prior to 1997, statements were taken from some, but not all of the employees of youth institutions to assess the compensation claims and/or the allegations against them. In later years there was more documentary evidence available and the Program was able to interview the majority of the accused employees.

**13.30** The Program was suspended on November 1, 1996 as the number of potential claims had risen to 1,457, documentation thought destroyed was discovered, there was increasing evidence that a number of claimants' statements were unreliable, and fraudulent claims were under investigation. In December 1996 the Program was revised to extend the time to respond to a claim to 120 days because the original 45 day target was not realistic. Also, portions of larger awards were now to be paid by installments over four years. One significant change required the Internal Investigation Unit to expand its investigation to include the validation of compensation claims. The evaluation of claims was improved when more interviews and evidence from accused employees were included in the claim investigation process, and when investigators were able to access medical records, previously assumed to be destroyed, to help validate claimants' demands.

**13.31** New Program guidelines were issued in November 1997 to replace the MOU to help ensure only legitimate claims would be awarded compensation. The new guidelines allowed the admission of polygraph evidence on a voluntary basis. The time to process claims and give a response was extended to seven months. In addition, the independent file review process was given a standard of proof to use in the evaluation of cases and offers of compensation. Previously, no standards of proof had been set for the conduct of file reviews. The file review process permitted personal testimony of claimants and new evidence not seen by the ADR assessors to be presented during the appeal process. The new guidelines required file reviewers to base their decisions only on documentary evidence considered in the original claim assessment.

**13.32** Based on our tests and examinations, the ADR Program is complying with the current Program guidelines.

### ***Economy and Efficiency***

**13.33** Our audit examined issues related to the economy, efficiency and management of resources of the ADR program.

**13.34** *Lawyer and file reviewer fees* - As of September 30, 1998, 62 private lawyers representing claimants billed the Program approximately \$2.4 million and 20 file reviewers billed fees of approximately \$0.4 million. The total of \$2.8 million is approximately 11% of compensation awards made to that date.

**13.35** The ADR process planned in July 1995 anticipated that all claimants would be organized into an advocacy group which would be coordinated by an independent, national non-profit counselling association. The ADR plans recognized that there would be significant delays in settling compensation claims and substantial legal bills if each claimant engaged a private lawyer.

**13.36** A November 1995 review of the ADR process indicated there was no interest in forming a claimants' advocacy group and, at the time, there were 21 private lawyers representing 109 claimants. By February 1996 there were 38 lawyers representing 309 claimants. Department of Justice staff recommended that lawyers' contingency fees for current claimants should be no more than 20% of claims awarded and the percentage should be even lower for new claimants. They further recommended that claimants pay legal fees from their awards because there was no need for individual legal representation in the ADR process.

**13.37** In documentation and correspondence we reviewed, it was suggested that it was necessary for the program to pay the legal fees in order to close the deal and have people involved "feel good about it." Department officials were concerned there would be significant negative press fuelled by the large number of lawyers and victims. Other government correspondence noted a quick settlement might avoid the time and cost of a public inquiry and/or protracted litigation.

**13.38** In February 1996 government began negotiations with lawyers representing claimants and a Memorandum of Understanding (MOU) was completed in May 1996. The MOU included a schedule of tariffs which ranged from \$75 per hour for an articling clerk to a maximum rate of \$175 per hour for lawyers with ten years experience. The guidelines set a maximum of 15 hours for each individual case. Legal costs could also include travel time, travel expenses and disbursements for office costs.

**13.39** As part of our audit, we compared the fee schedule to rates paid by the government in the past to private lawyers working as Workers' Advisers in the Workers' Compensation System, and to private lawyers engaged by the Nova Scotia Legal Aid Commission. The Workers' Advisers Program, before it was recently changed, paid private lawyers \$40 per hour. Legal Aid pays private lawyers \$55 per hour for cases which cannot be staffed by Legal Aid personnel. We understand that the higher rates for the ADR Program may be due to several factors. There is a different reporting relationship for the lawyers as they were selected by and report to the claimants, not the government. The lawyers were engaged by the claimants prior to the start of the Program. Also, in some people's view, the maximum of 15 hours billable for each case may be insufficient. However, we have seen no detailed analysis explaining why the differences are so large. Without such analysis and explanation, we cannot assess the reasonableness of the rates.

