REVIEW OF THE SOCIAL ASSISTANCE METHODOLOGY FOR COMPLIANCE

REPORT

Table of Contents

Executive Summary

PURPOSE OF THE STUDY

In 1990, the department upgraded its social assistance compliance and monitoring activities and issued guidelines to regional offices. These guidelines were instituted as a critical tool to address the department's accountability requirements and ensure that the expenditure growth was appropriate. However, subsequently concerns have been raised by the Auditor General and others over the adequacy of the present compliance program. The department has recognized a need to re-examine and enhance the effectiveness of compliance and accountability for the Social Assistance Program.

To respond to these concerns, the Departmental Audit and Evaluation Branch contracted with a team of three national firms to undertake a review. The project planning began at headquarters in December 1994. The firms conducted the fieldwork from February 1 to March 17, 1995 in the regions under the direction of a departmental steering committee. The purpose was to assist the department to address many of the concerns raised by the Auditor General. Specifically the firms were requested, in the context of the current Social Assistance Program framework, to:

1. assess the adequacy of the compliance, monitoring and the accountability framework in regional processes related to the Social Assistance Program, concentrating on:

   @   reporting to Parliament for the expenditure of public monies;
   @   the compliance of the program to its authorities, and national and provincial social assistance standards; and
   @   the compliance of First Nations with the terms and conditions of their funding arrangements for the program;

2. identify ways and means for a more cost-effective approach to the conduct of compliance reviews and monitoring of social assistance activities, given current and future levels of human and financial resources;

3. identify benefits and recommend practices that could be used to ensure compliance reviews are an effective management tool to reduce risks in the areas of eligibility, social assistance leakage and potential fraud; and

4. identify avenues for the development of instruments that the regions can use to ensure that social assistance payments and funding are pursuant to existing authorities, are appropriate and that there is assurance departmental accountability is properly discharged.

BACKGROUND

The Department of Indian Affairs and Northern Development (DIAND) funds the delivery of social assistance to on-reserve recipients. The 1994-1995 expenditures for social assistance are forecasted to be $655 million. For 1995-1996, it is estimated the expenditures will reach $704 million. The social assistance expenditures have increased annually at an average of 12.4 percent between 1985 and 1995. Several studies, in particular the 1994 Report of the Auditor General of Canada, have commented on the increasing rate of social dependency amongst Status Indians and on the related high level of federal expenditures.

This large rise in social assistance demand and expenditures is occurring during a period of:

1. escalating fiscal constraint on the part of the federal government. The department's overall budget for the next three years has been limited to a 3 percent-2 percent-2 percent growth; and

2. almost complete devolution of the Social Assistance Program by the department to First Nations through various funding arrangements and self-government agreements. These funding arrangements attempt to place the service delivery, together with direct control and responsibility for Social Assistance Program expenditures, at the local community level.

The department primarily uses two types of funding arrangements for social assistance - Comprehensive Funding Arrangements (CFA) and Alternative Funding Arrangements (AFA). Under both, DIAND has moved away from direct program delivery. Its roles are now basically funding and facilitation. Nevertheless, these funding arrangements are "contractual" instruments. They leave the department both responsible to Parliament for the effective management of the program and for the related expenditure of the public monies appropriated by Parliament. In his 1994 report, the Auditor General raised concerns about the department's accountability to Parliament for the program and related funds.

Moreover, fundamentally the Social Assistance Program, as it is presently designed, is essentially a "quasi-statutory" program. Unlike parliamentary appropriations for intergovernmental transfer payments with the provinces like the **Established Programs Financing** or the **Canada Assistance Plan**, DIAND's social assistance funding is not legislatively entrenched by Parliament. Nevertheless, the Social Assistance Program is based upon the qualifying requirements and assistance schedules of the general assistance program of the province or territory, in each DIAND's region. These are legislatively based by the provincial governments. Thus the appropriation for DIAND's program is treated by Treasury Board and the department as if it were a federal statutory entitlement program. When provinces adjust their criteria, redesign their related services or alter their social assistance rates, First Nations are obliged to implement these for on-reserve recipients. The necessary funds to the regions are thus allocated on the basis of price, volume and service adjustments by headquarters to the region's allocations.

In such an environment, the key challenge to the department is to promote local self-government by First Nations while, at the same time, ensuring it fulfils its accountability to Parliament for the expenditure of public funds and responding to government demands for moderated growth in program expenditures. Unfortunately, the headquarters direction to regions and First Nations on the Social Assistance Program has often been perceived by regional staff and First Nations as mixed and confused. For example, on one hand, headquarters will state that First Nations are responsible for the design of the Social Assistance Program (including having the flexibility under AFA to determine their own eligibility criteria). On the other hand, it will remind regions and First Nations that, with the noted exception of social assistance delivered under federally legislated self-government agreements, the operative legislation for the Social Assistance Program on-reserve under the Constitution is the provincial social welfare law of general application (which define social assistance eligibility criteria and set out the rates).

METHODOLOGY

The firms conducted the review under the direction of a departmental steering committee. The review team visited all regions (except NWT), examined documentation, and interviewed departmental staff at headquarters and in all regions. In addition, they discussed the program with a limited number of First Nations, selected by the respective regions as models of "best practices" in local social assistance administration. Further the consultants examined various authority and program documents, and interviewed some provincial and local government officials experienced in the management of Social Assistance Programs both to First Nations and to the general population.

For various reasons, primarily the allocated budget for the review, the review team was unable to address objective 1.iii of the study's terms of reference - to assess the compliance of First Nations with the terms and conditions of the program.

FINDINGS

1. The present departmental compliance, monitoring and accountability framework is confused and weak. It does not adequately ensure that social assistance funds expended by First Nations are being used for their intended purpose as appropriated by Parliament.

2. The department's position that fixed-volume AFAs permit First Nations to design their own Social Assistance Programs and possibly differ from provincial programs may be inconsistent with:

@ Cabinet decisions on the Social Assistance Program, and federal legal opinions, advanced by the federal government in numerous forums, that with the exception of social assistance services pursuant to legislatively entrenched self-government agreements. The operative legislative underpinning the delivery of social assistance to Status Indians on-reserve is the provincial social assistance acts of general application; and

@ with the requirements for social assistance under the Treasury Board decisions for IMAA and its successors. AFA agreements do not provide for the department to be able to determine if the appropriate band members are receiving the same level of benefits under the same conditions as other provincial residents.

3. As a consequence, the regions do not perform compliance and program reviews on AFA bands where social assistance is included in the fixed-volume AFAs. Thus the only information available to the department that it can reliably report to Parliament is the amount of social assistance dollars that were allocated by it. Fundamentally, under AFA agreements, the lack of a compliance and monitoring process does not allow the department to assure itself, and thus Parliament, that payments were made only to eligible recipients. Until Parliament deems otherwise the accountability of the department must be sustained. This can be achieved through effective agreements, the ability to monitor statistical data, and the verification of procedures performed by the appropriate third parties.

4. Under CFA agreements, the extent of documentation sent by First Nations to DIAND between and within regions varied considerably. The extent of compliance and program monitoring by the department varied as well. In most regions, compliance and program reviews generally were not focused on verifying or testing for eligibility. The First Nations coverage and extent of testing also was inconsistent from region to region. The only item that the department can reliably attest to Parliament is the amount of social assistance dollars allocated. While theoretically the department could report actual social assistance expenditures by employing information from the First Nations audited financial statements. These are usually not submitted in accordance with the department's reporting timetables to Parliament.

5. The department, under both AFA and CFA, is not in receipt of sufficient basic program management information, on a regular basis, in order to review the operation of the Social Assistance Program in terms of its efficiency, probity, etc., and to evaluate the program's effectiveness in meeting its objectives, nor to verify whether or not the program is being delivered pursuant to the provincial social assistance law of general application. The type of data that DIAND reports to Parliament should better reflect the accountability needs for ensuring program effectiveness, efficiency and economy.

6. Regional staff were unfailing in their concern that there was inconsistent and confusing direction and information being provided to them by headquarters. This was due in large part to the lack of a single authoritative centre for the program. At the time of the review, depending on the specifics of a question or request by a region, up to three program areas and between four and five different headquarters units can be jointly involved.

7. The review team noted several *best practices* in some regions, including:

   @ program reviews focusing on eligibility (i.e. some regions reviewed First Nations social assistance "B&D" sheets on individual claimants to verify submitted information);

   @ joint First Nations and regional social assistance management committees;

   @ internal challenge function within a region for year-end reviews;

   @ regional access to federal and provincial information on various income maintenance program claimants to assess for duplicate claims, etc; and

   @ risk-based monitoring and reviews.

8. The third objective of the study was to identify benefits and recommend practices that could be used to ensure program reviews are an effective management tool.

   The benefits of effective program reviews are numerous, and include:

   @ improved administration of the program at the band level;

   @ identification of misappropriated funds;

   @ verification of Social Assistance Program effectiveness; and

   @ improved accountability to Parliament.

9. To take advantage of these benefits program reviews should focus on systems and procedures to ensure eligibility of social assistance recipients. A risk-based approach to scheduling program reviews should be adopted.

10. To improve efficiency in monitoring, the department could implement the following:

    @ consistent data should be submitted by the CFA bands;

    @ monthly monitoring and verification of the data should be risk-based; and

    @ year-end audits should incorporate a social assistance verification step for both AFA and CFA bands.

RECOMMENDATIONS

The review team recommends several short to medium-term solutions that would enhance the current methodology without significantly altering the delivery program. These would also assist to achieve improved accountability to Parliament. These are:

1. The Director General of Finance and the Director General of Socio-Economic Policy and Programming (SEPP) should examine whether the terms and conditions in all funding agreements and arrangements appropriately reflect applicable authorities, and if not, determine what options or measures are required to either ensure the consistency with these authorities or alternatively have the authorities suitably amended.

2. The Assistant Deputy Minister, Corporate Services, and Regional Directors General should ensure that Social Assistance Program data for recipient First Nations are accurate prior to entering into funding agreements.

3. The Director General, Socio-Economic Policy and Programming, should review for relevance and update if necessary the 1982 Department National Standards on Social Assistance.

4. The Director General, Socio-Economic Policy and Programming, should ensure that program assessments and reports to Parliament include both qualitative and quantitative information such as the numbers of actual recipients, demographics in program trends, and other statistics common to the assessment by other federal departments and levels of governments on social service program effectiveness and on verification of Social Assistance Programs.

5. The Director General, Finance, should ensure that regions undertake and report on compliance and program reviews on a regular cycle and in doing so, the Regional Directors General should extend their focus to include compliance and review for verification of recipient eligibility on an appropriate sample test basis.

6. The Assistant Deputy Minister, Corporate Services, in conjunction with Regional Directors General, should ensure that funding arrangements encompassing a social assistance compliance and program review, in some appropriate form, is conducted on all First Nations administering the Social Assistance Program, under all forms of funding arrangements except self-government and fixed-volume funding AFA.

7. The Director General, Finance, should update and revise the 1990 Proposed Program Review Guidelines as required and issue these in final form, taking into account the lack of clarity on follow-up procedures.

8. The Director General, Socio-Economic Policy and Programming, should encourage agreements between First Nations and each province and other appropriate federal departments in order to enable First Nations social assistance administration units to share information on claimants across the various income support programs. This would extend to encompassing both provincial and other federal department databases for testing for recipient income from other sources. As an integral part of its compliance program, the department should ensure that it also has access to these information sources via agreements with other departments and provinces.

9. The Assistant Deputy Minister, Corporate Services, should expand the year-end reporting requirements of all funding agreements and arrangements to include appropriate Social Assistance Program management data, such as demographic profiles of recipients, etc.

