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Lake Manitoba Financial Assistance Program: Parts C & D



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Main points

What we found

The Manitoba Agricultural Services Corporation (MASC), a crown corporation in Manitoba Agriculture, Food and Rural Development (MAFRD), was responsible for delivering the Lake Manitoba Financial Assistance (LMFA) Program, part of the Building and Recovery Action Plan (BRAP) developed by the Province in response to the 2011 flood. Part C of the LMFA Program provided residents and businesses with financial assistance to offset the costs of property damage, temporary accommodation, and flood protection measures taken as a direct result of elevated flood waters in the Lake Manitoba flood zone. Part D provided assistance for more permanent flood protection.

We examined MASC's administration of Parts C and D of the LMFA Program, particularly the adequacy of its systems and processes for setting and communicating program rules, processing claims, and communicating decisions. We also examined how the BRAP Appeals Commission and MASC handled Part C and D appeals.

We found that MASC was administering a number of BRAP and agri-recovery programs, experiencing higher than normal transaction volumes of agricultural insurance claims related to the 2011 flood, and received no advance notice that would have allowed it to prepare to deliver Parts C and D of the LMFA Program. This contributed to:

- timing and transparency problems in setting and communicating LMFA Program rules.
- inconsistencies, areas for improvement, and significant policy decisions in claims processing.
- gaps in communicating payment decisions to claimants and in handling claimant appeals.

Costs would have been better controlled if these matters had been better managed. A more detailed description follows:

Setting and communicating Program rules

The original terms and conditions for Parts C and D of the LMFA Program were publicly available, but not the detailed policies and rules developed to administer the LMFA Program. This left claimants with limited information about the types of costs they could claim and hindered their ability to determine if their claims had been properly processed. Also, policies and rules were not fully developed before claims processing began and were not all clearly documented in a comprehensive manual as they were established. This resulted in inconsistent treatment of claims, depending on when they were processed and staff members' understanding of the current policies. And some claimants felt the Province's early communications had promised that flood-affected individuals would be "made whole", which created an expectation gap when the LMFA Program's policies and rules failed to facilitate this.

Processing claims

MASC was unfamiliar with processing this type of disaster financial assistance and received no advance notice that would have allowed it to prepare to deliver Parts C and D of the LMFA Program. In addition, as well as administering the LMFA Program, it was administering several other BRAP programs, a number of agri-recovery programs, plus a larger than normal volume of agricultural insurance claims resulting from the 2011 flood. These factors, combined with time pressures, the high volume of LMFA transactions, the lack of clearly documented policies at the start, and gaps in staff training all affected claims processing.

Most payments we examined were accurately calculated (based on the policies in effect at the time of processing) and reasonably supported by appropriate documentation (with an element of trust in some cases for items that were difficult or impossible to verify). At the same time, some inconsistent treatment of claims occurred in payments for temporary accommodation, flood mitigation, damaged or destroyed household contents, and business income losses. There was also room for improvement in staff training; quality assurance and conflict-of-interest processes; file management and documentation; the management of out-sourced inspections and appraisals; and the tracking and monitoring of management information, such as payment timeliness.

Several significant policy decisions affected the payments available to businesses and residents. For example, property lot developers were allowed to claim business income losses for lost cottage lot sales and to also retain the lots for future sale, unencumbered by any provision to repay a portion of the financial assistance if the lots were eventually sold. It was unknown if the value of the lots would suffer any long-term impairment. Eligible business income losses were restricted to businesses physically touched or totally surrounded by floodwaters, denying benefits to those only affected by their location in a flooded community. And damage to attached garages—but not detached garages—was deemed an eligible cost for non-principal residences. Analysis supporting policy decisions did not always include the number of claims likely to be affected or the likely cost. LMFA Program officials told us this reflected the lack of readily available data and time pressures.

Communicating decisions and handling appeals

Letters accompanying payments to claimants did not always adequately explain what the payments were for, or why certain amounts claimed were deemed ineligible.

An appeal body was in place, but its mandate was unclear. It also lacked independent access to the LMFA Program's policies and rules. And claimants were not always adequately informed about the types of evidence and witnesses required for successful appeals.

Why it matters

As of September 30, 2013, Parts C and D accounted for about 60% of the \$134 million LMFA Program, which in turn was the biggest part of the \$175 million paid and accrued by the Province for BRAP, a group of new financial assistance programs designed to recognize the unique circumstances of the 2011 flood. Having MASC deliver disaster financial assistance unrelated to agricultural production was unusual. This kind of assistance is usually delivered through Manitoba's Disaster Financial Assistance (DFA) Program, which is administered by Manitoba Infrastructure and Transportation (MIT) through the Emergency Measures Organization (EMO).

The LMFA Program is not an ongoing program and claims processing was drawing to a close as we were completing this audit; however, our audit highlights valuable lessons learned for future programs, as well as the on-going DFA Program. While we expect that EMO will continue to deliver the DFA Program, the department or government entity that may deliver any future programs similar to the LMFA Program is unknown. We have therefore directed our recommendations, intended for disaster financial assistance programs unrelated to agricultural production, to the Province. We would also expect EMO to determine whether any of these recommendations apply to the DFA Program.

Background

BRAP

The 2011 flood was of unprecedented scope and severity. To help flood-affected families, businesses, and communities deal with this event, in May 2011 the Province announced a Building and Recovery Action Plan (BRAP). BRAP included a group of new financial assistance programs for the flooding at Hoop and Holler Bend, around Lake Manitoba, Shoal Lakes, Dauphin River, and Dauphin Lake, plus an economic stimulus program for communities affected by excess moisture.

DFA and DFAA

Claimants usually received any Provincial flood assistance unrelated to agricultural production from Manitoba's longstanding Disaster Financial Assistance (DFA) Program. But, in this case, the Province decided that the unique circumstances required new programs. The BRAP press release noted that the new programs were to recognize the unprecedented flooding and the "extraordinary steps taken to protect homes and property in the Assiniboine River basin, including the controlled release of water at the Hoop and Holler Bend and the diversion of water above and beyond normal capacity to Lake Manitoba."

Eligible costs under the DFA program are usually the same as the eligible costs under the federal government's Disaster Financial Assistance Arrangement (DFAA) with the provinces. Under the DFAA, Manitoba recovers (through a cost-sharing formula) a significant portion of any DFAA-eligible disaster financial assistance it pays directly to affected individuals, businesses, and communities. There is, however, nothing in the DFAA restricting Manitoba from designing and delivering disaster financial assistance more generous than what would be eligible for DFAA cost-sharing—as was the case for some elements of BRAP.

EMO and MASC

The Emergency Measures Organization (EMO), which is part of Manitoba Infrastructure and Transportation (MIT), administers Manitoba's DFA program. Drawing its mandate from *The Emergency Measures Act*, EMO prepares, maintains, and implements policies and procedures related to preparedness, response, and recovery from emergencies and disasters in Manitoba. But because the Province viewed BRAP as uniquely different from DFA, it chose to have the Manitoba Agricultural Services Corporation (MASC) administer most BRAP programs, including those unrelated to agricultural production. MASC mainly provides insurance and lending services and products to Manitoba's agricultural producers. It also manages Manitoba's Farmland School Tax Credit Program, as well as any federal/provincial cost-shared agri-recovery programs for farmers agreed to in response to specific disasters. MASC has a corporate office in Portage la Prairie, close to the Lake Manitoba flood zone.

DFA, BRAP and LMFA costs related to the 2011 flood

EMO reported that, as of October 2013, it had delivered DFA disaster financial assistance totaling \$265 million related to 2011 flooding outside the flood zones covered by BRAP: \$123 million to municipalities, \$88 million to the Manitoba Association of Native Fire Fighters in support of First Nations evacuations, \$39 million to First Nations for property damage, \$8 million to individual property owners, and \$7 million to businesses, farms, and non-profit organizations. In addition, as claims processing was still on-going, it estimated that another \$94 million was still to be paid (about \$58 million to municipalities, \$24 million directly to First Nations for property damage, \$9 million to non-profit organizations for First Nation flood evacuation costs, and \$3 million to individual property owners, farms, businesses, and other organizations). EMO also processed DFAA claims for all government departments, including Manitoba Agriculture, Food and Rural Development (MAFRD).

At September 30, 2013, paid and accrued BRAP costs totaled about \$175 million, as shown in **Figure 1**. The largest share of the costs and claims were for Part C of the Lake Manitoba Financial Assistance (LMFA) Program, designed “to compensate residents and businesses for the cost of uninsurable property damage and flood protection measures taken as a direct result of the elevated water levels in the Lake Manitoba flood zone”.