**13.40** *File review* - The Memorandum of Understanding documented a process whereby an independent file review would be performed if a claimant and the Program assessor could not negotiate acceptable compensation. The decision of the file reviewer would be final and not subject to further appeal. The guidelines, standards and processes for file review were initially inadequate, but were improved over the term of the Program. We noted one instance in a test of 40 claims where a claimant's demand was \$50,000 and the Program assessor evaluated the claim as invalid because medical evidence did not support the claim, but the file reviewer awarded \$30,000 on appeal. We understand this was not an isolated incident and noted 37 claims where awards totalling \$1,162,500 were made on appeal after the Program assessor determined there was insufficient evidence to support the claimant's demand. It appears from our review that a lack of standards for the file

review process enabled file reviewers to give substantial weight to factors other than documentary evidence. We cannot estimate how many of the discrepancies described above were the result of an absence of file review standards.

**13.41** File review guidelines were improved by defining a standard of proof for file reviewers to use when evaluating claims. The November 1997 amendment to the guidelines also required that file reviews be based only on documented evidence, and allowed the results of voluntary polygraph tests on accused youth institution employees to be used as evidence.

**13.42** We noted that in 1996, file reviewers awarded 32 claimants \$1.6 million which was 79% of the original demands. After the program was revised in 1996, file reviewers awarded 84 claimants \$3.1 million; about 60% of the original demands. After the new guidelines were issued in 1997, file reviewers awarded 55 claimants \$1.1 million; about 37% of the original demands. It appears to us that the revised file review standards reduced the number and dollar amount of appeals awarded to claimants. We cannot estimate the possible monetary effect if the more stringent guidelines had been in place at the beginning because there may be other factors that partly account for the decline in the dollar amount of appeals awarded.

**13.43** *Insurance* - In July 1995 the Department located insurance policies which might have provided coverage for the compensation awarded for abuse and injuries inflicted on former youth centre residents. The Department retained an independent lawyer to determine whether the policies covered risks relating to sexual assaults, and whether the coverage might be voided by entering into agreements with claimants before the matter was resolved with the insurance providers. Planning documents indicated the ADR process would take two years and eight months, but the process was expected to be delayed by up to two years if the Province's insurance coverage for each individual case had to be assessed. A February 1996 review of options for the compensation process acknowledged that the ADR process might void insurance policies. The decision was made to proceed with the ADR Program without first ascertaining the validity of any insurance claims so as not to delay the process. We understand that the Province is considering legal action against its insurers to recover some compensation costs.

**13.44** *Process amendments* - To September 30, 1998, the ADR compensation program has awarded \$25.0 million to 812 claimants, and has accumulated related counselling costs of \$7.3 million; legal fees of \$2.8 million and other costs of \$7.8 million (see Exhibit 13.1).

**13.45** When the compensation process began in June 1996, the Department expected up to 500 claims and anticipated that the incidence of claim exaggeration and fraud would be small. Claimants submitted demands that were based, in part, on statements made to investigators employed by the Program. The statements were not subject to the same level of scrutiny as later became the norm. In addition, accused employees of the youth institutions were not always interviewed as part of the compensation validation process. In other jurisdictions, compensation claims were investigated, corroborated and verified before compensation was awarded.

**13.46** By the fall of 1996, investigators had noted conflicting information in several cases and there was evidence that some compensation awards were excessive because claims were exaggerated or false. In addition, the number of claims had increased from an estimated 500 to approximately 1,457. The process was stopped in November 1996 and changes were made to the Program which included expanding investigations so they always included the validation of compensation claims. When the compensation process restarted in December 1996, 278 claims awarding \$11.1 million had been settled. The process was amended again in November 1997 as a result of new guidelines that would help ensure only legitimate claims were paid.



**13.47** The Internal Investigations Unit has reviewed 234 compensation files and has sent 29 files to the RCMP for investigation of false or exaggerated claims. There are 508 more files pending review. However, the investigators have not sent numerous files that are of a doubtful nature because there is insufficient evidence for criminal prosecution.

**13.48** After December 1996, portions of larger awards were paid over a four-year period. The Department's current policy is to suspend compensation payments if there is evidence that a claim is exaggerated or false and a criminal charge has been laid. If the claimant is subsequently found guilty by a court of law, the program will permanently cease payments and seek restitution for amounts previously paid.