10. The Assistant Deputy Minister, Corporate Services, should re-enforce and clarify the roles and responsibilities by designating a single authoritative focal point for the Social Assistance Program at headquarters.

11. The Director General, Finance, jointly with the Regional Directors General, should provide additional training for regional staff in social assistance compliance and review methods, where necessary, and extend this to include the band social administrators.

LONG-TERM DELIVERY ALTERNATIVES FOR CONSIDERATION

It is critical to bear in mind that the Social Assistance Program has the following characteristics:

@   it is a quasi-statutory program which the federal government maintains and delivers on-reserve pursuant to provincial legislation;

@   it is increasingly in the public eye as a program that needs reforming;

@   many First Nations rely heavily on the program; and

@ social assistance expenditures could continue to increase as the First Nations continue to grow in population.

For these reasons, the Social Assitance Program needs to have greater accountability - perhaps more so than other non-mandatory programs, like economic development, capital and housing. By improving - or even using - the controls that currently exist, the department will be able to assure Parliament that social assistance funds are being spent in accordance with IMAA.

As the department moves away from this model under devolution, accountability must be maintained. This can be achieved through effective agreements, the ability to monitor statistical data, and the verification of procedures performed by the appropriate third parties.

Delivery alternatives examined during the review ranged from:

@ direct departmental over-the-counter delivery;

@ third party arrangements;

@ devolution; and

@ government-to-government fiscal transfers under clearly defined and appropriate legislative instruments.

The department needs to ensure that ministerial accountability to Parliament is respected. This can be achieved if the following minimum conditions for the program are included in the delivery instruments:

@ the clear linkage of the Social Assistance Program to the operative provincial legislation in each region, referenced in each funding arrangement or agreement. Alternatively, other possible options would include expressed federal occupation of the program area through specific federal social assistance legislation for Status Indians, or clear and expressed entrenchment of the program area through appropriate clauses in Acts enacting First Nations self-government, or a more general authority.

Assuming the federal government chooses to continue its present position of not legislatively occupying the social assistance field for on-reserve Indians, except through individual self-government Acts, the following should apply:

@ adequate program and statistical data must be defined by the department and regularly provided to the federal government by First Nations;

@ a defined compliance and monitoring program must be implemented, and procedures established and employed by regions, on an appropriate cycle;

@ DIAND clearly expresses the right, and exercises that right on an as required basis, to verify the application of these procedures and the statistical and program data as provided by First Nations; and

@ the federal government clearly reserves the right to withdraw from a First Nation and/or redirect the delivery of the administration of the Social Assistance Program, if necessary due to significant and continued non-compliance and/or significant health, safety, and/or peace, order and good government concerns.

Background

HISTORICAL INFORMATION

The mandate of the Social Assistance (SA) Program is to:

@ provide fund assistance to Indian people on-reserves and Crown lands;

@ access appropriate provincial SA and services; and

@ encourage and promote the transfer of responsibility and authority for the administration of the program to local First Nations governments.

In 1993-1994, 536 First Nations (93 percent of eligible bands) were administering the SA Program through various contribution agreements. (Source: Basic Departmental Data - 1994).

PROGRAM MAGNITUDE

The 1994-1995 estimates for the SA Program (Basic Needs) forecasted expenditures over $525 million. This represents approximately 20 percent of the Indian and Inuit Affairs Program (IIAP) funds, or 10 percent of the entire DIAND 1994-1995 budget.
(Source: Part III, 1994-1995 Main Estimates).

TRENDS

SA costs are rising significantly. The average number of on-reserve recipients per month rose from 39,000 in 1981-1982 to over 67,977 in 1993-1994, and the total SA expenditures almost tripled in the same period. Appendix V, VI and VII show total SA funding, SA funding per recipient and on-reserve population trends are presented. (Source: Basic Departmental Data - 1994).

In Chapter 23.1 of his 1994 Annual Report, the Auditor General notes that the "rate of increase in (SA) expenditures is higher than the rates of inflation and population growth of on-reserve Indians combined".

The significance of these trends is three-fold:

@ SA is largely a non-controllable program because it is linked to provincial eligibility criteria and benefit rates. If a province changes its SA rates, then DIAND is obliged to alter funding to match those rates;

@ SA costs are rising significantly per recipient; and

@ with the increasing on-reserve population and current socio-economic conditions on reserves, total SA Program costs will continue to increase.

Devolution and modified financing instruments have resulted in a change in expectations between First Nations and the department without a corresponding change to the accountability demands placed on DIAND by central agencies and Parliament. It is possible for the department to remain accountable while at the same time devolving its SA Program to First Nations. However, the control mechanisms used to achieve accountability have to reflect, and be adapted to, the program delivery methods employed by the department.

While the annual budgetary expenditures are increasing, the percentage of spending on departmental overhead is decreasing. This decline is primarily a result of streamlining and efficiency initiatives, innovative management practices, and the desire to reduce departmental overhead costs in favour of increased Aboriginal participation.

This trend also demonstrates the changing role of the department from one of direct, over-the-counter program delivery to that of program funding and facilitation. A result of this has been a decrease in IIAP personnel from 4,256 full-time equivalents (FTEs) in 1985-1986 to 2,454 FTEs in 1993-1994. (Source: Part III, 1994-1995 Main Estimates). The change in FTEs devoted to the administration of the SA Program is even more dramatic.

AUTHORITIES FOR DELIVERY OF SA

Under the *Constitution Act, 1867*, Canada has legislative responsibility for "Indians and lands reserved for Indians". Provincial governments have responsibility for health, welfare, and education of Canadians generally. Court decisions and legal opinion hold that the federal government has exclusive legislative responsibility for Indian people, as Indians, but in other respects, they shall not be exempted from the legislation of provincial or territorial governments.

Section 88 of the *Indian Act* provides that Indian people are subject to laws of general application unless and only to the extent that these laws conflict with the *Indian Act*, or treaties where relevant. The federal government has also contended that there is no constitutional or legislative obligation to provide for or fund the delivery of social services to anyone resident on-reserve, whether Status Indian or not.

The federal government has maintained that, under the Constitution, provinces are responsible for the delivery and financing of social services to all their citizens, including those resident on-reserve and whether Status Indians or not. The federal government, while having the legal capacity to enact specific legislation for the delivery and financing of social services to Status Indians resident on-reserve, has deliberately not legislatively occupied the field with the exception of some individual First Nation (FN) self-government acts.

Consequently, given that the provinces have jurisdiction over education, health and social services, *inter alia*, the federal government has asserted, especially since the 1950s, that all Indian people should have access to these services from provincial governments on the same basis as other citizens in comparable circumstances.

These court decisions and the federal constitutional legal position has been reinforced by the fact that under both the fiscal equalization transfer and Established Programs Financing arrangement, the federal government already contributes to the provision of a range of government services to all provincial residents. In particular, the Status Indian component of the provincial population, including those resident both on-reserve and off-reserve, is included within the population component of the formula used to determine these transfers. Furthermore, for certain social services, the federal government contributes to the costs for all provincial residents pursuant to reimbursements submitted by provinces under the Canada Assistance Plan.

Nevertheless, provinces have generally refused to provide social service on-reserve, and as a matter of public policy, the federal government has accepted responsibility for the funding of community social services for on-reserve residents. DIAND thus incurs 100 percent of the related costs in virtually all provinces.

This position forms the basis of the department's authorities for SA, currently stemming essentially from a 1966 Cabinet decision not to enact specific federal Indian social assistance legislation.

In 1990, a memorandum of understanding (MOU) signed between DIAND and the Treasury Board (TB) was established in the context of the Increased Ministerial Authority and Accountability (IMAA) regime. The MOU consolidated the previous authorities and accountabilities which govern the relationship between DIAND and TB.

Included in the program authorities is the consolidation of TB authorities for SA. The MOU, states that, stemming from the 1966 Cabinet decision:

@ for each province and the Yukon Territory, the SA Program must adopt the qualifying requirements and assistance schedules of the general assistance program of the province or territory (SA is delivered by the Government of the Northwest Territories in the NWT Region);

@ the ultimate beneficiaries of SA will be indigent Indian and Inuit individuals and families who reside on reserves, plus non-Indians;

@ funds for income support payments for eligible recipients will be consistent with the assistance schedules of the provincial/territorial general assistance program; and

@ although the department may administer the program directly to qualified applicants, it may be alternatively delivered by bands or district/tribal councils. The department is authorized to enter into and amend agreements/arrangements with the bands or councils which deliver the program.

DIAND transfers funds to First Nations through a variety of funding arrangements signed by the department and the recipient.

These arrangements may contain one or more funding authorities, which are the rules established by TB to which DIAND must adhere when funding a program or service.

The following chart outlines the funding authorities according to the type of funding arrangement. These authorities are general in scope, and, as such, may not all apply to SA in particular.

FUNDING ARRANGEMENT	FUNDING AUTHORITY
@ Contribution Arrangement (CA)	@ contribution
@ Comprehensive Funding Arrangement (CFA)	@ contribution @ flexible transfer payment (FTP) @ grant
@ Alternative Funding Arrangement (AFA)	@ alternative funding arrangement

Source: DIAND Year-End Reporting Handbook

CAs generally are used to fund programs or projects requiring significant interaction between DIAND and the recipient (e.g. major capital projects).

CFAs are the basic funding arrangements used by the department with First Nations for programs and services.

AFAs are an optional funding mechanism which First Nations may enter into, after successfully completing an AFA entry assessment of the recipient's accountability and management systems.

The SA Program is delivered to eligible recipients primarily through CFAs and AFAs. In some cases, the program is delivered by a third party.

All regions use transfer payments to First Nations or tribal councils for the SA Program; however, all bands in Ontario (except for two) receive SA via the province. In Ontario, DIAND compensates the provincial Ministry of Community and Social Services for SA provided to Indians with reserve status in accordance with the provisions of the 1965 Memorandum of Agreement Respecting Welfare Programs for Indians between the Government of Canada and the Government of Ontario (Source: 1965 agreement). This agreement originally was developed as a model to be used for cost-sharing of the program in all regions; however, no other provinces opted for this arrangement.

THE AUDITOR GENERAL'S REPORT

The 1994 Report of the Auditor General's outlined several concerns regarding DIAND's management and accountability of the SA Program. Paragraph 23.91 of the report states that:

"... the department should improve its management and accountability by obtaining appropriate assurance from the bands and agencies that are delivering social assistance services on its behalf. It should consider taking a more cost-effective approach to monitoring."

To address this concern, the Departmental Audit and Evaluation Committee (DAEC) directed the Departmental Audit and Evaluation Branch (DAEB) to launch this project. DAEB contracted with three firms to undertake the review. The firms conducted the review under the direction of a departmental steering committee.

PURPOSE/SCOPE OF THE PROJECT

The DAEB produced terms of reference for this project with the input from key personnel in Corporate Services, headquarters and the regions.

The purpose of the review was to identify ways and means of improving the department's accountability of its SA expenditures to Parliament by examining the regional SA Program (compliance) reviews, verification procedures, and the current accountability frameworks for the program. The review was national in scope.

There was also an identified need for a more cost-effective approach to the conduct of program reviews and monitoring of SA activities, given current and future levels of human and financial resources. The review was designed to identify possible cost-effective approaches.

PROJECT OBJECTIVES

The objectives of the project, as outlined in the terms of reference, were to:

1. assess the adequacy of the compliance, monitoring and the accountability framework related to the SA Program, concentrating on the following sub-objectives:

    @   DIAND's accountability to Parliament for the expenditure of public monies;

    @   the compliance of the program to existing authorities and to national and provincial standards; and

    @   the compliance of First Nations with the terms and conditions of their funding arrangements for the program;

2. identify ways and means for a more cost-effective approach to the conduct of program reviews and monitoring of SA activities, given current and future levels of human and financial resources;

3. identify benefits and recommend practices that could be used to ensure program reviews are an effective management tool to reduce risks in areas of eligibility, SA leakage and potential fraud; and

4. use the products of the first three objectives to identify avenues for the development of instruments that the regions can use to ensure that SA payments and funding are pursuant to existing authorities, are appropriate and that there is assurance departmental accountability is properly discharged.