Figure 1: Part C of the LMFA Program was the largest individual component of BRAP

Building and Recovery Plan (BRAP) Program	As at September 30, 2013			
	Total claims	Paid (\$000s)	Accrued (\$000s)	Total (\$000s)
Lake Manitoba Financial Assistance (LMFA):				
Part A: Livestock producer feed needs	357	2,694	69	2,763
Part B: Agricultural producers	485	33,363	3,422	36,785
Part C: Residents and businesses	2,471	62,624	8,753	71,377
Part D: Permanent flood protection - residents and businesses	580	8,235	330	8,565
Administration		9,590	4,944	14,534
Sub-total for LMFA	3,893	116,506	17,518	134,024
Hoop & Holler: financial assistance for residents, businesses, and agricultural producers	637	8,946	2,734	11,680
Dauphin River Flood Assistance - commercial fishers	66	1,974	-	1,974
Lake Dauphin Emergency Flood Assistance - residents	59	332	-	332
Shoal Lakes:				
Part A: Agricultural producers	219	5,292	-	5,292
Part B: Agricultural landowner voluntary buyouts	62	13,623	4,076	17,699
Administration		979	-	979
Lake St. Martin Commercial Fishers Income Loss Assistance	39	130	3	133
Dauphin River Commercial Fishers Income Loss Assistance	51	543	-	543
Excess Moisture Economic Stimulus	42	2,380	-	2,380
Total	5,068	150,705	24,331	175,036

Source: Manitoba Agricultural Services Corporation; Manitoba Agriculture, Food and Rural Development; Crown Lands Property Agency

We examined the LMFA Program because it was new, the largest of the BRAP programs, and administered by an organization unfamiliar with the Province's DFA program. We then focused on Part C of the Program because it was the most significant part. We also examined Part D because some of the assistance available under Part C could be increased if claimants undertook permanent flood protection measures, which were funded under Part D.

Audit approach

We examined the adequacy of MASC's administration of Parts C and D of the Lake Manitoba Financial Assistance Program. In particular, we examined the systems and practices in place for:

- setting and communicating Program rules.
- processing claims.
- communicating decisions.

We also examined how the BRAP Appeals Commission and MASC handled Part C and D appeals.

We conducted most of the audit between January and April 2013. It primarily examined processes in place between July 2011 and March 2013. Our audit was performed in accordance with the value-for-money auditing standards recommended by the Canadian Institute of Chartered Accountants and, accordingly, included such tests and other procedures as we considered necessary in the circumstances.

The audit included review and analysis of Program terms and conditions, policies and practices, information systems, files, records, reports, minutes, correspondence, and other Program documentation. In performing this work, we examined 50 individual claims with 263 payments totaling \$4.4 million. We also interviewed staff from MASC and various government departments, plus 10 claimants from 2 different stakeholder groups.

Findings and recommendations

1. Timing and transparency problems in setting and communicating Program rules

1.1 Setting Program rules

1.1.1 Program terms and conditions defined eligible costs broadly

The terms and conditions for Parts C and D of the Lake Manitoba Financial Assistance (LMFA) Program specified that assistance was for flood-affected people owning or living in residences in the Lake Manitoba flood zone, plus flood-affected businesses in the zone. They provided an overview of the following eligible costs:

- incremental living expenses for temporary accommodation (following emergency evacuation to hotels).
- costs incurred to protect property and mitigate imminent flood damage, including the clean-up and removal of flood mitigation materials and debris.
- replacement or restoration of damaged household contents and business inventories.
- restoration of damage to buildings, infrastructure, and, in some cases, landscaping.
- business interruption losses.
- costs for permanent flood protection.

The terms and conditions also clearly distinguished the LMFA Program as more generous in many ways than the DFA Program. Examples of items covered only by the LMFA Program included:

- damage to non-principal residences.
- damage to principal residence landscaping.
- business income losses.
- permanent flood-proofing measures.

In addition, the terms and conditions set coverage limits. There was a \$10,000 cap for immediate flood mitigation expenses for residences, a cap of the lesser of \$300,000 and the asset's fair market value before the flood for damage to a principal residence (for damage to a non-principal residence, the lesser of \$100,000 and the asset's fair market value before the flood), and a cap of \$20,000 for permanent flood protection measures.

1.1.2 Detailed Program rules evolved during claim processing

Not all program details were specified in the terms and conditions. Several items were to be “as approved (or calculated or determined) by the Program Administrator”, with no further details. And some important terms, such as “reasonable losses”, “reasonable repair costs”, and “direct impact of flood waters” were not defined. The Program Administrator was defined as MASC, with assistance as needed from other government departments.

Detailed policies and rules necessary for administering the program were not all in place when claim processing first began. Many evolved as claims were being processed. Several staff members described this situation as “chaotic” and “unorganized”.

The lack of detail in the terms and conditions was understandable: they were providing a broad overview of the Program. And the Province wanted to react quickly to flood events, but there was insufficient time for MAFRD to work out all the details. At the same time, starting to process claims while the details were still being developed, changing, and not yet well-communicated to all staff members was problematic. Claimants were not all treated consistently as the rules applied to otherwise similar claims sometimes depended on when they were processed—although Program officials told us that they would temporarily stop processing once it became apparent a policy decision impacting the consistency of claims processing was going to occur. They also told us that any claims processed before rule changes were not re-visited to maintain consistency as claimed items were not tracked in a manner that would accommodate this. **Section 2** has more on payment processing consistency.

Recommendation 1: We recommend that the Province:

- a. develop policies and rules for disaster financial assistance programs as fully as possible before starting to process claims.
- b. treat all disaster financial assistance program claims consistently, regardless of when the claims are processed or the program rules are finalized.

1.1.3 Some original terms and conditions were amended

As claims processing progressed, Program officials amended some of the Program’s original terms and conditions. We found examples of this in the financial assistance provided for business landscaping and for family labour activities.

The original terms and conditions defined the eligible costs of restoring damage to a principal residence as those related to the “building, infrastructure, and landscaping”. In contrast, the eligible costs of restoring damage to a non-principal residence or a business were defined as only those related to the “building and infrastructure” —“landscaping” was clearly omitted. However, Program officials decided to treat business landscaping costs as eligible if they were “integral to the operation of the business”. This was consistent with DFAA guidelines that consider business landscaping costs as eligible if they are “an essential element of the function of a facility”. Officials told us that, in their view, landscaping integral to the operation of a business could be considered infrastructure. In practice, this meant that eligible business landscaping costs were paid for campgrounds and hunting lodges, and most other businesses. Only landscaping claims from property developers were denied as not sufficiently integral to the operation of their business. Officials reported that, as of September 30, 2013, the Program had paid 31 businesses a total of \$1.1 million for landscaping claims.

The terms and conditions originally defined non-arms-length labour as any labour activities conducted by family members, and set the maximum allowable rate for this labour at the Provincial minimum wage. However, partway through claims processing, Program officials decided to reimburse family labour at rates of up to \$20/hour, as long as the family members

were not living in the residence at the time of the flood. This was consistent with DFAA guidelines that limit compensation for owner or occupant labour activities to minimum wage. Officials were unable to estimate the number of claimants affected or the dollar impact.

The Deputy Minister approved the original Program terms and conditions. These gave the Minister of MAFRD the “absolute discretion to determine any payments under the Program, notwithstanding the Program’s terms and conditions”. Program officials told us that, in practice, either the Flood Administration Committee (comprised of senior MASC and MAFRD officials) or the Deputy Minister (often in consultation with senior executives from MAFRD and MASC, as well as the Deputy Ministers from MIT and Municipal Government) approved policy matters, depending on the relative importance of the issue. The business landscaping decision was approved by the Deputy Minister of MAFRD; the decision to allow the hourly rate for family labour to exceed minimum wage was approved by the Program’s Flood Administration Committee. Program officials told us relative importance was considered in terms of an issue’s sensitivity and that, in their view, the Flood Administration Committee dealt more with procedural and policy interpretation issues. They also told us that a lack of readily available data and time pressures meant policy decisions did not always consider the estimated number of claims likely to be affected or the likely cost. Recommendation 10 addresses the policy decision-making process.

1.2 Communicating Program rules to staff and claimants

1.2.1 Program rules not communicated promptly or clearly to staff

Program policies and rules were not all initially in place for Program staff. And, as the policies and rules evolved, they were not all clearly set out in a comprehensive policy manual. They were communicated in an ad hoc manner in the following ways:

- on-the-job-training.
- verbal direction from supervisors.
- Flood Administration Committee meeting minutes.
- policy documents, approved and signed by the Deputy Minister of MAFRD, covering some of the more contentious and difficult issues.
- an operations manual that eventually included common questions and responses, guidelines for eligible household contents, and a 20-page alphabetical list explaining many of the items eligible for Part C funding. This list was originally created by an employee for her own use and found to be so useful it was included in the manual.
- staff meetings.

Gaps in communicating policies and rules to staff increased the risk of incorrect and inconsistent payment decisions. Issues related to payment processing are discussed further in **section 2**.

Recommendation 2: We recommend that the Province clearly document all policies and rules developed for disaster financial assistance programs in comprehensive policy manuals readily available to all staff.

1.2.2 Claimants had only limited information about Program policies and rules

The original terms and conditions for Parts C and D of the LMFA Program were publicly communicated in early June 2011, shortly after the announcement of the BRAP program. They were available on MASC’s website, and through links on MAFRD and MIT websites. Paper versions were also available at the temporary Flood Recovery Office set up by MASC in a Portage la Prairie shopping mall. In addition, specific groups of claimants received some pertinent Program information as the rules evolved. For example, those claiming business losses received worksheets demonstrating how business income losses were to be calculated. And those with temporary accommodation claims received notices that they could claim incremental mileage for driving children to school.

But most policies and rules “determined by the Program Administrator” were never available to claimants in writing. They were not posted on any government website or available on paper. Examples of these rules included (but were not limited to):

- claimants could rent their own chain saws or boats as part of their mitigation claims.
- claimants could rent their own newly purchased storage trailers—and even their own newly purchased homes—as part of their claims for temporary accommodation assistance.
- detached garages were covered for principal residences, but not for non-principal residences; attached garages were covered for both.
- residences were considered principal residences as opposed to non-principal residences if the related property tax bill had the Manitoba education tax credit on it, although claimants could provide alternative documentation to support a principal residence claim.

