

**Indian and Northern Affairs Canada
Corporate Services**

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Audit of Indian Registration Process

Project 01/04

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Executive Summary

Purpose

The purpose of the audit was to assess and to provide assurance to the Deputy Minister that the Indian Registration and Band Lists Directorate function is being carried out in compliance with the *Indian Act*, Regulations and Departmental Directives and to ensure that the Indian Registration needs of the growing Indian population are met in an efficient and effective manner and the current high rate of backlog is cleared.

Background

The *Indian Act* sets out the criteria that a person must meet in order to be registered as an Indian. Decisions on registration are made by a departmental official known as the Registrar. Section 6 describes who is entitled to registration, section 7 describes persons who are not entitled to registration, section 11 describes membership rules for departmental band list and section 10 describes band control of membership.

The Indian Registration and Band List Directorate (IRBL) of Registration, Revenues and Band Governance Branch provides Indian Registration Services. It also provides Band Lists Services for those First Nations that have not assumed control over their own membership.

Regions and Indian Registry Administrator (IRA) in First Nations communities play a significant role in maintaining the Indian Registration System (IRS). Regional offices are responsible for entering the standard events reported by the IRA, as well as training the IRA. The regions are also responsible for monitoring the activities of the IRA and headquarters monitors the events entered in the IRS by regional staff.

To improve efficiency and effectiveness of the Registration and Band Lists Processes, the department has undertaken an initiative comprising the following four components:

- re-engineering the IRS by replacing the existing legacy IRS with a modern on-line system;
- enhancing the Alberta Treaty 7 Certificate of Indian Status (CIS) pilot project technology infrastructure to enable real-time validation and card issuance by IRAs;
- implementing the IRS nation-wide including replacement of the existing IRS with the new web-enabled IRS application, training of all existing active users and improving access for the IRAs; and
- implementing the CIS nation-wide (currently unfunded).

Objectives

The main objectives of the audit were:

- to provide assurance to the Deputy Minister that the Indian Registration and Band Lists function is being carried out in compliance with the *Indian Act*, Regulations and Departmental Directives; and
- to ensure that the Indian Registration needs of the growing Indian population are met in an efficient and effective manner and the current high rate of backlog is cleared.

Scope

The scope of the audit covered a review of the management control framework, policies, procedures, practices and administrative regimes established in accordance with the provisions of the *Indian Act*, to effectively manage and administer the Indian Registration Processes. It included a review of the systems and procedures and controls related to the management and protection of Indian Registration at headquarters and in four regions; Ontario, Manitoba, Saskatchewan and British Columbia covering the period from April 1999 to March 2001.

Assurance

Within the context of the scope, it is our opinion that there is moderate assurance that the Indian Registration and Band List functions are being carried out in compliance with the *Indian Act*, Regulations and Departmental Directives;

In accordance with Treasury Board proposed revisions to Internal Audit Reporting, a statement of assurance is included in this report.

Key Findings

Backlog

One of the stated audit issues was to determine if there were adequate plans or initiatives to improve efficiency and effectiveness of administration of Indian Registration and to address the backlog of files of persons applying to be registered. Regions, which deal with straight-forward registration transactions, have little backlog. Headquarters, which deals with the more complex areas of adoptions, entitlement and protests is experiencing significant backlogs. The cause of the backlogs according to various staff interviewed is due to high volume and to the difficulties in obtaining complete documentation to support registration activities. There are no current plans or initiatives to resolve the backlog but it is believed that the IRS/CIS Initiative currently

underway and ongoing staffing will reduce the size of the backlog in due course. It should be noted that these backlogs represent a small proportion of the number of applications processed by the IRBL and that the majority of applications are efficiently processed.

Strategy to Devolve Registration and Band List Functions

The following statistics are fluid but as of March 2003, 470 IRAs administer the Program for 545 out of 612 First Nations of whom approximately 200 have "read only" access to the IRS (only 117 are active users). In addition 232 First Nations out of 612 have assumed control of maintaining their own band lists under section 10 of the *Indian Act* and another 21 have assumed control under self-government. While these represent significant steps toward devolution, only about 17 First Nations have satisfied the program's criteria to obtain read and write access to the IRS. High turnover of IRAs and the complexity of registration criteria create difficulties for devolvement of registration activities. In addition, training is primarily done on a reactive basis. As a result, devolvement may not be occurring as desired.