APPROACH

The firms' approach to this review was to construct a generic delivery model for the SA Program to AFA and CFA bands from documentation provided by DIAND. This model would then be verified in the regions through a review of their regional processes.

Through several discussions with the SA Steering Committee and DAEB Project Manager, the terms of reference were clarified in the following manner:

1. **Adequacy of the compliance, monitoring and the accountability framework:**

The approach used to assess the adequacy of the compliance, monitoring and accountability framework began with the department's SA Program delivery procedures model and a comparison with what actually occurs in the regions. By doing so, an assessment was made as to whether the program procedures were being followed and, if not, the reasons why.

With respect to the sub-objectives under Objective 1:

@ DIAND's accountability to Parliament for the SA Program was established through the 1966 Cabinet decision and reflected in the IMAA terms and conditions. The effectiveness and efficiency of the SA Program were established through the department's reporting relationship with Parliament;

@ the generic SA Program model was also used to compare national and provincial standards for SA terms and conditions; and

@ compliance was assessed qualitatively through comparing the generic model with actual practices in the regions.

2. **Identify ways and means for a more cost-effective approach to the conduct of program reviews and monitoring of SA activities**:

Through interviews and focus group sessions with regional personnel and the SA Steering Committee, cost-effective approaches to the conduct of program reviews and monitoring were identified and have been highlighted in this report.

3. **Identify benefits and recommend practices that could be used to ensure program reviews are an effective management tool**:

This objective was met through discussions at the regional level. Innovative ideas and best practices were highlighted. Up to two First Nations in each region were visited in order to identify best practices at the band level.

4. **Identify avenues for the development of instruments that the regions can use to ensure that SA payments and funding are pursuant to existing authorities**:

Through analysis and synthesis of key findings and management tools, two best practices models (AFA and CFA) for the delivery of the SA Program were constructed. (Refer to Appendices III and IV). These models could form the basis of an improved management accountability framework. If implemented, the best practices models would address the concern raised by the Auditor General and by senior departmental management regarding accountability and compliance in the SA Program.

Additional long-term alternative delivery options for the SA Program are outlined in this report.

PROJECT STRUCTURE

Three consulting firms were engaged by the DAEB to conduct this review: Arthur Andersen & Co., BDO Dunwoody, and The Comprehensive Consulting Group (CCG).

Furthermore, a SA Steering Committee was established consisting of key personnel from the directorates of the Indian Programming and Funding Allocations (IPFA), Resource Management and Reporting Information Quality and Research, and Transfer Payments. The steering committee provided advice and direction to the consultants throughout the project, and played an integral role in the discussion of findings and formulation of program options (discussed in this report).

The regions visited by the firms and DAEB were as follows:

@ Atlantic and Quebec
    (Arthur Andersen & Co.)
@ Ontario and Yukon - (DAEB)
@ Manitoba and Saskatchewan - (BDO)
@ Alberta and B.C. - (CCG)

The firms outlined the current generic SA Program model and developed questionnaires together to ensure that each region would be reviewed in a consistent manner.

Project planning began at headquarters in December 1994, and the fieldwork phase was conducted from February 1 to March 17, 1995, in the regions.

Current Social Assistance Framework

Based on information obtained from headquarters and the regions, the following section was developed as part of the current SA framework for both AFA bands and CFA bands.

Departmental headquarters does not directly manage the SA Program since the Deputy Minister has delegated that responsibility to the Regional Directors General (RDGs). Discussions with the steering committee revealed that headquarters' role in SA is one of:

@   providing functional guidance and overview of the program;

@   flowing funds to the regions through the allocations process; and

@   reporting to Parliament on the expenditures of funds.

SA is considered by DIAND to be a quasi-statutory program and the department is therefore obliged to fund SA according to provincial rates, whereas it has some flexibility over funding non-statutory programs.

AFA

AFAs were designed in response to a desire expressed by First Nations for greater control over their affairs. The generic standard terms and conditions of AFAs were approved by the TB in 1986. Individual, or specific, AFA terms and conditions are negotiated by the RDGs and the First Nations.

Through these arrangements, bands or tribal councils have expanded authority to develop programs which reflect the needs of their local communities. Under AFAs, conditions are minimized in order to provide increased flexibility over the management of funds and to promote increased accountability for funds at the community level. Agreements may last up to five years.

Although a band or tribal council may manage several programs under an AFA agreement, it is not compelled to administer SA under the same AFA agreement. If the band or tribal council so desires, it can run its SA Program on a cost-recovery basis; that is, the band will be reimbursed by DIAND for its actual SA expenditures, on a monthly basis. This is the process also used for CFA bands.

Under the AFAs, a band or tribal council opting for a block fixed funded (with the potential to include an "emergency escape clause claim") arrangement can keep any surplus funds it may have and shift them into other program areas. For example, if a band's SA budget for the year is $200,000 and it only spends $180,000 on SA, then it can move the remaining $20,000 to another program. This flexibility is designed to encourage effective program management at the band level.

Notwithstanding this greater flexibility over program funds, the Minister of DIAND retains the right to take action where terms and conditions of an agreement are not being met.

Before a First Nation can enter into an AFA agreement, the department must be satisfied that the band:

@ has experience in the administration of devolved programs;

@ is soundly organized for purposes of management;

@ has processes and procedures in place for program management and financial control;

@ has mechanisms in place to support accountability to its membership; and

@ is in a sound financial position or has an effective plan in place to address a debt situation.

According to Part III of the department's 1994-1995 Main Estimates,

"... the Minister's accountability to Parliament is fulfilled through ensuring AFA authority is provided only to those First Nations meeting AFA entry criteria, minimum data collection as to the maintenance of minimum program requirements and a recognition of the accountability relationship between Indian councils and band members as to the particulars of community service delivery."

Approximately $125 million were transferred to First Nations under AFAs for the SA Program in 1994-1995. The vast majority of these are pursuant to the AFA - "reimbursement of actuals" option. A total of 297 bands were funded through AFAs in 1994-1995 (almost half of the entire number of bands). (Source: Part III, 1994-1995 Main Estimates)

Appendix I (end of the report) outlines the current AFA process along with the department's key control points.

In summary, the key departmental control points for the delivery of SA are:

@ during the initial SA budget negotiations; and

@ in reviewing the year-end audit reports.

CFAs provide for more departmental involvement with the SA Program than exists with AFAs. Standard terms and conditions are also included in the agreements.

With a CFA, a First Nation must submit monthly expenditure amounts for SA to the regional or district office. The data is reviewed by DIAND personnel and a cheque for SA is issued on a reimbursement basis.

The key regional/district control points are shown in Appendix II (at the end of the report), along with the current CFA process.

In summary, the key departmental control points for the SA Program under CFAs are:

@   when verifying monthly data submitted by the bands;

@   when issuing monthly SA payments;

@   in reviewing the year-end audit reports; and

@   during the SA program review to verify eligibility and rates.

In 1990, DIAND headquarters published guidelines on conducting SA program reviews. The objective of these reviews was:

"to determine band compliance to provincial government rates and conditions and to provide support to bands in the effective and efficient operation of the Social Assistance Program." (Source: Proposed Program Review Guidelines, 1990).

The initial program reviews were expected to be completed within two years from the implementation of the guidelines, and subsequent reviews would be scheduled at least once every two years (every three years in B.C.).

There are two main components to the program review according to the 1990 Proposed Program Review Guidelines: File Review and Administrative Review.

The purpose of the file review is to verify eligibility and entitlement. This step is designed to ensure that the correct program eligibility criteria were applied and whether the recipients obtained the correct amounts based upon their income and departmental rates.

The guidelines indicate that the number of files/cases reviewed should be at least 5 percent of the total caseload, but not less than 10 files per band. As well, the files are to be selected randomly by the Program Review Officer, and should include:

@ families;
@ singles;
@ employables;
@ unemployables;
@ work opportunity project participants;
@ special needs; and
@ children out of parental home cases.

If problems are detected, the reviewing officer should increase the sample size to verify whether the problem is widespread or not. If follow up measures are necessary, an action plan is developed by the department and band to address any non-compliance concerns.

The other main component of the program review is the administration review. It is designed to assess the band's financial administrative operations. The reviewing officer would assess such processes as:

@ cheque and bank reconciliation;

@ preparation of monthly statistical and financial reports to DIAND;

@ documentation of appropriate signing authority;

@ client files having full documentation, including income verification;

@ available access to the regional program manual; and

@ copies of the band SA organization chart and job descriptions.

The results of the administration review component do not determine band compliance; rather, they are used to assist the band in improving its management practices.

In summary, the SA program review is a key management tool for identifying potential leakage and verifying eligibility requirements for SA recipients.

The following findings were compiled after analyzing the results of the regional review teams.

Authorities For AFA

The general terms and conditions found in standard AFAs, although not consistent with the IMAA, were approved separately by Cabinet.

In effect, there are two directions given to DIAND regarding AFAs from the federal government. The first, as outlined above, illustrates the requirements under the Cabinet decision on the SA Program and the IMAA; the second direction also comes from Cabinet, and approves the terms and conditions found in the standard AFAs.

Although DIAND may be complying with the terms and conditions for AFAs through Cabinet's acceptance of these terms and conditions, the department may not be complying under the 1966 SA Program Cabinet decision and the IMAA.

The AFA agreements provide First Nations with the opportunity to design their own on-reserve SA Program which, in effect, could remove them from the obligation of complying with provincial laws and regulations.

In effect, the AFA terms and conditions reflect a significant departure from the government's constitutional and legal interpretations on the delivery of SA on-reserves. As a result, the program criteria for the SA Program under the AFA agreements may be incomplete and inconsistent with both:

@   Cabinet decisions on the SA Program, and the position advanced by the federal government in numerous forums that the operative legislative underpinning the delivery of social assistance to Status Indians on-reserve is the provincial *Social Assistance Act* of general application; and

@   with the requirements for SA under the TB decisions for IMAA. AFA agreements do not provide for the department to be able to determine if the appropriate band members are receiving the same level of benefits under the same conditions as other provincial residents.

RECOMMENDATION

1.   The Director General of Finance and the Director General of Socio-Economic Policy and Programming (SEPP) should examine whether the terms and conditions in all funding agreements and arrangements appropriately reflect applicable authorities, and if not, determine what options or measures are required to either ensure the consistency with these authorities or alternatively have the authorities suitably amended.

1966 Cabinet Decision and TB IMAA

The department's responsibilities for SA under the Cabinet decision and TB IMAA may not be appropriately reflected in the terms and conditions of AFAs.

Under the Cabinet decision and the IMAA MOU, the department is responsible for ensuring that *"First Nations' members will receive the same level of benefits as other provincial residents"*.

Under the standard AFA agreement, a band or tribal council has the authority to administer its SA Program as long as it has:

@   an objective needs test;

@   a formally-defined and publicly available benefits schedule specifying rates, conditions, and criteria for eligibility;

@   provisions to ensure equitable treatment of all reserve resident;

@   an impartial process for the appeal of administrative decision; and

@   procedures to ensure confidentiality of client information.

It is clear that there is no requirement in the standard AFAs to use provincial SA rates or eligibility criteria. Therefore, a band could be complying with the terms and conditions of its AFA while at the same time, the SA payment could be inconsistent with the requirements under IMAA.