While claimants could obtain information by talking with Program staff, this was not the same as being able to easily access a written and well-organized manual or series of documents clearly and completely explaining all relevant policies and rules. And, as **section 1.2.1** outlined, staff members themselves were not always kept well-informed of changing program rules.

Overall, Program rules were not transparent or readily available. This limited the ability of Program participants to claim all the benefits they were properly entitled to, plus their ability to challenge decisions denying benefits.

Recommendation 3: We recommend that the Province make the detailed policies and rules for disaster financial assistance programs publicly available.

1.2.3 Some claimants expected more generous assistance

Some of the claimants we spoke with felt that the Province had made promises that were subsequently not kept. They felt that the initial message communicated by both bureaucrats and politicians at community meetings held during and immediately after the flood was that flood-affected people would be “made whole” by the new disaster financial assistance programs. In some cases, this was later reinforced by Program staff advising them that “they would be looked after”. As a result, a number of claimants expected to be reimbursed for any and all financial losses. They also often believed that their properties “had been sacrificed” to help reduce the total amount of Provincial flood damage.

While many elements of the LMFA Program were more generous than the Province's standard DFA Program (as outlined in **section 1.1.1**), it was not designed to make individuals whole in the manner expected. Claimants expecting to be made whole were therefore unhappy with the unanticipated eligibility rules and coverage limits they encountered.

We found no records of community meetings, so we could not validate the claims that promises were made to make people "whole again". But it was a common theme expressed by those claimants we spoke with who expressed dissatisfaction with the Program.

Recommendation 4: We recommend that the Province ensure that communication strategies for disaster financial assistance programs manage claimants' expectations about "being made whole".

2. Inconsistencies, areas for improvement, and significant policy decisions in claim processing

2.1 Advances

2.1.1 Prompt payment was the most important factor

Everyone registering for assistance under the Lake Manitoba Part C program was eligible for a \$5,000 advance to help with immediate flood-related expenses. In the interest of timeliness, Program staff did not verify that people were actually flood-affected before paying them. Program officials reported issuing 1,407 advances, totaling about \$7 million.

Advances were supposed to be used for flood-related expenses. And letters accompanying the advances sent to claimants stated that they were interim payments subject to the Program's terms and conditions. But some Program staff told us that this was not always well explained to claimants. Therefore, some claimants were later surprised to learn that they had to account for how they had spent the money.

Recommendation 5: We recommend that, when providing advances to disaster financial assistance claimants, the Province clearly explain the accountability and repayment requirements.

2.1.2 Most advances recovered; 3.6% likely uncollectible

In most cases, the Program recovered advances by deducting them from amounts payable for mitigation expenses or damage to household contents or residences. If these were insufficient to recover the full advance, Program staff asked claimants to submit receipts or other information showing how the money was spent and then to return amounts spent on ineligible items.

As of September 30, 2013, Program officials reported that about 96% of the \$7 million originally advanced had been accounted for or recovered. Only 101 claimants had not yet submitted receipts to account (fully or partly) for their advances. The total still owed to the Program was about \$288,321, or \$2,854 for each claimant with an outstanding advance. Program officials

were pursuing repayment through other MASC programs and a collection agency. They estimated that about \$250,000 or 3.6% of the original \$7 million would likely be uncollectible.

2.2 Temporary accommodation payments

Temporary accommodation payments covered incremental accommodation costs for both property owners and renters if they could no longer live in their principal residences because of flood damage. Typical eligible items included (but were not limited to):

- rent.
- storage fees.
- moving costs.
- utility costs if incremental to what would normally be paid (for example, if hydro costs were being incurred at a damaged residence in order to properly maintain it, as well as at a temporary residence).
- mileage costs if incremental to the distances normally driven to work or to take children to school.
- one-time initial Internet connection fees (but not monthly fees).

2.2.1 Appropriate documentation supported most payments

In all files reviewed, the expenses reimbursed to claimants had appropriate related supporting documentation. Types of supporting documents included:

- lease agreements.
- invoices and receipts.
- signed reports self-declaring mileage.
- signed reports self-declaring personal labour hours spent moving belongings to storage or a temporary residence.
- signed reports self-declaring amounts paid to family members who assisted with moving, and the related labour hours.

Staff assessed the reasonableness of self-declared mileage and personal labour, and self-declared amounts paid to family members. These costs were typically small; the largest item on most temporary accommodation claims was rent.

2.2.2 Most payments accurate; some inconsistencies noted

Most temporary accommodation payments we reviewed were calculated accurately based on the rules in effect at the time.

Some payments were processed before the Flood Administration Committee responded to the need for policy direction on certain matters. This meant some claimants were treated inconsistently, depending on when they were paid (before or after the policy decision was made), and whether Program staff properly applied policy changes. The Committee provided policy direction partway through processing on:

- payments to claimants who (i) typically lived in warmer locations in winter or (ii) because of the flood, wanted to spend their relocation time in a warmer place during winter—although this was not typical for them.
- storage limits (eventually limited to \$200/month when claimants used their own trailers, sheds or shipping containers for storage).
- daily payments to claimants staying with family members (eventually limited to \$20/day per person, to a maximum of \$200/week per family).

As an example, the Deputy Minister signed a policy document stating that temporary assistance could not offset accommodation costs for claimants “spending extended periods of time outside of Manitoba or adjacent areas” on December 7, 2011. This was after Program staff had already approved and provided funding to some claimants to offset accommodation costs in warmer locations during winter. In at least one case, a claimant’s temporary accommodation costs while living in a trailer park in Mexico were less than his temporary accommodation costs while living in Manitoba.

The Flood Administration Committee set a limit of \$1.25/square foot (up to \$2,500/month) for temporary accommodation in rented houses to help control rental rate inflation resulting from the flood. In the applicable files reviewed, there was no documentation showing staff had obtained the square footage of the rented homes to see if this limit was complied with; however, Program officials provided evidence that this was done in other claim files.

The Program terms and conditions stated that eligible costs for temporary relocation caused by flooding had to be incremental (in other words, additional to normal costs). Therefore, hydro costs at temporary residences were only eligible costs if the claimants were paying hydro at both their former and temporary residences. Partway through claims processing, without advance notice to Program officials, Manitoba Hydro began giving flood-affected Manitobans credits on their hydro bills for costs incurred to maintain damaged properties. This meant that the hydro costs at temporary residences were no longer eligible as they were no longer incremental. Nonetheless, Program officials decided to still treat them as eligible. Program documentation used in making this policy decision estimated 100 claimants were affected at a total cost of about \$100,000.

2.3 Mitigation payments

Typical mitigation expenses reimbursed to residential claimants were for:

- labour performed by residence owners (for example, sandbagging, diking, and clean-up).
- paid labour performed by claimants’ families, friends, and neighbours, as well as arms-length third parties.
- materials and supplies.
- equipment costs, including claimants’ “self-rentals” of equipment they already owned plus equipment rented or bought specifically to deal with the 2011 flood.
- mileage for necessary claimant travel.

Mitigation expenses reimbursed to business claimants were similar, but more likely to be for payments to arms-length third parties.

2.3.1 Supporting documentation for all payments, with some trust required

Mitigation payments were supported by either third-party invoices and receipts, or claimant-prepared lists. Invoices and receipts were mostly for purchased materials and supplies, as well as rented or purchased equipment. Claimant-prepared lists were only sometimes signed and showed dates and details for:

- hours worked and miles driven by claimants.
- amounts claimants paid to friends, relatives (most typically the claimants' adult children), and neighbours for hours worked.
- hours of claimant-owned equipment use (called "self-rental of equipment").

There was an element of trust involved in the claimant-prepared lists. Following Program practice, staff requested cancelled cheques or called payees directly to confirm about one third of labour payments to non-family members. Claimants' own labour, payments to family members, and self-rental of equipment owned before the flood were typically only reviewed for general reasonableness as often no further verification was possible. Staff were supposed to confirm about one third of the payments to family members, as well as the payments to non-family members, but this rarely occurred in the files we reviewed. However, in some cases, family members submitted their own signed labour schedules. Staff assessed the reasonableness of mileage claims by checking that listed distances were consistent with area maps. For almost all payments examined, the claimant-prepared labour lists and claimed travel distances were reasonable in the circumstances.

Program staff performed additional procedures when they received third-party invoices from unfamiliar suppliers. They verified the legitimacy of these suppliers by checking to see if they were listed in the federal GST registry or the provincial business registry. If the business was not listed in either registry, staff called the suppliers directly to assess their legitimacy.

2.3.2 Payments mostly accurate; some documentation gaps and inconsistencies

Most of the payments we examined were accurate, although a small number of underpayments and overpayments were noted.

Capital purchases were generally treated as self-rentals, and claimants had to submit daily or hourly schedules of use. Staff calculated payments for equipment self-rentals using program rates that reflected both DFA Program rates and rates suggested by Manitoba construction and heavy equipment associations. Total self-rental payments were supposed to be limited to the equipment's purchase price, but sometimes there was no related file documentation showing that any limits had been considered. In particular, documentation showing the purchase price of equipment owned before the flood was often missing. Despite this, almost all self-rental payments reviewed appeared reasonable.

Capital purchases up to \$100 were allowed as eligible "small capital" expenses. Program staff told us it was Program policy to fully deny any claimed "small capital" items over \$100, although the rationale for not allowing up to \$100 was unclear. An exception was made for submitted sump pump receipts, which ranged up to \$200. These were treated as self-rentals, but claimants did not list the days or hours of use and all receipts were fully reimbursed. There was

no similar exception made for hip or chest waders, another commonly claimed “small capital” item. These were treated inconsistently in the files reviewed. In some cases, claims greater than this amount were denied completely; others were made to fit the \$100 limit by ignoring the associated tax; one was paid despite marginally exceeding the limit.