**13.49** As described throughout this Chapter, the ADR Program was made more rigorous as it proceeded. Over time, the Nova Scotia compensation process has been amended to resemble that of other jurisdictions where claims are fully investigated before compensation is awarded. We cannot estimate whether or not the Program would have paid fewer or lower compensation claims if the requirement for thorough claims investigation, as well as the more rigorous standards, guidelines and processes in other Program areas, had been in place from the beginning of the Program. We noted that the average award, including counselling costs, declined from about \$47,000 in 1996 to about \$36,000 in 1997, after the first revision to the Program. The average settlement in 1998 declined to about \$20,000 after the second revision to the Program. We also noted that the amount of the final settlements compared to the original claimants' demands declined from 64% in 1996 to 54% in 1997, and then to 32% in 1998. Management believes these declines were primarily the result of a more strict and evidence-based process, more evidence becoming available for validation of claims, as well as Program staff and file reviewers becoming more experienced as the ADR Program proceeded.

**13.50** *Management of resources* - We observed that the Program was given high priority by government and resources were provided when required. In 1996, funds totalling \$33.3 million were provided for compensation awards, and in 1997 an additional appropriation of \$15.4 million was approved for compensation because the estimated number of claimants had increased. In addition to the amounts appropriated for payment of compensation, the Department's budget included estimated costs for the operations of the ADR Compensation Program group and the Internal Investigation Unit. The Department provided the resources needed for the Program and three new information systems were developed. The systems developed for the Compensation group produce regular financial and statistical reports to help management monitor the Program's costs and progress. We found financial management to be appropriate for the nature of the Program's operations.

**13.51** *Staff development* - The program hired experienced staff, generally on a contract basis, and secondments were arranged with other agencies and organizations. New staff joining the Program received background orientation, training in the Program's computer systems, and were teamed with personnel experienced in the Program for on-the-job instruction.

## CONCLUDING REMARKS

**13.52** The ADR Program had been in process for about two years at the time of our audit. During that period there were two major revisions to the Program and, as a result, its processes became better defined and more rigorous. Standards, procedures and controls which had been originally planned at the beginning of the Program were implemented as the Program evolved. At the time of our audit, the Program was complying with the stricter guidelines and processes, and generally functioning well.

**13.53** Because of the nature of the Program and the importance of negotiation in its development, we found it impossible to evaluate from an efficiency and economy perspective. For example, it is not possible to determine whether the total cost of the ADR Program will be greater due to the delayed implementation of the guidelines and standards now in place. We could not ascertain whether declining trends in Program costs were primarily the result of more rigorous processes, or whether other factors had an influence.

**13.54** We also acknowledge that the Department had to consider fairness to the victims of abuse in the development of the Program's processes and controls. One objective of the Program was to avoid unnecessary additional hardship for individuals who have already suffered as a result of their experience with a government-operated institution. We cannot assess the value of achieving this objective and compare it with the additional cost, if any, of having claimant-sensitive processes and controls. In addition, our audit did not assess whether the Program achieved its goal with respect to fairness to victims, or any other involved individuals. That issue remains beyond the scope of our examinations.

---

*Exhibit 13.1*

**COSTS OF THE ALTERNATIVE DISPUTE RESOLUTION PROGRAM  
TO SEPTEMBER 30, 1998  
(\$ MILLIONS)**

Compensation Awards	\$ 25.0
Counselling Awards	7.3
Compensation Program Group	2.6
Internal Investigation Unit	3.3
Claimants' Lawyers	2.4
File Review Lawyers	.4
Litigation Costs	.3
Other Costs	<u>1.6</u>
<b>Total</b>	<b><u>\$ 42.9</u></b>

*Exhibit 13.2*

**AUDIT CRITERIA**

Audit criteria are reasonable and attainable standards of performance and control, against which the adequacy of systems and practices can be assessed. They relate to the audit objectives developed for the assignment, and are used to design the tests and procedures used during the audit.

The following criteria were used in our audit of the Alternative Dispute Resolution Program implemented by the Department of Justice for the compensation of victims of abuse at Provincial youth institutions.

- Responsibilities and accountability for the Program should be clearly defined and accountability reporting should be timely and accurate. Reporting should address performance relative to Program goals and priorities, and should be supported by a system of performance measurement.
- Strategic, operational and financial planning should be conducted on a regular basis and be consistent with the Program's mandate. Goals should be outcome oriented and measurable. Goals and other plans should be approved by senior management and communicated to all Program staff.
- Guidelines should be established for all key processes and there should be criteria to evaluate/assess compensation claims. Roles and responsibilities of staff involved in the Program should be clearly defined and there should be an overview function to ensure guidelines are being followed.
- Staff should have the information and resources to do their work efficiently and staff should be adequately trained. The Program should have adequate management systems for monitoring and controlling claims and Program finances.