Approximately $125 million (23 percent) of the department's SA budget is transferred under AFAs. The trends toward further devolution of departmental programs to First Nations using this type of funding arrangement increases the possibility that significantly greater SA funds will be transferred without the corresponding program responsibility as defined under IMAA.

The present departmental compliance, monitoring and accountability framework is weak. It does not adequately ensure that SA funds expended by First Nations are being used for their intended purpose as appropriated by Parliament.

RECOMMENDATION

2.   The Assistant Deputy Minister, Corporate Services, and Regional Directors General, should ensure that SA Program data for recipient First Nations are accurate prior to entering into funding agreements.

Negotiating Parameters

The SA budgets for block fixed funded AFAs are negotiated based on historical SA trends.

The SA budget is determined primarily by the historical number of recipients on reserve. The department does not, however, verify the actual numbers of recipients. As such, it is possible that an inordinate number of ineligible recipients have been obtaining SA on a historical basis. The additional funds required for these ineligible recipients could be built into the historical data used for determining the SA budget. Therefore, there is the possibility that systemic leakage of SA funds exists.

Program Manuals

All regions had SA Program manuals, as required by the 1982 National Standards on SA; however, some of the regional manuals were found to be out of date.

For example, according to a departmental SA rate comparability study and subsequent discussions with regional staff, SA rates used in one region are not consistent with those established by the province.

With the ever-changing nature of the department's organizational structure and its funding mechanisms, it is crucial that the SA Program manuals be kept up-to-date for the benefit of not only regional staff, but also for the First Nations who rely on the manuals for administering the program.

3. The Director General, Socio-Economic Policy and Programming, should review for relevance and update if necessary the 1982 Department National Standards on SA.

Section 34 Signing Requirements

There is some confusion surrounding the application of Section 34.

The key departmental authority for issuing a cheque to a band (either AFA or CFA) is Section 34 of the *Financial Administration Act:* "No payment shall be made...unless (the authorized person) certifies...that the payee is eligible for or entitled to the payment".

Some regional staff believe that their responsibility under Section 34 ends after they can assure themselves that the appropriate budgeted amount of SA funds went to the appropriate, eligible band. Others believe that, in order to release SA funds to bands, they must obtain adequate assurance that the band delivered SA payments in accordance with the terms and conditions of its agreement with the department.

For example, in one region, some of the Funding Services Officers (FSOs) refused to sign monthly SA summary sheets submitted by the CFA bands because they felt that they were unable to verify "that the payee was eligible or entitled" to the amount of SA being requested. In another region, the FSOs signed them off because they felt that once the funds were transferred to the bands, Section 34 was satisfied.

The impact of this confusion is that the procedures to discharge the department's obligation under Section 34 are not being applied consistently from region to region.

Reporting to Parliament

Pursuant to the strategic review of the department, it was understood that the department's accountability obligations for reporting to Parliament on SA were as outlined at Appendices IX (a) and IX (b). As per Part III of the Main estimates for 1994-1995, the department describes the program: "the number of First Nations administering SA and the amount of funds allocated under the program". The Auditor General has commented that this is inadequate. In comparison under the Canada Assistant Plan, similarly orientated funding transfer programs, provinces are obligated to report considerably more detail to the Federal Minister. This information is subsequently provided to Parliament. Under the Canada Health and Social Transfer Program, these reporting obligations will continue.

In addition, municipalities and provinces administrating SA regularly report to their legislatures information on the program such as total recipient cases, case representative proportions between long-term and short-term, employables versus unemployables and disabilities, a profile of the recipient by type of recipient (children, dependents, spouses, singles, 16 and 17 year old, sole support parents, first time applicants). Details are also submitted on age, educational profiles and reasons for turning to welfare (unemployed, foster or handicapped children, persons age 60-64 years not fully eligible for pension etc.).

Under CFA agreements, the extent of documentation sent to DIAND between and within regions varied considerably. The extent of compliance and program monitoring by the department varied as well. In most regions compliance and program reviews generally were not focused on verifying or testing for eligibility. The band coverage and extent of testing also was inconsistent from region to region. While the review found that most FNs maintained detailed program data, data was not shared with the department and as such the only item that the department can attest to is the amount of SA dollars allocated. While theoretically the department could report actual SA expenditures by employing information from the FNs audited financial statements, these are usually not submitted in accordance with the department's reporting timetables to Parliament.

Focusing solely on financial allocations and without the above type of information, the department is not in a position to report to Parliament on the efficiency and effectiveness of the program.

RECOMMENDATION

4. The Director General, Socio-Economic Policy and Programming, should ensure that program assessments and reports to Parliament include both qualitative and quantitative information such as the numbers of actual recipients, demographics in program trends, and other statistics common to the assessment by other federal departments and levels of governments on social service program effectiveness and on verification of SA Programs.

PROGRAM REVIEWS

Focus

Program reviews could be more effective if they included verification procedures that focused on eligibility criteria.

The bands have the primary responsibility for determining that on-reserve applicants meet the eligibility criteria.

Under the 1990 Proposed Program Review Guidelines, the reviews have two primary purposes:

@   to ensure compliance with SA rates; and

@   to improve local administration of the program.

The review found that most regions did not attempt to determine, in their program reviews whether the bands were ensuring eligibility because the guidelines do not indicate that they should. Therefore, the program reviews are not as cost-effective as they could be because they do not focus on the primary source of potential leakage, i.e. eligibility.

In one region, where the program reviews did focus on eligibility, the region claimed that it was able to reduce its 1994-1995 actual SA expenditures by $9.4 million.

Coverage

Since the implementation of program reviews in 1990, the regions have not always met the requirement of reviewing each First Nation at least once every two years (three years in B.C.).

Appendix VIII indicates the regional compliance review status for 1994-1995. The extent of program review and percentage of reviews completed annually differ from region to region.

Moreover, during a program review, files were not always reviewed for every year since the last review took place.

The impact of this regional coverage and file review is that, if SA funds have been misappropriated, it could take several years before this misappropriation is identified.

The review did not assess whether the current coverage (every 2 or 3 years) is adequate. However, the department may wish to explore this area further as potential cost savings in relation to the frequency of review may be realized.

RECOMMENDATION

5.   The Director General, Finance, should ensure that regions undertake and report on compliance and program reviews on a regular cycle and in doing so, the Regional Directors General should extend their focus to include compliance and review for verification of recipient eligibility on an appropriate sample test basis.

Regional/District Procedures

The vehicles employed to provide the program review function were inconsistent from region to region, thereby giving rise to inefficiencies by definition.

For example, the Quebec Region contracts out the review function to Consulting and Audit Canada and in Ontario, the province is responsible for the review. In Saskatchewan, the district offices conduct the program reviews. All other regions depend on the regional offices for the review function.

Therefore, different regions are spending more on this function than others because of the chosen vehicle for carrying out the function, thereby leading to inefficiencies. The significance of these inefficiencies is unknown and needs to be examined by the department.

Applicability to AFAs

As well, as a consequence of the department's views of its authority under AFA, regions do not perform compliance and program reviews for AFA bands where SA is part of fixed volume AFAs, and the only information available to the department that it can reliably report to Parliament is on the amount of SA dollars that were allocated by it. Fundamentally, under AFA agreements, the lack of a compliance and monitoring process does not allow the department to assure itself and thus Parliament that payments were made only to eligible recipients.

Under the 1966 Cabinet decision and the IMAA, the department must ensure that each eligible, on-reserve Indian member receives SA according to provincial rates and benefits and under provincial terms and conditions specifying eligibility criteria.

If a third party, i.e. a First Nation or province, is delivering the program, DIAND must be able to check that this delivery is in compliance with the authorities.

The only way the department can assure itself that AFA bands (or any other party) are complying with these rates and eligibility is to conduct a program review.

It is clear, however, that the current standard AFAs do not provide the department with the opportunity to conduct regular program reviews. A review can only be performed after "reasonable cause" has been established. Moreover, the confusion over the two directions given by Cabinet through the IMAA and through the terms and conditions of AFAs augments the difficulty for the department in determining what it can do.

Therefore, the department cannot adequately assure itself, or Parliament, that it is fulfilling its responsibilities.

6. The Assistant Deputy Minister, Corporate Services in conjunction with Regional Directors General, should ensure that funding arrangements encompassing a SA compliance and program review, in some appropriate form, is conducted on all First Nations administering the Social Assistance Program, under all forms of funding arrangements except self-government and fixed-volume funding AFA.

Follow-up Procedures

Follow-up procedures to program reviews where non-compliance was an issue were not always formalized, nor timely.
In one region, the review team found that responsibility for the program reviews and follow-up procedures was not clearly defined, nor was a timetable established for the completion of follow-up procedures. In two other regions, follow-up was done on an informal basis.

Without a concerted follow-up effort, non-compliance issues identified through the program reviews may not be addressed in a timely manner. Moreover, the band practices that resulted in these issues may not be remedied quickly enough to prevent further problems.

The 1990 Proposed Program Review Guidelines do not address follow-up procedures for cases of fraud.

In order to be more effective, program reviews need to:

@   follow-up on money lost through fraud; and

@   provide mechanisms for legal actions and other deterrents such as financial penalties.

7. The Director General, Finance, should update and revise the 1990 proposed program review guidelines as required and issue these in final form, taking into account the lack of clarity on follow-up procedures.

MONITORING PROCESS

Extent of Documentation Sent From Bands

The extent of documentation sent from CFA bands to DIAND on a monthly basis varies considerably from region to region.

The department, under both AFA and CFA, is not in receipt of sufficient basic program management information, on a regular basis, in order to review both the operation of the SA Program in terms of its probity, etc., and to evaluate the program's effectiveness in meeting its objectives, nor to determine whether or not the program is being delivered pursuant to the provincial SA law of general application. Monthly submission of data and SA expenditure reports from CFA bands to the department offers a key control point (within the CFA delivery model) for DIAND to review and verify data accuracy. However, the extent of documentation is inconsistent among the regions.

For example, in one region, extensive documentation is sent in - including budget and decision forms, medical certificates, and copies of hydro bills. Regional staff review all this documentation but do not perform checks against provincial databases because of time constraints.

In another region, the bands submit one-page expenditure summary reports. The budget and decision forms and other documentation used for determining eligibility are all kept at the band level.

This inconsistency in the amount of submitted documentation results in inefficiencies in monitoring.

Monthly Verification of Data

Verification procedures of monthly data submitted by CFA bands are generally ineffective and inconsistent from region to region.

The monthly verification processes are inconsistent because the extent and nature of documentation submitted by CFA bands is inconsistent.

In one region, not enough documentation is submitted to the regional office for monitoring to be effective. In contrast, the review team found that too much documentation is being submitted in a second region and therefore, monitoring is inefficient. In a third region, if variances are identified in the submitted documentation, they are not followed up in a timely manner.

Furthermore, the review team found that only two regions are cross-referencing SA recipients for additional income against provincial databases.

Because on-going monthly verification is a key departmental control within the CFA model and is generally ineffective, there is an increased risk to the department that leakage could be undetected.

RECOMMENDATION

8.   The Director General, Socio-Economic Policy and Programming, should encourage agreements between First Nations and each province and other appropriate federal departments in order to enable First Nations social assistance administration units to share information on claimants across the various income support programs. This would extend to encompassing both provincial and other federal department databases for testing for recipient income from other sources. As an integral part of its compliance program, the department should ensure that it also has access to these information sources via agreements with other departments and provinces.

Year-End Financial Audits

Year-end reporting requirements are not sufficient to assure the department that SA expenditures are appropriate.

The year-end reporting requirements for First Nations are described in the DIAND publication "Year-End Reporting Handbook for DIAND Funding Arrangements".