When the number of trips allowed to check on flood-damaged property was exceeded, staff properly disallowed the related mileage.

All residential payments reviewed were properly limited to the Program’s \$10,000 mitigation cap. There was no similar cap for business mitigation claims.

Some payments for family-member labour activities exceeded the Provincial minimum wage rate allowed by the original Program terms and conditions, although they were consistent with the amended terms, as discussed in **section 1.1.3**. As examples, in one case this resulted in paying \$1,738 more, increasing the total mitigation payment by 19%; in another case, it resulted in paying \$752 more, increasing the total mitigation payment by 8%.

In accordance with Program policy, all mitigation payments to businesses excluded reimbursement for any goods and services taxes paid. This assumed that businesses would likely receive credits or refunds for these amounts when filing tax returns.

Most discrepancies noted were likely related to time pressures and the high volume of transactions, as well as gaps in both communicating policies and rules to staff (discussed further in **section 1.2.1**) and staff training (discussed further in **section 2.8.1**).

2.4 Payments for damaged or destroyed household contents

Participants owning or occupying principal residences in the Lake Manitoba flood zone could claim for damaged or destroyed household contents. Damaged and destroyed household contents in non-principal residences were not covered.

2.4.1 Claimed damage assessed for reasonableness, but not typically verified

Program officials told us that, in some cases, damaged goods were already destroyed or disposed of and therefore unavailable for viewing. Also, access issues (such as continued high water levels) frequently prevented inspections. Therefore, the Program did not require inspection of damaged goods. Instead, Program staff assessed claimed damage by considering if it was reasonable (for example, claiming furniture for 5 bedrooms in a 2-bedroom residence would be unreasonable) and consistent with associated claims for damaged structures. As described in **section 2.4.2**, some claimants provided evidence that claimed household items had existed by submitting pictures of damaged goods—but existence could also be shown using pre-flood pictures or original receipts.

In the files examined, all claims for damaged household contents were reasonable and consistent with associated claims for structural damage to the residence. At the same time, staff assessments of reasonableness were not always evident or well documented in the claim files.

Starting in January 2012 (partway through processing), the Program required claimants to sign a declaration stating that the household items they were being reimbursed for had in fact been damaged or destroyed. This declaration was missing in 25% of the applicable files examined.

Recommendation 6: We recommend that the Province ensure that disaster financial assistance programs require:

- a. claimants (or program inspectors) to provide pictures of damaged household contents whenever possible.
- b. program staff to clearly document their assessments of the reasonableness of claimed damage to household contents whenever pictures cannot be provided.

2.4.2 Payment rates varied, depending on whether evidence was provided to show that claimed items had existed

The payment rates for damaged or destroyed household contents depended on whether or not claimants provided evidence showing that the claimed items had existed. Program officials put all claimed items into one of two categories:

- existence of item unverified.
- existence of item verified, either by photographs (pre- or post-flood) or original receipts.

When existence was not verified, payments were generally to be calculated using standardized payment schedules. For the most part, these were DFA schedules that specified maximum quantities and dollar amounts that could be claimed for most common household items, plus caps for different categories of items. But the LMFA Program allowed more miscellaneous unverified items than DFA (such as Christmas trees, water coolers, and camping equipment), so Program officials also developed a supplementary payment schedule to cover these. Any unverified items for this miscellaneous category that in total exceeded \$2,000 were considered ineligible for payment as they exceeded this cap. As an example, **Figure 2** shows the various category limits for unverified household items.

Figure 2: Category limits applied when the existence of household items was unverified

Category	Program limit for items with unverified existence
Household furniture	\$ 4,700/claim
Appliances	\$ 5,300/claim
Bedroom furniture	\$ 2,500/occupant
Small appliances and similar miscellaneous household items	\$ 2,000/claim
Adult clothes	\$ 1,600/occupant
Children clothes	\$ 900/occupant
Personal items	\$ 300/occupant
Miscellaneous outbuilding/outdoor items plus LMFA supplementary items	\$ 2,000/claim

Source: Manitoba Agricultural Services Corporation

When existence was verified, there were no quantity limits and payments were to be calculated using either actual or estimated replacement costs—but generally could not be less than what would be paid under similar circumstances for unverified items. All verified items were considered eligible, whether or not they were listed on the payment schedules.

For example, a claimant could claim an unverified sofa or an unverified loveseat, but not both—because of the quantity limits. But the claimant could claim both if both were verified. Further, payment for an unverified sofa could not exceed \$700, but payment for a verified sofa could be based on a higher replacement cost. And the total of all unverified household furniture items could not exceed the \$4,700 category limit shown in **Figure 2**.

There was no evidence in the files reviewed that claimants were notified in writing that their payments would vary, depending on whether or not they submitted evidence that the items being claimed had existed; however, claimants may have been told verbally. **Section 1.2.2** has more information on the need for better disclosure of Program rules to claimants.

2.4.3 Some problems with consistent application of rates

Due to a change in the process for household content claims, the payments examined reflected a lack of consistency in determining the correct rate to be used in specific circumstances. In general, prior to March 26, 2012, when the claimant provided a replacement cost that was lower than the DFA rate, Program staff were to use the replacement cost to calculate payments for both verified and unverified items; after this date, they were to use the higher DFA rate. In some files, explanations for adjustments to payments for claimed items were not as clear as they could have been. In all payments reviewed, Program staff properly applied the 10% deductible required by the Program terms and conditions.

Program staff initially obtained replacement costs for verified items by either referring to claimant-submitted receipts for replacement purchases or using values from a third-party service provider. Starting in June 2012, the Program developed its own database of replacement values and stopped using the service provider. The database used information from local stores and catalogues, plus information already obtained from the service provider.

2.5 Payments for damage to residences and businesses

Principal residence claims could include costs for damaged structures, infrastructure (such as pumps, sewer systems, and driveways) and landscaping. Non-principal residence claims could include costs only for damaged structures and infrastructure—landscaping costs were excluded. Payment for damage to a residence was limited to the lesser of the fair market value of the asset before the flood and \$300,000 for principal residences or \$100,000 for non-principal residences.

Like principal residence claims, business claims could include costs for damaged structures, infrastructure, and landscaping. (**Section 1.1.3** has more details about amendment of the original Program terms and conditions to cover business-landscaping costs). Unlike residential claims, they were not limited by a hard dollar cap. But, as was the case for principal and non-principal residences, the terms and conditions limited assistance to the fair market value of the asset before the flood.

Program officials generally interpreted “the fair market value of the asset” to mean only the structure’s fair market value, excluding the land’s value. This was because they viewed the land as still useable, despite the flooding.

2.5.1 Residential claims had required inspections, repair estimates, fair market values

Damage inspectors hired by the Program assessed structural and related residential property damage and then prepared repair estimates. The Program required them to use specialized software programmed with Manitoba pricing for material and labour for this task. Hired landscaping inspectors were given landscaping cost schedules developed by Program staff.

Inspections were typically arranged when claimants could be present to provide assistance and additional information. Despite this, in some cases, the original repair estimates had to be revised after claimants noticed missed items or corrected the quality of original materials. This reflected the difficulties inspectors faced in assessing the original condition of residences.

After receiving a damage report and repair estimate from an inspector, Program staff multiplied the property’s 2010 assessed tax value (shown on its property tax assessment) by 1.2. If the inspector’s repair estimate was close to this threshold, staff arranged for a more precise fair market appraisal by a qualified appraiser.

Almost all residential claim files reviewed had the required damage inspections and repair estimates; the initial pre-flood fair market values calculated by Program staff based on tax assessments; and, where applicable, the fair market value appraisals done by external service providers.

2.5.2 Various Provincial approaches used to obtain fair market values

Provincial government programs use various approaches to obtain fair market value appraisals. The LMFA Program hired qualified appraisers to provide it with any needed residential fair market appraisals. Program officials told us that they felt this approach yielded the most cost effective and consistent results. Claimants dissatisfied with the Program’s appraisal of their structure and wanting their own fair market appraisal had to pay for another appraisal themselves. These appraisals sometimes had significantly higher values than those of the Program—as much as \$50,000 higher in the files examined. These situations typically resulted in appeals, discussed further in **section 3.2**.

In contrast, DFA Program officials told us that they used fair market value appraisals obtained by claimants and reimbursed claimants for this cost. They reviewed a claimant’s appraisal for reasonableness and obtained their own additional appraisal only if they thought the claimant’s appraisal was unreliable.

When the Crown Lands and Property Agency, a special operating agency within MIT, appropriates land (usually agricultural and commercial property, but sometimes residential property) for provincial roads or other purposes, it does its own fair market appraisal. When the land is acquired under *The Expropriation Act*, the Agency typically reimburses those homeowners who choose to get their own appraisals. All appraisals and related evidence are then usually presented to the Land Value Appraisal Commission, an independent adjudicative tribunal

that decides the compensation payable for government land acquisitions. The Agency typically also pays homeowners' associated legal costs (if any), which can be significant.

Claimants are more likely to be satisfied with a fair market appraisal by a qualified appraiser that they have selected. And there is greater due diligence if the Province also obtains its own qualified appraisal. But the legal and other costs associated with resolving differing qualified appraisals can be substantial. In some cases, these costs may outweigh the benefits of the Province obtaining its own appraisal. Some LMFA Program staff suggested that averaging the Program's appraisal with one from the claimant would have been the best approach.