In 2001, INAC commenced the Indian Registration System / Certificate of Indian Status (IRS/CIS) project. The ultimate goal of the IRS/CIS project is to provide virtually all IRAs with at least read access to the IRS and to significantly increase the number of IRAs with read and write access to the new system.

Information for Effective Decision-Making

During the conduct of the audit, we noted that the program does not have a formal performance measurement reporting structure at either the regional level or at the national level. No specific performance or operating measures have been identified and measured on a national scale. As a result there is no apparent link between operating needs and resource allocation, and decisions are being made without the benefit of proper performance information.

A common message from headquarters and each of the regions visited was that there were insufficient resources to perform all of the functions outlined in various directives. Development of a Performance Measurement Strategy would enable the directorate to compare results by region. Such comparison would highlight efficient operations and therefore facilitate sharing of best practices and would provide information to improve resource allocation.

Risk Management and Management Control Framework

Our interviews with various headquarter and regional management and officers indicated that the program does not have a risk assessment and mitigation plan.

Further, the program does not have a formal management control framework. As a result, review and supervisory activities are not performed in all locations and the program has not identified operating or performance measures.

The Program's Registration Officers are generally very experienced and know their role very well. As outlined in the Statement of Assurance, accuracy was not an issue in spite of the lack of a formalized management control framework. While experienced staff are presently compensating for the lack of a formal management control framework, eventual turnover will accentuate the necessity to develop a proper framework.

Control of Blank CIS Cards

As the holder of a CIS card is entitled to a number of benefits from various government departments, they are valuable and therefore require strict control to prevent unauthorized use.

In the course of the audit we examined the processes employed by the program at headquarters and in the regions visited to control the storage and issue of these blank cards. In general terms it is possible to determine the disposition of any particular card down to the band level and if issued the recipient as well.

The program, however, does not produce any periodic reports outlining the disposition of all cards at either the regional level or the National level. Further, there are no nationally prescribed procedures for card control procedures. As a result, the program does not know the extent of potential misuse of blank CIS cards.

Recommendations

A summary of the key recommendations are described below.

1. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, ensure that a plan that includes adequate resources to eliminate the backlog is developed and that progress against the plan is monitored. The plan should be developed with full consideration of the risk assessment recommended in this report.
2. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, ensure that the Indian Registration System (IRS) / Certificate of Indian Status (CIS) project results be closely monitored with respect to INAC's objective to support Indian and Inuit achievement of self-government particularly with respect to training and proactive means to devolve administrative responsibility.
3. It is recommended that senior departmental officials continue to seek support from central agencies and other government departments with a stake in a more secure Certificate of Indian Status (CIS) card.

4. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, ensure that a national Performance Measurement Strategy is developed and incorporated into the management control framework.
5. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, in conjunction with the Regional Directors of Lands and Trust Services, assess the current level of risk associated with the Indian Registration and Band Lists Program to ensure the policies, procedures, controls and resources in place are appropriate to mitigate the risks identified. This should include ensuring that each region institutes a framework comprising transaction review, training, operating and performance measurement and reporting.
6. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, in consultation with the Regional Directors of Lands and Trust Services, ensure that a determination is made of the required nature of monitoring. The monitoring policy should then be modified accordingly and implemented nation-wide.
7. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, ensure that an appropriate policy be developed for the control of cards including quarterly reporting of the disposition of all blank Certificate Indian Status (CIS) cards.
8. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, in consultation with the Regional Directors of Lands and Trust Services, and the Director General of the Information Management Branch, Corporate Services, ensure that filing system protocols are developed and implemented to ensure consistency and protection of private information and support ready retrieval as the need arises. Further, the destruction policy should be reviewed to ensure that it is consistent with registry requirements.