According to the handbook, the year-end reporting by the bands allows the department to acquire resources from Parliament on behalf of First Nations people and account to Parliament for its expenditures on Aboriginal programs.

DIAND depends on this information to determine whether:

@   funds have been used for the purposes intended;

@   the terms and conditions of the funding arrangements have been met; and

@   each band's management and financial situation is sufficiently strong to assure the continued delivery of essential services.

The review team noted that the year-end audits are simply financial statement audits. As such, they do not and are not designed to provide an opinion on whether the SA Program was administered effectively or efficiently. Moreover, the financial statements do not and can not verify that SA funds actually went to the appropriate, eligible recipients.

Therefore, the department cannot rely on year-end audit reports for assurances to Parliament that SA funds are being used for their intended purpose.

RECOMMENDATION

9.   The Assistant Deputy Minister, Corporate Services, should expand the year-end reporting requirements of all funding agreements and arrangements to include appropriate Social Assistance Program management data, such as demographic profiles of recipients, etc.

COMMUNICATIONS

Clear Program Direction From Headquarters

There is no clear direction from headquarters to the regions on the control and accountability requirements for distribution and verification of SA funds.

The message for improving accountability has not been communicated effectively to all regions. The key result is seen in the regions' different approaches to delivery of the SA Program.

The following observations support this finding:

@   there are no policy positions on whether program reviews should be performed on AFA bands;

@   there are different levels of documentation submitted by bands and verification processes are inconsistent;

@   there are variations in the coverage and frequency of program reviews; and

@   there is confusion surrounding the application of Section 34.

The regions need to have clear direction from headquarters on their responsibilities regarding the SA Program, with some assurances from regional management that the direction is understood and that measures to improve accountability have been taken.

Focal Point for SA Program At Headquarters

Most regions indicated that the loss of the Social Development Directorate (SDD) at headquarters was a significant concern.

There are six separate units in headquarters that are involved in the SA Program. They are:

@   Transfer Payments Directorate;

@   Resource Management and Reporting Directorate;

@   Indian Programming and Funding Allocation Directorate;

@   Information Quality and Research Directorate;

@   Indian Policy Group under Policy and Planning; and

@   Special Projects under Policy and Planning.

Three of the above are in the same sector (Corporate Services).

Regional staff have experienced difficulties in tracking down the appropriate expertise at headquarters. They have had to rely on their own expertise in interpreting policies and developing procedures. This has resulted in inconsistent practices and policy interpretation from region to region.

Regional staff were unfailing in their concern that there was inconsistent and confusing information being provided to them by headquarters, due in large part to the lack of a single authoritative centre for the program. At the time of the review, depending on the specifics of an information request by a region, between four and five different headquarters units can be jointly involved.

As an example, the regions used to submit annual summary reports on their program review status to the SDD. Although these summaries are still compiled in the regions, not all of them are sent in to headquarters any more.

The SA Program (Basic Needs) accounts for over $525 million in program spending annually. The need for a central focal point for the SA Program in headquarters is clear. This could be provided by alternative means as are suggested in this report.

RECOMMENDATION

10. The Assistant Deputy Minister, Corporate Services, should re-enforce and clarify the roles and responsibilities by designating a single authoritative focal point for the SA Program at headquarters.

TRAINING

Regional Level

Regional staff responsible for SA Program monitoring (i.e., program reviews and monthly monitoring) have expressed a need for additional training in the areas of finance and audit.

With the exception of the Quebec Region, program reviewers have backgrouds in the IIAP and therefore have some knowledge about SA and its delivery at the First Nations level. However, they are not trained auditors and may not, as a result, possess the necessary skill set to conduct effective reviews for compliance. In Quebec, the reviews are done by Consulting and Audit Canada. Therefore, they have the audit skills but may lack knowledge in SA.

FSOs and others who review the monthly expenditure summaries and the year-end financial audits generally do not have backgrounds in audit, accounting, or finance and may not, therefore, have the necessary skill set to provide an effective review of these statements. This was noted as an issue in four regions.

The review team recognizes the importance of having regional program reviewers and FSOs with SA expertise; however, as these persons are involved in monitoring and checking for compliance, they should have some basic training in audit and/or finance as well.

The department needs to review its training requirements.

Band Level

The review team found that those bands who were leaders in the delivery of SA had a SA Administrator who was well-trained.

The key control for SA funds rests with the band SA Administrators because they are the front line deliverers of SA. It is therefore crucial that this person have sufficient training and ability in the management of the program. The review noted that turnover rates for SA Administrators were high and training sessions provided by the regions were generally inconsistent. For example, one band noted that the amount of training provided by DIAND was inadequate.

One of the regions undertook two SA workshops in the last year for First Nations.

Improved SA training at the band level would assist the department greatly in improving its accountability for SA funds.

RECOMMENDATION

11. The Director General, Finance, jointly with the Regional Directors General, should provide additional training for regional staff in Social Assistance compliance and review methods, where necessary, and extend this to include the band social administrators.

BEST PRACTICES

One of the objectives of this review was to identify regional and band best practices that could be shared with the other regions.

The review team noted several best practices in some of the regions. These include:

@   program reviews focusing on eligibility: the Saskatchewan Region designed its program reviews to focus on eligibility and, as a result, was able to carry out effective reviews of the SA Program;

@   joint SA Steering Committees: representatives of First Nations and of the department meet regularly to discuss SA issues and concerns (Quebec, Ontario);

@   challenge function for the year-end audit
    review: effective reviews by FSOs and the
    Regional Audit Review Committees, which
    challenged FSO findings and provided the
    appropriate amount of checks and balances,
    were identified in several regions. It
    should be noted that an effective review
    process does not necessarily provide
    effective information for management;

@   access to provincial databases: some
    regions have developed or are developing
    agreements to gain access to databases from
    other departments and provinces, along
    with the corresponding computer systems.
    This will provide an efficient check that the
    region can perform to verify that a SA
    recipient is not receiving income from other
    sources. (Manitoba, Saskatchewan,
    Alberta); and

@   risk-based monitoring and reviews: in
    Alberta, monthly desk audits are conducted
    to verify documentation submitted by the
    bands. Where problems were identified,
    program reviews were conducted.

These best practices have been combined with
the current SA processes and control points in a
best practices models, which is presented in this
report (Appendices III and IV).

Short to Medium-Term Solutions

The following options available to the department would, if implemented, result in improved accountability for SA funds without changing the current basic delivery mechanisms. They are presented here as short to medium-term, practical solutions.

While considering the following options, it is critical to bear in mind that the SA Program has the following characteristics:

@   it is a quasi-statutory program which the federal government maintains and delivers on-reserve pursuant to provincial legislation;

@   it is increasingly in the public eye as a program that needs reforming;

@   many First Nations rely heavily on the program; and

@   SA expenditures could continue to increase as the First Nations continue to grow in population.

For these reasons, the SA Program needs to have greater management control. By improving - or even using - the controls that currently exist, the department will be able to assure Parliament that SA funds are being spent in accordance with IMAA.

Proposed AFA and CFA best practices models which incorporate these practices are shown at the end of this report (Appendices III and IV).

AFA SPECIFIC

Agreement Must Reflect IMAA

Either the 1966 Cabinet decision and the IMAA condition that First Nations members on reserve receive the same benefits under the same terms and conditions as provincial recipients must be changed to reflect the AFAs, or the program conditions in the agreements must reflect the conditions in IMAA, to ensure control and accountability for program expenditures.

It would be more effective and consistent under the government's constitutional and legal positions on the delivery of SA on-reserve to ensure that the agreements are consistent with the IMAA. Therefore, all agreements should include the condition that on-reserve SA recipients will receive the same benefits and under the same terms and conditions as provincial recipients.

Pre-Agreement AFA Data Verification

Before a band can apply for AFA status, it must satisfy certain criteria. One of these criteria could be a verification of baseline data for SA recipients; i.e., instead of relying on historical trends for determining the SA budget, DIAND could conduct an audit of the on-reserve baseline data to ensure its accuracy. The data would include:

@   actual on-reserve band members;
@   dependency rate;
@   employment statistics;
@   marital status;
@   population demographics/trends;

@   any other relevant items.

The results of such an audit would verify the actual number of eligible on-reserve recipients. The pre-agreement determination of the SA budget is a critical control point for the department. The reason is that, once the agreement is established, it could be in effect for up to five years. If the initial number of eligible SA recipients is not accurate, the financial impact to the department may be significant.

Establish Clear SA Negotiating Parameters

For fixed block funded bands, the department should establish clear AFA negotiating guidelines for the regions in their determination of SA budgets because without them, First Nations may be treated on an inconsistent basis.

If a Regional Director General wants to negotiate outside those guidelines, he or she must be able to justify the decision.

Program Reviews

Program reviews that focus on systems and procedures to ensure eligibility should be performed on AFA bands.

As such, there should be clear direction from headquarters to the regions to ensure that the program review guidelines apply to AFA bands. Furthermore, AFAs should contain provisions for DIAND to perform regular audits for the SA Program. Effective deterrents need to be in place to discourage non-compliance.

CFA SPECIFIC

Effective Monitoring of Monthly SA Expenditure Reports

To conduct an effective monitoring program, DIAND needs to continue to focus on detecting significant variations in the monthly SA expenditure reports and to follow up on these variations where appropriate (the FSOs, program reviewers, or others could do the follow-up, depending on the nature of deviations).

As an effective deterrent to non-compliance, the bands should be obligated to provide the regions with lists of all SA recipients and their status card numbers. With these names, the region has the option of cross-referencing the names against other databases to detect whether recipients are receiving income from other sources.

COMMON TO AFA AND CFA BANDS

The review team offers the following options common to both CFA and AFA bands.

Program Reviews

Program reviews should focus on systems and procedures to ensure eligibility and be scheduled according to an assessment of risk.

Revise and Finalize the Program Review Guidelines

The 1990 Proposed Program Review Guidelines have not been finalized. They need to be reviewed and revised before being finalized and officially propagated to the regions.

Expanded Year-End Audit

By expanding the scope of the year-end audits to include verification of SA systems at the band level, the department would be able to collect data that it could report to Parliament which has been independently verified, thereby adding assurance of its reasonableness.

This approach is currently being used with provincial hospitals. These entities must submit, along with their year-end financial statements, supplementary information relating to the number of patients being treated, number of beds, etc. The auditors of these entities must provide some level of assurance that this supplementary information is reasonably accurate. The same approach could be used by DIAND whereby the bands' auditors would attest to the accuracy of the supplementary data provided to DIAND.

National SA Standards Guidelines

The 1982 departmental standards should be reviewed to determine if they are still valid, and amended where necessary. This would include determining common definitions for SA as well.

Establish a Focal Point for SA at Headquarters

As discussed in the findings, several regions identified the lack of a clear focal point for the program at headquarters as a problem in terms of policy development, practices and reporting.

DIAND headquarters could:

@   formalize the existing ad hoc arrangement into the establishment of either a formal SA Working Group or Committee;

@   designate one of the current existing groups in headquarters as the contact point for the regions; or

@   establish a Social Development Unit. No new resources should be required, as the resources and expertise already exist in headquarters, albeit not in a discrete group.

Agreements with Third Parties

To cross-check SA recipients against databases from other government departments (OGDs), provinces, and other bands, it is clear that third party agreements for the release of information are critical.

Some regions have identified a potential problem surrounding the sharing of information with provinces and OGDs. For example, one region notes concern over this as a "privacy issue". However, other provinces, municipalities, OGDs and some First Nations have successfully implemented such information sharing agreements.

Clarification regarding the sharing of information - especially with provinces and municipalities - should be sought. Agreements with these third parties are necessary and DIAND should explore these as quickly as possible.