Recommendation 7: We recommend that the Province analyze the costs and benefits of the different approaches used to obtain residential fair market values, as well as possible alternative approaches, and then adopt an equitable and consistent approach for all programs or clarify why different approaches are needed.

2.5.3 Residential damage payments accurate and consistent with Program policy

The residential payments we examined for structures, infrastructure and landscaping were generally calculated correctly by Program staff. These payments were based on the estimated repair costs and fair market values obtained from external damage inspectors and fair market appraisers. Damage payments based on repair cost estimates were properly calculated using the rates in the Program's estimation software and in its landscaping cost schedule, and included a 10% contingency for unforeseen circumstances, consistent with Program policy. And, consistent with the Program's terms and conditions, payments had a 10% holdback applied, which claimants could recover if they undertook permanent flood protection measures under Part D of the Program (or, for totally destroyed residences, once the Program received confirmation from municipal officials that the residential site had been properly cleaned up). When repair amounts exceeded the \$300,000 or \$100,000 caps or the fair market value of the residential structures, payments were properly reduced.

All payments we examined were consistent with the policy developed for outbuildings (detached garages, guest houses, gazebos, boathouses, woodworking shops, sheds, etc.). The Program's terms and conditions stated that both principal and non-principal residences were entitled to "reasonable costs of repair" for structures (subject to the overall Program caps of \$300,000 for principal residences and \$100,000 for non-principal residences, plus the fair market value limits). In addition, Program officials decided that outbuildings would be "reasonable costs" (in other words, eligible costs) for principal residences only. An outbuildings policy reflecting this decision was approved by the Deputy Minister of MAFRD in October of 2011. As a result, non-principal residents could be reimbursed for damage to attached garages, but not detached garages. They could also be reimbursed for damaged pumps in outbuildings, but not any damage to the structures surrounding the pumps. Some claimants found these decisions hard to understand.

2.5.4 Business payments accurate, but there were fair market value issues

Program payments to businesses for structural, infrastructure, and landscape damage were supported by a combination of:

- damage inspection reports and repair estimates submitted by external inspectors.
- suppliers' quotes and paid invoices submitted by claimants.

The suppliers' quotes and paid invoices, together with the damage inspection reports, were typically used when businesses started repairs without waiting for financial assistance. Payments based on estimates had an extra 10% contingency added for unforeseen circumstances, but payments based on actual invoices did not. Business payments had no holdbacks (unlike residential payments). Almost all payments were calculated accurately.

Program staff were supposed to compare repair estimates to estimated pre-flood fair market values based on tax assessments. Program officials told us that this was being done, but that it was not always documented. The applicable files we reviewed had no documentation showing it was being done. We compared the estimated repairs to the 2010 tax-assessed values ourselves and found that, in most cases, the estimated repairs were less.

The Program's view that "the fair market value of the asset" meant only the "structural asset" caused problems for some business landscaping claims. Applying this interpretation to businesses with limited or no structural assets that earned their income primarily from the land (such as campgrounds) restricted the financial assistance available to them. The Flood Administration Committee therefore decided to consider the reasonableness of each business-landscaping claim individually. For example, one campground with no structural assets was paid \$269,510 in landscaping costs. In determining that this was reasonable, the Flood Administration Committee noted that the 2011 tax assessment value of the campground's land was \$150,800, but reasoned that 10 times the campground's annual income would exceed the \$269,510 and reflect what someone would be willing to pay for the business. The Committee did not support this reasoning with a written fair market value appraisal of the business from a qualified appraiser.

The \$269,510 payment included landscaping costs only for what Program officials considered common areas. Landscaping costs in areas where renters were allowed to place non-principal residences (such as trailers) were ruled ineligible because non-principal residences were ineligible for landscaping costs—despite the fact that the owner of the land was not the owner of the non-principal residences and the land was being rented out to generate business income. The dollar amount ruled ineligible was \$96,313.

Recommendation 8: We recommend that the Province ensure any comparisons of estimated repairs to estimated fair market values required to calculate disaster financial assistance payments are adequately supported and properly documented.

2.6 Payments for business income losses

2.6.1 Significant policy decisions determined assistance available

The Program’s terms and conditions stated that compensation was available for “a net income loss due to direct impact of flood waters impacting the continuous operation of the business”. The amount of assistance was to be determined by the Program Administrator.

Program officials told us that the Deputy Minister informed them on January 31, 2012 that only business losses for the 8 months from May 1, 2011 to December 31, 2011 would be eligible, and the Flood Administration Committee approved a policy to this effect. A number of businesses continued to incur losses beyond December 31, 2011, and some appealed the December 31, 2011 cut-off. In all cases, the BRAP Appeals Commission upheld the original decision to deny further compensation, ruling there was “no Program in place for these losses”. Program officials did not estimate the likely costs of different cut-off periods before establishing the December 31, 2011 cut-off.

Program officials also decided that only those businesses physically touched by floodwaters and those that could not be accessed because of floodwaters would be considered “directly impacted”. Some businesses in the flood zone that did not meet these criteria still considered themselves directly affected because they lost all or most of their business income due to their location in a flooded community. These businesses were all denied compensation. A Program policy document stated “if the Flood Recovery Office started approving these losses, there is no end to the number of possible applications”, although Program officials did not estimate a likely number of such applications or their potential cost. The Deputy Minister of MAFRD was informed of this interpretation of the terms and conditions, but did not formally approve it. Some of the business income losses paid by the Program seemed more likely attributable to the location of the business in a flooded community than the physical damage suffered—particularly where the physical damage was minimal. Program officials did not consider any portion of these losses ineligible.

Program officials recognized that business income losses suffered by property developers selling cottage lots were unique. As the developers retained the land, “lost cottage lot sales” might only be deferred, not permanently lost. Program officials considered requiring developers to repay any assistance provided based on future sales, as well as taking ownership of the lots, but ultimately decided to allow the developers to claim business income losses unencumbered by such provisions. It was unknown if the value of the lots would suffer any long-term impairment. This policy decision was approved by the Deputy Minister of MAFRD. The related policy document stated that if the eligible business loss period was extended past the December 31, 2011 cut-off, any future assistance payments should be “determined on the actual loss of the property or not” and that “if the property is deemed to have future value, then a specific negotiation as to paying for carrying costs should be done at that time with each developer”. There were 6 business loss payments to property developers totaling \$1.7 million.

Recommendation 9: We recommend that the Province ensure that:

- a. policy choices are supported by analysis of the estimated number of claims affected and the related costs.
- b. disaster financial assistance payments compensate only actual or likely losses.

2.6.2 Calculations not well explained; some had weak support or errors

Program officials decided that business income losses would be calculated by subtracting the net income actually earned between May 1 and December 31 of 2011 from the net income that would have likely been earned in that time if the flood had not occurred. This included adjustments for business expenses foregone due to the flood (for example, “saved” salaries and wages), plus any incremental expenses incurred only because of the flood (for example, incremental marketing expenses).

Program staff asked businesses to submit income tax returns for the past 3 years. This assumed that, for most businesses, the average net income on the tax returns would be a reasonable starting point for determining the net income that would have likely been earned in the May-to-December period, particularly for well-established seasonal businesses that operated only between May and December. At the same time, staff realized that further adjustments and alternative documentation would be needed in some cases (for example, where the business was a recent start-up or where it had been operating year-round, not just seasonally).

The quality of the alternative documentation accepted, as well as the quality of explanations for claimed adjustments and final calculations, varied. For example, support for claimed revenue ranged from signed lease agreements to a claimant-prepared list of sales. It was sometimes unclear how staff had verified or calculated claimed adjustments for incremental expenses, or how they ensured the completeness of saved expenses. For example, some files showed the property tax reductions given by municipalities as saved expense adjustments; others did not. Many of the documents collected or submitted did not directly support the final amount paid, but there was frequently no explanation as to which were used in the final calculation.

While most calculations were accurate, in one case a \$3,200 underpayment occurred because incorrect pricing was used to calculate earned revenue. There were also 2 cases where staff did not adjust for additional information received from the claimant after the business losses had already been calculated and paid. In one case, this resulted in a \$9,512 overpayment (from not adjusting a previous calculation of saved wages); in the other case, it resulted in an \$1,800 underpayment (from not adjusting the loss to reflect later receipt of a tax return).

Recommendation 10: We recommend that the Province ensure there is clear and complete file documentation supporting all business loss calculations.

2.7 Permanent flood protection payments

Most permanent flood protection payments we examined were for rock-work retaining walls. There were also payments for lifting structures to flood protection levels set by water stewardship staff (who were initially part of the Department of Conservation; then later part of MIT). Consistent with the Part D terms and conditions, eligible costs could not exceed \$22,000—up to \$20,000 for flood protection measures, plus up to \$2,000 for a related engineering assessment. Permanent dike costs were also eligible, although none of the payments we examined were in this category.

2.7.1 Appropriate intra- and inter-departmental coordination occurred

The Individual Flood Protection Initiative (IFPI) administered by MIT also funded structure-lifting. IFPI had a 14% deductible, after which it would pay up to \$34,400 for residential structures and up to \$86,000 for business structures. Amounts received under Part D of the LMFA Program reduced the funding otherwise available under IFPI. There was administrative overlap between the 2 programs, but no overlap in payments.

Staff administering Part D of the LMFA Program and IFPI shared applications so claimants applying to one were automatically applying to the other. And MASC staff relied on IFPI inspections to ensure that structures were in fact lifted to appropriate flood protection levels.