With agreements in place, the department will be able to cross-reference SA recipients against other databases as part of its on-going monitoring procedures. This would minimize the possibility of recipients obtaining income from several sources and failing to report this fact in their SA application.

Training

The regional FSOs and program reviewers should have the opportunity to improve their skill set by attending courses in basic audit practices and financial management. This would improve their ability to detect problems with band financial statements and file reviews.

As well, the regions need to provide training to band SA Administrators. These officers are a critical control point over SA expenditures at the band level and, therefore, need an appropriate amount of initial training in regional SA procedures and follow-up training, as necessary. The resources that the department would put into this training would be well-invested. The result would be a better-managed SA Program overall.

Data Reported to Parliament

The kind of data that DIAND reports to Parliament should better reflect the accountability needs for ensuring program effectiveness, efficiency and economy. This data may include:

@ number of actual SA recipients versus budgeted numbers. This would demonstrate program effectiveness;

@ actual cost of the program versus budgeted amount;

@ how many misappropriated funds were recovered (demonstrating effectiveness of front-end controls and recovery practices);

@ confirmation of baseline data (for data verification purposes);

@ employment statistics (should correlate with changes in the number of SA recipients);

@ expenditure trends (to demonstrate program effectiveness over time);

@ demographic profiles of recipients;

@ number of clean and qualified audit opinions (to indicate effectiveness of band management practices, training, and compliance); and

@ number of action plans developed (to indicate the effectiveness of the program and of departmental follow-up).

Level of Technology

The bands are all at various levels of technological sophistication, as are the regions. Establishing regional SA databases would be costly, but necessary if First Nations or regions performed a more rigorous cross-referencing function to identify income from other sources. However, DIAND could explore the current databases being used by provinces and municipalities with a view to sharing these existing systems. By doing so, costs would be minimized.

The following two models, shown in Appendices III and IV (at the end of the report), summarize the best practices and short-term solutions available to the department. If implemented, the department would be able to provide better assurance to Parliament for the expenditure of SA funds.

The most important control points in the AFA model are highlighted below.

@   initial number of SA recipients negotiated into the agreement. Since DIAND currently has little control over funds once the agreement is in place, it should put in place as many front-end safeguards as possible;

@   Section 34 approval;

@   expanded year-end audit to verify SA data for reporting to Parliament. The expanded year-end audit would be an efficient way of verifying SA data for reporting to Parliament on a yearly basis for each band; and

@   the program reviews should be performed on a risk-assessment basis.

The key control points for the CFA model are described below:

@   initial advance and monthly disbursements. Since the bands are submitting names of SA recipients, the department can cross-reference against other databases to verify additional income. This will also act as a deterrent;

@   SA data verification should be included in the year-end audits. This would efficiently provide data for reporting to Parliament; and

@   program reviews need to focus on eligibility in order to be more effective. They should also be scheduled according to an assessment of risk.

Long-Term Delivery Alternatives for Consideration

This section outlines the different delivery alternatives available to the department. These delivery alternatives provide a frame of reference for the program, beginning with direct delivery of SA by the department.

As the department moves away from this model under devolution, accountability must be maintained. This can be achieved through effective agreements, the ability to monitor statistical data, and the verification of procedures performed by the appropriate third parties.

DIRECT **DIAND** DELIVERY MODEL

Under this alternative, DIAND would deliver services directly to on-reserve recipients. This would entail having departmental personnel providing the services through:

@ needs testing;

@ home visits;

@ eligibility verification; and

@ monthly (or bi-monthly) issuance and delivery of SA cheques.

Currently, a small number of bands are receiving SA under this alternative. These bands are generally considered to be incapable of providing the adequate framework and resources to administer and deliver the SA Program themselves.

This method of delivery allows for greater control over SA funds, as DIAND has direct control over the administration of the program. However, this alternative would require reverting to a mode of operation from which the department has been trying to move away in the past years. It is also conceptually contrary to the goals of self-government. Therefore, moving the department in this direction would be a step backwards and, as such, this option is not considered to be viable.

However, this alternative does contain key departmental control points which are common to any delivery model. They are:

@ adequate statistical data about the program is provided to the department;

@ procedures are established in terms of program delivery;

@ the department has the right to verify those procedures and statistical data; and

@ the department reserves the right to pull the program back, if necessary. Should the department exercise this right, the appropriate level of resources must be available.

These four control points, if applied consistently, would allow the department to maintain accountability and control over program spending, no matter what delivery mechanism is selected.

THIRD PARTY DELIVERY MODEL

Delegation of the SA Program authority to the provinces, municipalities, or agencies appears to offer the most cost-effective and cost-efficient method for administering SA.

These third parties are already in the SA business for other provincial residents. They have the trained staff, the offices in the field and databases in place for checking against income from other sources. Instead of transferring the SA Program to the First Nations, DIAND could transfer it to a third party while maintaining accountability to Parliament. This accountability would be achieved by implementing the four key control points discussed above.

In this manner, DIAND would still be responsible for funding the SA Program. The two key differences with the current model would be:

@   the third party would be the actual deliverer; not the First Nations; and

@   accountability to Parliament would be improved.

The review team recommends that this alternative be studied in greater depth to determine the practicality of transferring the SA Program to the provinces, municipalities, or agencies.

DEVOLUTION MODEL

This model simply takes the existing devolution of authorities for SA and continues to transfer them to First Nations, with the addition of the four key control points discussed above so that DIAND can comply with its accountability requirements to Parliament.

This model maintains the status quo with only minor changes made to terms and conditions of funding agreements.

GOVERNMENT-TO-GOVERNMENT DELIVERY MODEL

Another alternative consists in the government-to-government delivery model. This would be similar to the arrangement between DIAND and the Government of the Northwest Territories (GNWT), where the GNWT receives transfer monies from DIAND along with the accountability, control, and responsibility for SA.

Under this alternative, SA funds would be transferred directly to each First Nation or an institution as part of a community-based block of funds. The program would be administered by the bands, and the bands would be held accountable for how those funds are spent.

One drawback to this alternative is the transfer of accountability for public funds from DIAND to another level of government. Another drawback would be the administrative costs needed to implement hundreds of government-to-government agreements with First Nations. As well, technological and managerial infrastructure that would have to be put in place at the band level could be problematic.

First Nations would have to have access to - and the ability to analyze - provincial databases to ensure that SA recipients are not receiving income from other sources. As noted above in this report, the First Nations have varying degrees of technical sophistication. It would require significant departmental training and resources to bring everyone to the same level.

This alternative, however, would allow the department to continue with its devolution of the program to the bands, at a pace with which they are comfortable.

Social Assistance Methodology Assessment

The following section relates the key findings along with best practices and alternative delivery models to the original review objectives.

ADEQUACY OF ACCOUNTABILITY FRAMEWORK

The second objective was to identify ways and means for a more cost-effective approach to the conduct of program reviews and monitoring of SA activities.

The first objective was to assess the adequacy of the compliance, monitoring and accountability framework.

The provincial delivery model appears to be the most cost-effective way to deliver the SA Program, conduct program reviews, and monitoring of SA activities.

The review team has determined that the departmental compliance, monitoring and accountability framework is not adequate for the following reasons:

As discussed above in this report, the provinces, municipalities and agencies already have the infrastructure in place to deliver SA and monitor its effectiveness.

@   there is a gap in control and accountability between the IMAA requirements for program delivery and AFA agreements;

@   Program reviews do not focus on eligibility and their coverage is inconsistent among regions;

@   SA data is not effectively verified when funding agreements are established; and

@   statistical SA data that could satisfy reporting requirements to Parliament is not collected.

IMPROVE MANAGEMENT TOOLS AND PRACTICES

The third objective was to identify benefits and recommend practices that could be used to ensure program reviews are an effective management tool.

The benefits of effective program reviews are numerous, and include:

@   improved administration of the program at the band level;

@   identification of misappropriated funds;

@   verification of SA Program effectiveness; and

@   improved accountability to Parliament.

To take advantage of these benefits Program Reviews should focus on systems and procedures to ensure eligibility of SA recipients. A risk-based approach to scheduling Program Reviews should be adopted.

To improve efficiency in monitoring, the department could implement the following:

@   consistent data should be submitted by the CFA bands;

@   monthly monitoring and verification of the data should be risk-based; and

@   year-end audits should incorporate a SA verification step for both AFA and CFA bands.

DELIVERY METHODS

The last objective was to identify avenues for the development of instruments that the regions can use to ensure that SA payments and funding are pursuant to existing authorities.

The primary authority for the delivery of SA is the 1966 Cabinet decision and the IMAA. Instruments that enable the regions to ensure that they meet the requirements of IMAA authority are:

@   AFAs that indicate that SA benefits to each eligible recipient must match those available to other provincial residents;

@   AFAs that provide for the collection of statistical data to enable verification and the ability to report on SA to Parliament;

@   the right of the department to audit in order to verify SA systems and procedures to ensure recipient eligibility; and

@   the right of the department to take the program back if bands are non-compliant.

AFA

Regional Accountability and Management Model

Process   *Control Points*

1-   Initiate AFA Process

- Master AFA
- Negotiating parameters
- Assessment of band/tribal council
- Regional approval

2-   Initial Advance to Band/Tribal Council

- Approval of amount
- Section 34

3-   Ongoing Monthly Disbursements

- Approval of amount
- Section 34

4-   Region Receives Year-End Financial Audits

- Receipt within 90 days
- Review opinion
- Follow-up action, if necessary (Step 6)

5-   Funding Adjustment

- Negotiate adjustments
- Regional approval

6-   Follow-up Plan (if necessary)

- Developed by region/band

7-   Departmental Remedial Action

- Follow-up action satisfactory
- FMP

CFA

Regional Accountability and Management Model

Process	*Control Points*
1- **Initiation of SA Payments**	! *Terms and conditions of agreement* ! *Level of documentation* ! *Regional approval*
2- **Negociation for SA Budget**	! *Documentation Review* ! *Regional approval*
3- **Initial Advance to Band**	! *Approval of amount* ! *Section 34*
4- **Ongoing Monthly Disbursements**	! *Documentation review* ! *Approval of amount* ! *Section 34*
5- **Region Receives Year-End Financial Audits**	! *Receipt within 120 days* ! *Review opinion* ! *Follow-up action, if necessary (see Step 7)*
6- **Program Review**	! *Verify eligibility; SA rates* ! *Verify documentation* ! *Follow-up action, if necessary (see Step 7)*
7- **Follow-up Plan (if necessary)**	! *Developed by region/band*
8- **Departmental Remedial Action**	! *Follow-up action satisfactory* ! *FMP*

AFA

Best Practices Model

Process	*Control Points*
1- Validation of SA Eligitibity Data	❗ DIAND conducts audit to verify actual number of recipients
2- Negociate Budget	❗ Negotiation based on actual, not historical, data ❗ Program reviews in terms and conditions of agreement
3- Initial advance and monthly disbursements	❗ Approval of amount ❗ Section 34
4- Funding Adjustment	❗ DIAND validates adjustment data through reviw of data
5- Expended Year-End Audit	❗ Audit scope expanded to include SA statistics ❗ External audit function
6- Program Review	❗ In major non-compliance is found, DIAND performs a full program review
7- Follow-Up	❗ Due on a timely basis ❗ Summary of report submitted to senior management
8- Remedial Action	❗ If and when necessary ❗ FMP