The different staff handling Part C and Part D applications also communicated appropriately with each other. In all files reviewed, staff properly released Part C residential damage holdbacks once they confirmed that permanent flood protection was in place.

2.7.2 Payments supported by receipts and inspections

All permanent flood protection payments examined were supported by receipts for the work done. Program staff also considered the reasonableness of the receipts submitted. In one case, review of receipts from a contractor showed that the rates being charged were unreasonable, leading to a \$2,400 reduction in the amount charged and then claimed.

With minor exceptions, for all rock-work payments examined, Program staff inspected the rock-work walls before issuing the payments. Initially, these inspections were done to ensure the walls conformed to all eligibility criteria. For example, temporary walls were originally considered ineligible, although they were later allowed, as discussed further in **section 2.7.3**. Following this policy decision, inspections merely confirmed the existence of the walls. Inspections were typically documented through file notes and photographs. For all payments for lifted structures examined, MIT staff performed the IFPI inspections described in **section 2.7.1** before LMFA staff issued the payments.

2.7.3 Policy allowed payments for temporary structures

All Part D payments examined were correctly limited to the Program's \$20,000 cap. Many of these payments were also affected by policy decisions.

Program policy allowed staff to consider crushed-rock retaining walls an eligible Part D expense, even though the smaller rock used in these walls was likely to be washed away, making them temporary—not permanent. Program staff initially denied a claim for this type of wall, but the decision was later reversed by a member of senior management. Shortly after, the Flood Administration Committee approved a policy allowing such claims. In one case, the Program used Part D funds to reimburse a claimant for the \$14,000 cost of building a temporary rock wall, and then used Part C funds to reimburse him for the \$4,100 cost of disassembling it (treating the disassembly as an eligible mitigation clean-up expense). This effectively allowed \$18,400 of mitigation expenses, or 84% more than the \$10,000 mitigation cap.

Program officials noted that some individuals claiming permanent flood protection costs for both installing rock walls and lifting structures were exceeding the Part D cap. Therefore, the Flood

Administration Committee approved a policy allowing rock wall costs to be transferred from Part D to Part C (as long as claimants didn't exceed the \$10,000 mitigation cap and the work was completed by November 30, 2011)—even though the walls had not been built for immediate flood relief.

The Flood Administration Committee also approved a policy stating that expenses incurred for the permanent flood protection of vacant residential lots were ineligible; therefore, all claims related to vacant lots were denied. This policy flowed logically from the Part D terms and conditions, which stated that Part D assistance was to protect structures. Claims by campgrounds and property lot developers for permanent flood protection were also denied if there were no structures on the land.

2.8 Management framework

2.8.1 Gaps in staff training

At the peak of claims processing (between February and August 2012), there were about 37 people processing Parts C and D payments. Senior managers gave these Program staff an overview of MASC and the LMFA Program, but provided no formal training. Staff said they learned primarily on-the-job, mostly by figuring things out on their own or seeking guidance from peers and supervisors. They were typically assigned to specific kinds of payments, which helped to build their expertise. For example, staff were dedicated to processing payments for temporary accommodation; business income losses; structural and related damage; or mitigation expenses, together with expenses related to damaged household contents and Part D claims.

Providing staff training for the LMFA program would have been challenging since it was so new and policies and rules were evolving while claims were being processed. And some of the claimants we spoke with noted the hard work and dedication of the Program staff processing their claims. But given the number and complexity of the policies developed, together with the inconsistencies and discrepancies noted in **sections 2.1** through **2.7**, staff would likely have benefited from some formal training.

Recommendation 11: We recommend that the Province provide staff with sufficient training before they start processing disaster financial assistance claims.

2.8.2 Payments reviewed, but room for improvement

Senior staff or supervisors reviewed all proposed payments before cheques were requested. These reviews caught some errors—we found examples where the reviews prevented the use of incorrect rates or payments for ineligible items. But the reviews varied in quality and detail. As a result, not all errors and discrepancies were identified and corrected. Time pressures, the volume of transactions, staffing levels, and a lack of clarity about policies and policy changes may have all contributed to this. Payments were also reviewed a second time by financial staff at MASC before cheques were generated. These reviews focused more on the mathematical accuracy of data input sheets and overall reasonableness, and were less detailed. In addition, the Flood Administration Committee and MAFRD executive reviewed all business mitigation payments over \$10,000, landscaping payments over \$30,000, and all other business payments over \$300,000.

Realistically, not all payments could be reviewed in detail. Program officials therefore needed to ensure that all higher-risk payments (and a sample of all others) were reviewed in sufficient detail to flag problems. They also needed to balance payment accuracy with processing speed. But since they did not track and monitor the results of in-depth quality assurance activities, they had no way of knowing if the Program was achieving an acceptable level of accuracy, or if corrective action was needed. Payment timeliness is discussed further in **section 2.8.7**.

Recommendation 12: We recommend that the Province ensure disaster financial assistance programs have quality assurance processes that:

- a. select all high-risk payments (plus a sample of all others) for detailed review before release.
- b. track and monitor the level of payment accuracy and identify any corrective action required.

2.8.3 Better conflict-of-interest processes needed

MASC's conflict-of-interest policy required all employees to declare in writing any actual or potential conflicts of interest. It also required senior management to ensure all conflicts affecting independence were identified and resolved.

Employees signed conflict-of-interest forms when hired or promoted. But conflicts typically arose after the forms were signed, if staff were assigned claims for family, friends, relatives, or neighbours. Staff told us that they used their own discretion to decide if they were comfortable handling the claim of someone they knew. When staff identified conflicts, managers transferred the claims to other staff. Providing additional supervisory review would also mitigate the risk. No related documentation was kept. We did not find any conflicts-of-interest in the files examined.

Recommendation 13: We recommend that the Province identify and mitigate risks associated with staff processing disaster financial assistance claims for family, friends, relatives, or neighbours, and ensure that all declared conflicts of interest and their resolution are documented.

2.8.4 Better management of out-sourced inspections and appraisals needed

In total, the Program hired 9 firms with about 35 inspectors to inspect property damage and prepare repair estimates—although Program officials told us that the firms did not all work during the same time period. A maximum of 12 inspectors were working at any given time. Program officials reported that, collectively, the inspectors did 1,950 property damage inspections and repair estimates, at a total cost of about \$1.8 million. The Program also hired 3 firms with 5 appraisers to do fair market value appraisals, with a maximum of 4 appraisers working at any given time. Collectively, the appraisers did 462 fair market appraisals, at a total cost of about \$400,000.

Program officials told us that they selected the firms based on general inquiries and quotes obtained from selected suppliers, rather than through competitive tendering. Program officials

said that this was to get the inspectors out in the field as soon as possible—appraisers started inspecting some accessible properties in September 2011. But weather conditions and continued high water levels throughout the spring, summer, and fall of 2011 prevented many inspections from occurring until the spring and summer of 2012. This left enough time for greater use of competitive tendering.

Contracts setting out a general description of the work to be done were signed with all service providers. None of the contracts had clauses concerning necessary qualifications or work experience. Nor did they have any clauses on potential conflicts of interest. Program officials said they relied on the service providers' reputations. As well, they provided orientation sessions for contract inspectors and appraisers that covered the need to avoid conflicts of interest.

Inspections of property damage were not always conducted efficiently. Inspectors arranged their own site visit times, contacting claimants directly to arrange convenient times when they or their representatives could be present. There was no centralized process coordinating the inspections to minimize inspector travel time. Program officials had to stop using one service provider who was unable to deliver services promptly.

Some of the damage inspections and fair market value appraisals conducted were unnecessary. For example, a landscaping inspection occurred when it had already been established that the structural damage alone exceeded the asset's fair market value, making an estimate of additional landscaping costs redundant. And a fair market value appraisal was obtained in a situation where the estimated repair costs were well below the pre-flood fair market value estimated by Program staff.

- Recommendation 14:** We recommend that, when hiring contract inspectors and appraisers to support disaster financial assistance programs, the Province:
- specify the qualifications, experience, and service levels required.
 - use competitive tendering whenever possible.
 - ensure service provider contracts have clauses setting out procedures to identify and resolve conflicts of interest.
 - schedule inspections and appraisals only where necessary and in an efficient manner.

2.8.5 Processes to detect program abuse, but gap in checking for insurance

Both Program staff and citizens calling the Program office occasionally identified claims requiring further investigation to assess if claimants had presented false information or misrepresented facts. MASC's compliance unit conducted these investigations.

Claim processing and payment were stopped pending investigation results. When the compliance unit concluded that claimants had provided false information (intentional or not), any further payments were suspended and steps were taken to recover any amounts paid. MASC's legal counsel and the Flood Administration Committee also considered whether to take further legal action.

Program officials reported that, as of September 2013, the compliance unit had investigated 10 Part C and D claimants and found that payments totaling about \$273,000 had been based on false or misleading documentation. About \$21,000 was recovered from legitimate claims made under

other components of the LMFA Program and management was pursuing the balance through other legal avenues. In addition, the unit prevented an additional \$891,000 from being paid inappropriately.

While residential insurance for flood damage is generally not available, businesses can get insurance covering flood-related property damage and business interruption losses—although the cost may be high. In one case, an external source told Program officials that a business had such insurance, prompting officials to halt a significant payment and begin a thorough investigation. But there was no indication in any of the files reviewed that staff routinely asked businesses if they had any insurance covering their flood-related losses.

LMFA and DFA staff realized that many claimants submitted applications to both programs. This was often the result of confusion over where to apply, not an overt attempt to double dip. EMO took the lead in coordinating efforts to ensure that the same claims were not paid twice. This was done by matching data from both programs.