CFA

Best Practices Model

Process   *Control Points*

| 1- | **Initiate SA Payments** |

- **!** *Terms and conditions of agreement*
- **!** *Consistent level of documentation*
- **!** *Regional approval*

| 2- | **Negotiate SA Budget** |

- **!** *Improved documentation review*
- **!** *Audit of baseline data, where necessary*

| 3- | **Initial Advance and Monthly Disbursements** |

- **!** *Statistical distribution audit of eligibility lists, rates and other data*
- **!** *Bands submit names of recipients*
- **!** *Cross-check with other databases*

| 4- | **Expanded Year-End Audit** |

- **!** *Audit Scope expanded to include SA statistics*
- **!** *External audit function*

| 5- | **Program Review (if necessary)** |

- **!** *If major non-compliance is found, DIAND performs a full program review*

| 6- | **Follow-Up** |

- **!** *Due on a timely basis*
- **!** *Summary of report submitted to senior management*

| 7- | **Remedial Action** |

- **!** *If and when necessary*
- **!** *FMP*

Total SA Funding Trend

Chart titled "Total SA Funding Trend" showing a bar graph. Y-axis labeled "AMOUNT (In millions $)" ranging from 0 to 600. X-axis labeled "FISCAL YEAR" with the following values:

Fiscal Year	Amount (approx.)
1981/82	180
1982/83	200
1983/84	215
1984/85	235
1985/86	255
1986/87	278
1987/88	313
1988/89	350
1989/90	392
1990/91	458
1991/92	502
1992/93	530

Source: Basic Departmental Data

SA Funding Per Recipient Trend

Source: Basic Departmental Data

GROWTH TREND OF ON-RESERVE POPULATION

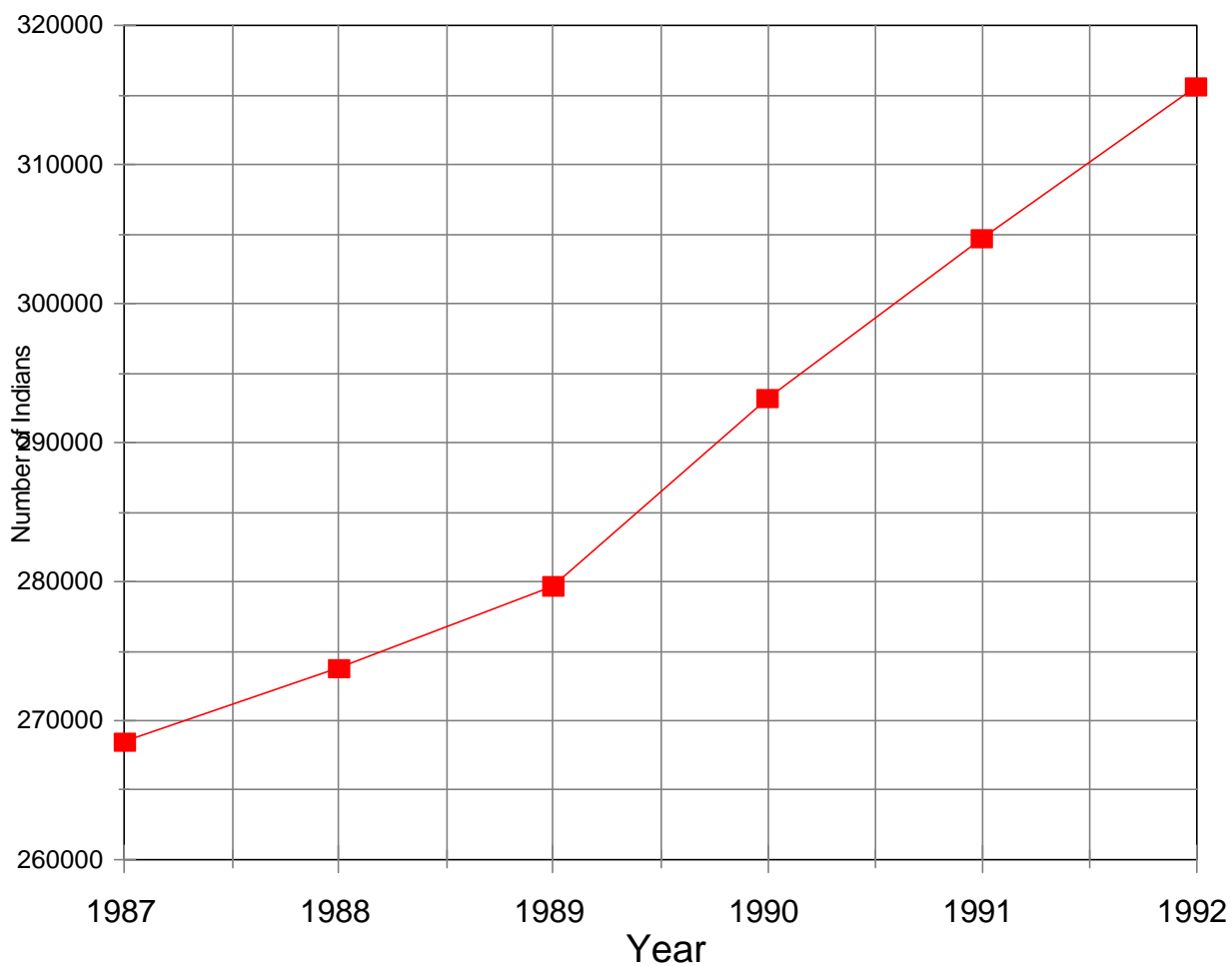| REGION	YEAR OF REPORT	# OF COMPLIANCE REVIEWS	% OF FN'S REVIEWED	# OF FILES REVIEWED	% FN'S NOT IN COMPLIANCE	% OF ALL FILES REVIEWED PER REASON FOR NON-COMPLIANCE				REMARKS
						INADEQUATE DOCUMENTATION	INSUFFICIENT VERIFICATION	IMPROPER CALCULATION	OTHER	
Manitoba	1994-1995	Complete 8 Underway 22	13% 36%	137	44.6% **of files, % of FN's N/A**	30%	14.6%	0%	0%	Quality control unit does 100% verification of monthly social service reports.
Sask.	1994-1995	Complete 34 Underway 34	50% 50%		75% **estimate**	N/A	N/A	N/A	N/A	Problems "vary significantly", & include all areas of concern. Analysis of review findings would take minimum 2 weeks.
Atl.	1994-1995	Scheduled 4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Region installing new compliance process. Cannot supply detail requested. Experience suggests "significant anomalies" in early stages of reviews. At review finalization significant reduction in errors. 1993-1994 average ineligible expenditure was 2.45%. % of non AFA FN's "technically" not in compliance was 61%.
Quebec	1994-1995	Underway 13	43%	N/A	N/A	---------N/A---------		N/A	N/A	Compliance reviews are done under contract by Audit and Consulting Canada.
B.C.	1994-1995	N/A	12.5%	120	**58% of files, not of FN's**	31%	10%	4.6%	12.4%	
Yukon	1994-1995	Underway 7	41%	N/A	N/A	N/A	N/A	N/A	N/A	Field work completed on 4 FN's, analysis underway.
Alberta		Complete 7 Pending 12	23% 38.7%	117 N/A	57% N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A	Regional data on reasons for non-compliance maintained in different form, e.g. "66% non-compliance in application forms, 31% non-compliance in budget, 12% non-compliance in decision, & 51% non-compliance in file documents and case work".
Ontario	1994-1995	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Program is delivered by Ontario government.

SUB-ACTIVITY OBJECTIVE	ACCOUNTABILITY OBJECTIVE	INDICATORS	DATA REQUIREMENTS	CURRENTLY COLLECTED		DATA SOURCE	COMMENTS
Social Assistance To provide funding to First Nations[1] in respect of eligible on reserve individuals and families in need of the basic necessities (e.g. food, shelter, clothing) and personal needs (e.g. adult care, child and family services), in an amount that is comparable to that provided to other provincial residents living in similar circumstances off reserve.	**Eligibility:** To provide social assistance according to authorized eligibility criteria.	*(1)* Percent of applicants receiving assistance who met the eligibility criteria.[2]	Total number of applicants per First Nations administering organization (FNAO).	At region only.	1	Social Compliance Review (SCR)[3]	Add to national roll up form. Collect this year with the Program Reporting Guide.
			Number of applicants receiving assistance according to authorized eligibility criteria per band.	No	1	SCR	Add to national roll up form. Collect this year with the Program Reporting Guide.
	Benefits: To provide benefits according to authorized benefit schedules.	*(2)* Percent of Social Assistance recipients receiving assistance according to authorized benefit schedules.	Total number of recipients per band / Tribal Council.	At region only.	1	SCR	Add to national roll up form. Collect this year with the Program Reporting Guide.
			Number of recipients receiving assistance according to authorized benefit schedules.	No	1	SCR	Add to national roll up form. Collect this year with the Program Reporting Guide.
	Comparability: To provide comparable Social Assistance on reserve with that available to provincial residents living in similar circumstances off reserve.	*(3)* Comparison of departmental and provincial benefit schedules. Comparison of departmental and provincial eligibility criterias.	To be further defined upon modification of the SCR.	No	1	SCR	Add to national roll up form. Collect this year with the Program Reporting Guide.

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1 First Nations are restricted to Indian Bands as defined in the Indian Act.

2 The data requirements for the Social Assistance Eligibility sub-objective include the number of Program Reviews done for the reporting year and the percentage of bands complying to policy.

3 Social Compliance Review (formerly known as Program Review) of First Nation Administering Authority are performed every two years in all regions except British Columbia, where they are performed every three years. Social Compliance Reviews may also be performed anytime deemed necessary.

SUB-ACTIVITY OBJECTIVE	ACCOUNTABILITY OBJECTIVE	INDICATORS	DATA REQUIREMENTS	CURRENTLY COLLECTED		DATA SOURCE	COMMENTS
Social Support Services To assist First Nations in establishing and operating, or alternatively, in purchasing community-based social support programs and services for on reserve residents that are comparable to those available to other provincial residents living in similar circumstances off reserve.	**Participation:** To increase the participation of First Nations in the development and administration of Social Support Services.	*(4)* Percent of service[4] budget administered by First Nations during the reporting year.	Total service budget.	Yes	1	TPMS	Develop custom report to extract information.
			Service budget administered by First Nations.	Yes	1	TPMS	Develop custom report to extract information.
		(5) Percent of bands receiving service administered by First Nations administering authorities during the reporting year.	Total number of bands receiving service.	Yes - Regions	1	SCR	Develop custom report to extract information.
			Number of bands receiving service from First Nations organizations.	Yes - Regions	1	SCR	Develop custom report to extract information.
	Comparability: To move, within the existing fiscal framework, towards comparable social services on reserve with those available to provincial residents in similar circumstances off reserve.	*(6)* Comparable service expenditures. Comparable service (e.g. range and level). Comparable access to service.	To be developed based on availability of service data for provincial residents.	No	2	Unknown	Develop an approach to periodically measure comparability.

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4   The indicators specified are for child and family services, family violence and adult care.