Recommendation 15: We recommend that the Province ensure disaster financial assistance staff routinely inquire and document if claimants have any insurance offsetting their flood-related losses.

2.8.6 File management challenges

The Program kept paper as opposed to electronic claim files. Only some information was stored in an electronic database, primarily information received electronically, such as claimants' pictures or reports from external inspectors and appraisers. The paper file was supposed to be a stand-alone and complete record of each claim and include printouts of any information stored in the electronic database.

Keeping paper as opposed to electronic claim files posed some challenges. All the different types of payments available to Program participants under Part C were considered a single claim and filed together. But as only one person could look at a paper file at any given time, work on the different types of payments sometimes proceeded more slowly than it could have with electronic files. And claimants were sometimes told that answers to questions had to be postponed until the paper file could be retrieved. Also, documents were sometimes filed in the wrong claim file and occasionally went missing, requiring claimants to resubmit paperwork.

There were also problems with the organization of materials in the paper claim files. These were exacerbated by the fact that the Program never developed standard templates for claimants to use in submitting information. This would have made it easier to find information in the paper file and reduced the number of times claimants failed to include all required information with their submissions, resulting in processing delays.

In addition, there were problems with the completeness of the correspondence in the paper files. Program staff frequently communicated with claimants by telephone and email. But telephone conversations were not always documented and emails between Program staff and claimants were not always printed out and placed in the paper file. Staff were expected to record discussions with claimants in a comments screen in the claims payment system, but they did so

infrequently because the system was hard to use. Staff also did not always use the standardized form for documenting communication with claimants that Program officials developed in January 2012. These correspondence gaps meant that claimants sometimes had to repeat information already communicated.

These challenges were exacerbated by the number of staff all dealing with an individual claimant at the same time. This was eased to some extent once Program officials assigned case managers to coordinate all the different types of payments being made to individual claimants in July 2012.

Recommendation 16: We recommend that the Province store all disaster financial assistance data and correspondence electronically and develop standard templates to help claimants submit all required information.

2.8.7 Limited management information

Program staff did not always code payment and other information in enough detail to support management oversight. They tracked some data and ran some regular reports, but this was not always comprehensive enough to discern trends or to facilitate retroactive claim adjustments when policy changes occurred.

Program staff tracked the total dollars paid in broad expense categories (for example, the total amounts paid for temporary accommodation, mitigation, household contents, structural and related damage, and business income losses). But they did not track expense sub-categories. As an example, this meant that the mitigation expense total could not be further broken down into amounts paid for claimant-declared labour, family-related labour, or self-rentals of equipment.

Program staff also ran weekly reports showing the number of contents and mitigation claims completed and waiting for processing. There were no similar reports for other claim types (such as those for structural damage or business income losses). In addition, the Program didn't track the length of time claims waited for payment—even though a major Program goal was to process claims as quickly as possible. As **Figure 3** shows, payment wait times (from when all required information had been received) were varied for the files we examined.

Figure 3: Payment wait times (from when all required information was received) were varied for the files examined

Payment type examined	Average time to payment (days)	Range of payment times (days)
Mitigation	53	8 - 155
Contents	54	27 - 79
Structural and related damage to residences (once repair estimate received)	71	31 - 105
Structural and related damage to residences (once fair market value appraisal received)	36	5 - 189
Business income losses	54	27 - 79

In some cases, the overall claim-processing time (from initial receipt of the claim to payment) was lengthy because claimants initially failed to provide all required information or because inspections and appraisals of residences were delayed. Tracking the processing time for claims would help flag those waiting too long for information to be submitted or for payment. It would also help in setting customer service standards and the staffing levels required to meet them.

Program staff sometimes tracked the types, counts, and dollar amounts of claimed items denied, although this was not done in all cases and the information collected was not always collated and reported. This kind of information would be useful when making decisions about eligible items and setting dollar limits for similar future programs. For example, when asked, Program officials were able to run reports showing that, as of March 31, 2013, about 12% of the 1,463 mitigation claims received had exceeded the \$10,000 limit prescribed by policy and that the average excess was \$3,149, ranging from a few dollars to \$28,190.

Program staff did not initially tag payments as being DFAA-eligible or not. This meant they needed to re-examine and code a large number of payments a second time.

Recommendation 17: We recommend that the Province track the following management information for disaster financial assistance programs:

- a. amounts paid for different types of expenses in major expense sub-categories.
- b. wait times for payments, including the time from initial receipt of a payment request, as well as the time from receipt of all required information.
- c. types, counts, and dollar amounts of claimed items denied.
- d. amounts recoverable from the federal government under cost-sharing arrangements.

3. Gaps in communicating decisions and handling appeals

3.1 Communicating Program decisions to claimants

3.1.1 Problems in communicating Program deadlines

The Program terms and conditions, publicly available as described in **section 1.2.2**, made it clear that Part C and D claim applications had to be registered on or before November 30, 2011, although not all claim information had to be submitted by this date. Deadlines (if any) for completing eligible work, incurring eligible expenses, and submitting related supporting documentation varied, depending on the types of payments. Some deadlines were stated in the Program terms and conditions; others were communicated on a more ad-hoc basis.

The Part D terms and conditions stated that, to be eligible for funding, flood protection measures had to be completed by October 31, 2012—while at the same time noting that, to be eligible for IFPI funding, flood protection measures had to be completed by December 31, 2016. A June 2012 update letter sent to all claimants stated “The deadline for completing other flood mitigation measures (but not IFPI projects) under Part D is October 31, 2012”. Nonetheless, some claimants told us that they became confused over these 2 different dates when the Program

began verbally communicating a November 30, 2012 deadline for submitting supporting documentation for rock-work retaining walls. Some thought all Part D work, including lifting structures, had to be completed by October 31, 2012 and supporting documentation submitted by November 30, 2012.

The Program set a January 31, 2013 deadline for receiving documentation supporting payments for mitigation expenses and damage to household contents. This was communicated to all claimants in a formal letter sent on January 2, 2013. Review of claimant correspondence showed that some claimants felt this letter provided inadequate notice of the deadline—particularly for a program that had been on-going without any mention of a deadline for 20 months.

As of October 31, 2013, Program officials had not set any dates for receiving documentation supporting business income losses. Nor had they set any deadlines for receiving documentation supporting structural damage (plus infrastructure and landscaping damage) to residences and businesses. However, once Program staff sent claimants a letter with the Program's final payment for any structural damage to their residence, they sent a second letter telling claimants they could continue to claim for temporary accommodation for another 12 months, and that they would have to submit all related receipts one month after.

Recommendation 18: We recommend that the Province communicate all disaster financial assistance program deadlines clearly, in writing, and with as much notice as possible.

3.1.2 Decision letters required improvement

Claimants received letters with all payments. But some letters explained how the payments had been calculated better than others. And while information on cheque stubs provided additional information about payments, it was not always sufficient or user-friendly. Some claimants told us that they didn't always understand what the payments they received were for, or whether submitted items had been accepted, adjusted, or denied. All letters gave information about appealing decisions.

Program staff told us copies of the repair estimates or fair market appraisals (depending on the situation) accompanied letters with payments for damaged structures. In addition, they said they generally invited claimants to the Program's office to collect their payments, receive additional verbal explanations, and sign the waiver and indemnity clause in all these letters. The clause absolved the Program of any liability for the repair or replacement of the structures.

Letters that went with temporary accommodation payments had a generic paragraph listing the types of expenses (such as rent and mileage) that could be claimed, but not specifying which of those were included in the payment or the related dollar amounts. Any items or amounts claimed but deemed ineligible were not highlighted or explained.

A standard letter accompanied payments for advances, mitigation expenses, household contents, and business income losses. While the generically worded paragraphs did not explain what the payment was for, this information could be gleaned from the accompanying cheque stub plus any

previously sent cheques stubs. And Program officials told us that expense reports with further explanation accompanied all mitigation payments.

While cheques stubs and documents accompanying payment letters helped highlight ineligible amounts in broad categories, they generally did not explain the specific items involved, or why these items were ineligible. The exception was items ineligible because they exceeded the \$10,000 mitigation cap, which were labeled as such.

Claimants deemed ineligible under the Program (typically because they lived outside the Lake Manitoba flood zone) were not sent letters; they received verbal notification that they were ineligible. However, starting in July 2012, case managers began finalizing all completed claims by sending letters to claimants explaining that they either had not qualified for any assistance or had received all payments owed, and their cases were being closed.

Recommendation 19: We recommend that the Province:

- a. communicate all disaster financial assistance program decisions in writing.
- b. ensure that all decision letters clearly indicate whether claimed items have been accepted, adjusted, or denied.
- c. provide user-friendly explanations of how payments were calculated and why any claimed items were adjusted or ruled ineligible.

3.2 Handling claimant appeals

3.2.1 Appeal body in place, but room for improvement

Claimants had 60 days from the date a payment was received to appeal Program decisions. Appeals were heard by the BRAP Appeals Commission. This Commission heard most BRAP appeals, with some exceptions (Shoal Lakes appeals were handled by other commissions and decisions related to the Excess Moisture Economic Stimulus Program were non-appealable). The BRAP Appeals Commission also heard IFPI appeals, as they were tied to Part D funding under the LMFA Program. The Appeals Commission had 20 part-time members, plus a Head Commissioner. The Head Commissioner was appointed by the Province and he then hired the part-time members. All appeals were heard by 3 members, with one acting as the chair.

As of October 31, 2013, Appeals Commission records showed that claimants had filed 405 Part C appeals and 16 Part D appeals. The majority of Part C appeals filed (62%) were related to payment decisions for damaged or destroyed residences. A total of 275 (68%) of the Part C appeals and 12 (75%) of the Part D appeals had been heard and a decision rendered. Of these, 24% of the Part C appeals and 8% of the Part D appeals were successful in at least partly altering original decisions. Commission decisions were final and could not be further appealed.

Appeals Commission staff scheduled hearings at times convenient for appellants and once they were ready to proceed. Once appeals were scheduled, both parties had up to 10 days before the hearing date to submit evidence and identify witnesses to be called. If either party brought new evidence to the hearing, it could be heard if the other party agreed. If not, the hearing was adjourned and a new date set.

The Appeals Commission did not track the time from when it received an appeal to the hearing date or the time from the hearing to issuing a written decision. In a sample of 5 appeals, there were, on average, 92 days between receiving the appeal and the hearing date, and 28 days between the hearing date and the date a written decision was issued.

Appeals Commission members lacked direct access to the detailed Program policies and rules as these were not publicly available or clearly documented in a comprehensive policy manual (as outlined in **sections 1.2.1** and **1.2.2**). The members we spoke with said they relied on Program staff to explain, present and interpret these rules in hearings and educational sessions held outside of the hearings. Further, some members were unclear as to whether they could make decisions contrary to the policies and rules that Program staff developed to augment the Program terms and conditions. Our review of appeals showed that most Appeals Commission decisions were consistent with the detailed policies and rules presented by Program staff.

Appeals Commission decisions were set out in formal letters sent to all parties. The letters summarized the information presented by both parties and concluded with a decision. The letters we examined sometimes lacked good explanations for the decisions. For example, a decision to award an additional \$24,000 for damage to a principal residence was not directly linked to the fair market value appraisal provided by either the Program or the appellant. And some decisions were explained by stating that the appellants had not provided sufficient evidence to show why the Program decision should be overturned, without explaining why the evidence presented by the appellants was insufficient.

Recommendation 20: We recommend that the Province ensure that appeal bodies for disaster financial assistance programs:

- a. have clear mandates.
- b. have independent access to program policies and rules.
- c. clearly explain the reasoning supporting their decisions.

3.2.2 Gaps in information available to help claimants with appeals

During appeal hearings, both sides presented evidence under oath to support their position. Appellants received appeals information to help them prepare for this, but it was insufficient. Although appellants were told to provide evidence and be clear in stating what they wanted, they sometimes failed to act in their own best interests. They provided emotional testimony describing what had happened and made it clear that they “wanted their homes back”. But they didn’t always understand the evidence needed for a successful appeal.

For example, in appeals related to the fair market value of residences, Program representatives brought their externally-hired appraiser to present and defend the Program’s valuation and challenge any value presented by the appellants. However, appellants did not always obtain their own appraisal to argue that the Program’s figure was too low. Further, even when appellants had obtained their own appraisal at their own expense, they did not always realize it would be important to bring their appraiser to the hearing to defend their valuation and challenge the Program’s valuation. Appellants also did not always understand the need to bring receipts to support claimed costs.

Appellants were also handicapped by the lack of detailed explanations in Program decision letters, as described in **section 3.1.2**. Without a decision letter clearly listing the items being denied or the detailed Program policies and rules being applied, it was sometimes hard to frame a counter-argument. And, as **section 1.2.2** explained, claimants had no way of knowing the detailed Program policies and rules they might use in their arguments because these were not publicly available.

Recommendation 21: We recommend that the Province provide claimants appealing disaster financial assistance program decisions with generalized written guidance on the types of evidence and witnesses likely required for successful appeals.

Summary of recommendations

The LMFA Program is not an ongoing program and claims processing was drawing to a close as we were completing this audit; however, our audit highlights valuable lessons learned for future programs, as well as the on-going DFA Program. While we expect that EMO will continue to deliver the DFA Program, the department or government entity that may deliver any future programs similar to the LMFA Program is unknown. We have therefore directed our recommendations, intended for disaster financial assistance programs unrelated to agricultural production, to the Province. We would also expect EMO to determine whether any of these recommendations apply to the DFA Program.

1. We recommend that the Province:
 - a. develop policies and rules for disaster financial assistance programs as fully as possible before starting to process claims.
 - b. treat all disaster financial assistance programs claims consistently, regardless of when the claims are processed or the program rules are finalized.
2. We recommend that the Province clearly document all policies and rules developed for disaster financial assistance programs in comprehensive policy manuals readily available to all staff.
3. We recommend that the Province make the detailed policies and rules for disaster financial assistance programs publicly available.
4. We recommend that the Province ensure that communication strategies for disaster financial assistance programs manage claimants' expectations about "being made whole".
5. We recommend that, when providing advances to disaster financial assistance claimants, the Province clearly explain the accountability and repayment requirements.
6. We recommend that the Province ensure that disaster financial assistance programs require:
 - a. claimants (or program inspectors) to provide pictures of damaged household contents whenever possible.
 - b. program staff to clearly document their assessments of the reasonableness of claimed damage to household contents whenever pictures cannot be provided.
7. We recommend that the Province analyze the costs and benefits of the different approaches used to obtain residential fair market values, as well as possible alternative approaches, and then adopt an equitable and consistent approach for all programs or clarify why different approaches are needed.
8. We recommend that the Province ensure any comparisons of estimated repairs to estimated fair market values required to calculate disaster financial assistance payments are adequately supported and properly documented.

9. We recommend that the Province ensure that:
 - a. policy choices are supported by analysis of the estimated number of claims affected and the related costs.
 - b. disaster financial assistance payments compensate only actual or likely losses.
10. We recommend that the Province ensure there is clear and complete file documentation supporting all business loss calculations.
11. We recommend that the Province provide staff with sufficient training before they start processing disaster financial assistance claims.
12. We recommend that the Province ensure disaster financial assistance programs have quality assurance processes that:
 - a. select all high-risk payments (plus a sample of all others) for detailed review before release.
 - b. track and monitor the level of payment accuracy and identify any corrective action required.
13. We recommend that the Province identify and mitigate risks associated with staff processing disaster financial assistance claims for family, friends, relatives, or neighbours, and ensure that all declared conflicts of interest and their resolution are documented.
14. We recommend that, when hiring contract inspectors and appraisers to support disaster financial assistance programs, the Province:
 - a. specify the qualifications, experience, and service levels required.
 - b. use competitive tendering whenever possible.
 - c. ensure service provider contracts have clauses setting out procedures to identify and resolve conflicts of interest.
 - d. schedule inspections and appraisals only where necessary and in an efficient manner.
15. We recommend that the Province ensure disaster financial assistance staff routinely inquire and document if claimants have any insurance offsetting their flood-related losses.
16. We recommend that the Province store all disaster financial assistance data and correspondence electronically and develop standard templates to help claimants submit all required information.
17. We recommend that the Province track the following management information for disaster financial assistance programs:
 - a. amounts paid for different types of expenses in major expense sub-categories.
 - b. wait times for payments, including the time from initial receipt of a payment request, as well as the time from receipt of all required information.
 - c. types, counts, and dollar amounts of claimed items denied.
 - d. amounts recoverable from the federal government under cost-sharing arrangements.
18. We recommend that the Province communicate all disaster financial assistance program deadlines clearly, in writing, and with as much notice as possible.

19. We recommend that the Province:
 - a. communicate all disaster financial assistance program decisions in writing.
 - b. ensure that all decision letters clearly indicate whether claimed items have been accepted, adjusted, or denied.
 - c. provide user-friendly explanations of how payments were calculated and why any claimed items were adjusted or ruled ineligible.
20. We recommend that the Province ensure that appeal bodies for disaster financial assistance programs:
 - a. have clear mandates.
 - b. have independent access to program policies and rules.
 - c. clearly explain the reasoning supporting their decisions.
21. We recommend that the Province provide claimants appealing disaster financial assistance program decisions with generalized written guidance on the types of evidence and witnesses likely required for successful appeals.

Response of officials

Manitoba Agriculture, Food and Rural Development would like to thank the Office of the Auditor General for its review of the Lake Manitoba Financial Assistance Program (LMFAP) Parts C & D. As outlined in the report, the Building and Recovery Action Plan programs were designed to recognize the unprecedented flooding and the extraordinary steps taken to protect homes and property in the Assiniboine River basin. Due to these unique circumstances, Manitoba delivered disaster assistance programs that were more generous than what would be eligible under the federal government's Disaster Financial Assistance Arrangement.

MASC was directed to administer non-farm property damage programs as part of the Building and Recovery Action Plan. Concurrently, MASC's regular workload was extended with the largest AgriInsurance payout in its history and the administration of a number of agricultural emergency assistance programs. In this context, we are pleased that the audit results were generally positive, reporting few errors and confirming that most issues were dealt with appropriately. Most of the report's recommendations are general in nature and are appropriate for future provincial disaster programming. The top priority for the administration was ensuring programs and payments were delivered in a timely fashion in order to minimize financial and human stress on program applicants.

Manitoba's Disaster Financial Assistance (DFA) program is administered by the Emergency Measures Organization (EMO). EMO maintains and implements policies and procedures related to emergencies and disasters in Manitoba. Manitoba will consider whether any future property loss program such as Part C of the LMFAP should be delivered by EMO or be administered by another organization. In either case, additional administrative resources will be required in order to facilitate a quick and efficient response to the next major provincial disaster.