Action Plan

REQUEST FOR ACTION PLAN / DEMANDE DE PLAN D'ACTION

PROJECT TITLE /TITRE DU PROJET   :   REVIEW FO SOC. ASSIS. METHODOLOGY FOR COMPLIANCE
REGION OR BRANCH / RÉGION OU DIRECTION GÉNÉRALE   :   CORPORATE SERVICES - FINANCE BRANCH

(1) RECOMMENDATIONS / RECOMMANDATIONS	(2) REPORT / RAPPORT PAGE NO	(3) ACTION PLAN / PLAN D'ACTION (If space provided is insufficient please continue on blank sheet.) (Si vous manquez d'edpace, veuillez continuer sur une page blanche.)	(4) RESPONSIBLE MANAGER GESTIONNAIRE RESPONSABLE (TITLE / TITRE)	(5) PLANNED COMPLETION DATE / PRÉVUE DE MISE EN OEUVRE
1. The Director General of Finance and the Director General of Socio-Economic Policy and Programming (SEPP) should examine whether the terms and conditions in all funding agreements and arrangements appropriately reflect applicable authorities, and if not, determine what options or measures are required to either ensure the consistency with these authorities or alternatively have the authorities suitably amended.	12	A review is being undertaken to examine these issues, under the auspices of the Steering Committee on Social Development, consisting of the Directors General of Strategic Policy, Policy, Finance, and Socio-Economic Policy and Programming, and the Regional Director General of the Alberta and Atlantic Regions. The review will examine issues, such as : a) accountability; (b) applicable social assistance standards; (c) data requirement for reporting and (d) monitoring for compliance.	Director General, Finance Branch & Director General, Socio- Economic Policy & Programming	96.12.31
5. The Director General, Finance, should ensure that regions undertake and report on compliance and program reviews on a regular cycle and in doing so, the Regional Directors General should extend their focus to include compliance and review for verification of recipient eligibility on an appropriate sample test basis..	16	Finance Branch instituted with regions a strengthened compliance review in 1995-1996, in accordance with the moderating growth strategy. This emphasized the importance of client eligibility. Reports were received on compliance results. The strategy will be reissued for 1996-1997.	Director General, Finance Branch	96.08.01
7. The Director General, Finance, should update and revise the 1990 proposed program review guidelines as required and issue these in final form, taking into account the lack of clarity on follow-up procedures.	18	The 1990 Program Review Guidelines are presently being reviewed and an authoritative "directive" will be issued under the Deputy Minister's signature. Some regions have already in the meantime, issued their own in-house guidelines	Director General, Finance Branch	96.09.30

A.R.C. SYSTEM / AUDIT AND EVALUATION BRANCH

PROJECT/PROJET :   94/05

REQUEST FOR ACTION PLAN / DEMANDE DE PLAN D'ACTION
DATE SENT / DATE D'ENVOI : 96.01.23
DATE DUE / ÉCHÉANCE : 96.01.30

PAGE 2 OF/DE 2

PROJECT TITLE /TITRE DU PROJET   :   REVIEW FO SOC. ASSIS. METHODOLOGY FOR COMPLIANCE
REGION OR BRANCH / RÉGION OU DIRECTION GÉNÉRALE   :   CORPORATE SERVICES - FINANCE BRANCH

(1) RECOMMENDATIONS / RECOMMANDATIONS	(2) REPORT / RAPPORT PAGE NO	(3) ACTION PLAN / PLAN D'ACTION (If space provided is insufficient please continue on blank sheet.) (Si vous manquez d'edpace, veuillez continuer sur une page blanche.)	(4) RESPONSIBLE MANAGER GESTIONNAIRE RESPONSABLE (TITLE / TITRE)	(5) PLANNED COMPLETION DATE / PRÉVUE DE MISE EN OEUVRE
11. The Director General, Finance, jointly with the Regional Directors General, should provide additional training for regional staff in Social Assistance compliance and review methods, where necessary, and extend this to include the band social administrators.	22	The Director General, Finance, currently supports Funding Services Officer training which includes the skills noted in the review report. Regional Directors General are positioned to determine needs of employees performing compliance work. Training will anticipate broader role for First Nations under the inherent right policy.	Director General, Finance Branch	ONGOING

A.R.C. SYSTEM / AUDIT AND EVALUATION BRANCH

REQUEST FOR ACTION PLAN / DEMANDE DE PLAN D'ACTION

PROJECT/PROJET :   94/05
DATE SENT / DATE D'ENVOI : 96.01.23
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PAGE 1 OF/DE 2

PROJECT TITLE /TITRE DU PROJET   :   REVIEW FO SOC. ASSIS. METHODOLOGY FOR COMPLIANCE
REGION OR BRANCH / RÉGION OU DIRECTION GÉNÉRALE   :   CORPORATE SERVICES - ASSISTANT DEPUTY MINISTER

(1) RECOMMENDATIONS / RECOMMANDATIONS	(2) REPORT / RAPPORT PAGE NO	(3) ACTION PLAN / PLAN D'ACTION (If space provided is insufficient please continue on blank sheet.) (Si vous manquez d'edpace, veuillez continuer sur une page blanche.)	(4) RESPONSIBLE MANAGER GESTIONNAIRE RESPONSABLE (TITLE / TITRE)	(5) PLANNED COMPLETION DATE / PRÉVUE DE MISE EN OEUVRE
2. The Assistant Deputy Minister, Corporate Services, and Regional Directors General, should ensure that SA Program data for recipient First Nations are accurate prior to entering into funding agreements	13	This is already a requirement for Alternative Funding Arrangements entry and negotiation, and applies also to Financial Transfer Arrangements. The report highlights the need for enforcement of the requirement. This reinforcement is already contained in the Funding Transfer Arrangement Transition Plan and will be repeated in Directors of Funding Services Workshops.	Assistant Deputy Minister, Corporate Services	96.06.30
6. The Assistant Deputy Minister, Corporate Services in conjunction with Regional Directors General, should ensure that funding arrangements encompassing a SA compliance and program review, in some appropriate form, is conducted on all First Nations administering the Social Assistance Program, under all forms of funding arrangements except self-government and fixed-volume funding AFA.	18	The requirement for such social assistance compliance reviews is already in place. As noted in recommendation 5, the requirement was reinforced in 1995-1996 and will be again in 1996-1997. Responsibility to carry-out compliance review rests with Regional Directors General.	Assistant Deputy Minister, Corporate Services	97.04.01

A.R.C. SYSTEM / AUDIT AND EVALUATION BRANCH

REQUEST FOR ACTION PLAN / DEMANDE DE PLAN D'ACTION

PROJECT/PROJET :   94/05
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PAGE 2 OF/DE 2

PROJECT TITLE /TITRE DU PROJET   :   REVIEW FO SOC. ASSIS. METHODOLOGY FOR COMPLIANCE
REGION OR BRANCH / RÉGION OU DIRECTION GÉNÉRALE   :   CORPORATE SERVICES - ASSISTANT DEPUTY MINISTER

(1) RECOMMENDATIONS / RECOMMANDATIONS	(2) REPORT / RAPPORT PAGE NO	(3) ACTION PLAN / PLAN D'ACTION (If space provided is insufficient please continue on blank sheet.) (Si vous manquez d'edpace, veuillez continuer sur une page blanche.)	(4) RESPONSIBLE MANAGER GESTIONNAIRE RESPONSABLE (TITLE / TITRE)	(5) PLANNED COMPLETION DATE / PRÉVUE DE MISE EN OEUVRE
9. The Assistant Deputy Minister, Corporate Services, should expand the year-end reporting requirements of all funding agreements and arrangements to include appropriate Social Assistance Program management data, such as demographic profiles of recipients, etc.	20	The implementation plan for this recommendation is linked with that of recommendation no. 4 and has two components : E. TASK NO.1 - The Assistant Deputy Minister, Policy and Strategic Direction will clarify and provide to the Assistant Deputy Minister, Corporate Services and Regional Directors General, the social assistance program management data required. F. TASK NO. 2 - Information requirement for all funding arrangements are currently being determined in the context of the Information Management Framework initiative. It is expected that the results of this work will be incorporated in the year-end reporting guide for 1997-1998.	Assistant Deputy Minister, Corporate Services & Assistant Deputy Minister, Policy & Strategic Direction Director General Information Management	96.06.30 96.12.31
10. The Assistant Deputy Minister, Corporate Services, should re-enforce and clarify the roles and responsibilities by designating a single authoritative focal point for the SA Program at headquarters.	21	This recommendation has been implemented with the Deputy Minister's decision to create the Socio-Economic Policy & Programming Branch, in December 1995.	Assistant Deputy Minister, Corporate Services	95.12.31

A.R.C. SYSTEM / AUDIT AND EVALUATION BRANCH

REQUEST FOR ACTION PLAN / DEMANDE DE PLAN D'ACTION

PROJECT TITLE /TITRE DU PROJET : REVIEW FO SOC. ASSIS. METHODOLOGY FOR COMPLIANCE
REGION OR BRANCH / RÉGION OU DIRECTION GÉNÉRALE : POLICY AND STRATEGIC DIRECTION - SOCIO-ECONOMIC POLICY & PROGRAMMING

(1) RECOMMENDATIONS / RECOMMANDATIONS	(2) REPORT / RAPPORT PAGE NO	(3) ACTION PLAN / PLAN D'ACTION (If space provided is insufficient please continue on blank sheet.) (Si vous manquez d'edpace, veuillez continuer sur une page blanche.)	(4) RESPONSIBLE MANAGER GESTIONNAIRE RESPONSABLE (TITLE / TITRE)	(5) PLANNED COMPLETION DATE / PRÉVUE DE MISE EN OEUVRE
3. The Director General, Socio-Economic Policy and Programming, should review for relevance and update if necessary the 1982 Department National Standards on SA. 9.The Assistant Deputy Minister, Corporate Services, should expand the year-end reporting requirements of all funding agreements and arrangements to include appropriate Social Assistance Program management data, such as demographic profiles of recipients, etc.	14	A review is being undertaken to examine these issues, under the auspices of the Steering Committee on Social Development. The review will examine issues such as : (a) accountability; (b) applicable social assistance standards; (c) data requirements for reporting; and (d) monitoring for compliance.	Director General, Socio-Economic Policy & Programming	96.08.31
4. The Director General, Socio-Economic Policy and Programming, should ensure that program assessments and reports to Parliament include both qualitative and quantitative information such as the numbers of actual recipients, demographics in program trends, and other statistics common to the assessment by other federal departments and levels of governments on social service program effectiveness and on verification of SA Programs. social service program effectiveness and on verification of SA Programs.	15	A review is being undertaken to examine these issues, under the auspices of the Steering Committee on Social Development. The review will examine issues such as : (a) accountability; (b) applicable social assistance standards; (c) data requirements for reporting; and (d) monitoring for compliance.	Director General, Socio-Economic Policy & Programming	96.08.31

A.R.C. SYSTEM / AUDIT AND EVALUATION BRANCH

REQUEST FOR ACTION PLAN / DEMANDE DE PLAN D'ACTION

PROJECT TITLE /TITRE DU PROJET   :   REVIEW FO SOC. ASSIS. METHODOLOGY FOR COMPLIANCE
REGION OR BRANCH / RÉGION OU DIRECTION GÉNÉRALE   :   POLICY AND STRATEGIC DIRECTION - SOCIO-ECONOMIC
                                           POLICY & PROGRAMMING

(1) RECOMMENDATIONS / RECOMMANDATIONS	(2) REPORT / RAPPORT PAGE NO	(3) ACTION PLAN / PLAN D'ACTION (If space provided is insufficient please continue on blank sheet.) (Si vous manquez d'edpace, veuillez continuer sur une page blanche.)	(4) RESPONSIBLE MANAGER GESTIONNAIRE RESPONSABLE (TITLE / TITRE)	(5) PLANNED COMPLETION DATE / PRÉVUE DE MISE EN OEUVRE
8. The Director General, Socio-Economic Policy and Programming, should encourage agreements between First Nations and each province and other appropriate federal departments in order to enable First Nations social assistance administration units to share information on claimants across the various income support programs. This would extend to encompassing both provincial and other federal department databases for testing for recipient income from other sources. As an integral part of its compliance program, the department should ensure that it also has access to these information sources via agreements with other departments and provinces.	19	A review is being undertaken to examine these issues, under the auspices of the Steering Committee on Social Development. The review will examine issues such as : (a) accountability; (b) applicable social assistance standards; (c) data requirements for reporting; and (d) monitoring for compliance.	Director General, Socio-Economic Policy & Programming	96.08.31