Statement of Assurance

We have completed the internal audit of the Indian Registration and Band Lists Directorate function carried out by the Indian Registration and Band Lists Directorate (IRBL). The objectives of this engagement were to :

- provide assurance to the Deputy Minister that the Indian Registration and Band Lists Directorate function is being carried out in compliance with the *Indian Act*, Regulations and Departmental Directives; and
- ensure that the Indian Registration needs of the growing Indian population are met in an efficient and effective manner and the current high rate of backlog is cleared.

The internal audit was conducted in accordance with the Treasury Board (TB) Policy on Internal Audit and the Institute of Internal Auditors (IIA) Standards for the Professional Practice of Internal Auditing. The audit examined the management control framework, the risk assessment strategy and practices and the information used for decision-making and reporting. The examination was conducted during the period of September 2002 to March 2003 and covered activities that have occurred during the period April 1, 1999 to March 31, 2001.

The scope of the audit covered a review of the management control framework, policies, procedures, practices and administrative regimes established in accordance with the provisions of the *Indian Act*, to effectively manage and administer the Indian Registration Processes. It included a review of the systems and procedures and controls related to the management and protection of Indian Registration at headquarters and in four regions; Ontario, Manitoba, Saskatchewan and British Columbia.

The criteria used to assess the entity were TB Guidelines on Risk Management, the *Indian Act*, Bill C-31, Stated Policies and Procedures of the IRBL and Modernization of Comptrollership in the Government of Canada. The criteria were discussed and agreed with entity management prior to the conduct of detailed audit procedures.

We concluded that within the context of the scope, there is moderate assurance that the Indian Registration and Band List Directorate functions are being carried out in compliance with the *Indian Act*, Regulations and Departmental Directives. We also concluded that the vast majority of applications for registration are efficiently processed but that additional effort is required by the IRBL to address the rate of backlog that exists within the Adoption, Protest and Entitlement Units at headquarters.

In our professional judgement as internal auditors, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the conclusions reached and contained in this report. The conclusions were based on a comparison of the situations as they existed at the time against the audit criteria. The conclusions are only applicable for the entity examined. The evidence gathered meets professional audit standards and is sufficient to provide senior management with the proof of the conclusions derived from the internal audit.

Departmental Audit and Evaluation Branch
Indian and Northern Affairs Canada

Section 1 - Introduction

Purpose

The purpose of the audit was to assess and to provide assurance to the Deputy Minister that the Indian Registration and Band Lists Directorate function is being carried out in compliance with the *Indian Act*, Regulations and Departmental Directives. As Indian and Northern Affairs Canada (INAC) endeavours to build new partnerships with First Nations, opportunities exist to ensure that the Indian Registration needs of the growing Indian population are met in an efficient and effective manner and the current high rate of backlog is cleared.

Background

The *Indian Act* sets out the criteria that a person must meet in order to be registered as an Indian. Decisions on registration are made by a departmental official known as the Registrar. Section 6 describes who is entitled to registration, section 7 describes persons who are not entitled to registration. Section 11 describes membership rules for departmental band list and section 10 describes band control of membership.

Over the years, there have been many rules for deciding who is an Indian eligible for registration. Important changes were made to the *Indian Act* in 1985, when Parliament passed Bill C-31, an act which removed parts of earlier legislation that discriminated against women. Also, it provided an opportunity to First Nations to control their own membership (now incorporated as section 10 of the *Indian Act*).

The Indian Registration and Band List Directorate (IRBL) of Registration, Revenues and Band Governance Branch provides Indian Registration Services. It also provides Band Lists Services for those First Nations that have not assumed control over their own membership.

Regions and Indian Registry Administrator (IRA) in First Nations communities play a significant role in maintaining the Indian Registration System (IRS). Regional offices are responsible for entering the standard events reported by the IRA, as well as training the IRA. The regions are also responsible for monitoring the activities of the IRA and headquarters monitors the events entered in the IRS by regional staff.

The following tables outline data with respect to how Indian Registration and Band Lists Directorate functions are administered and the type of system access available to IRAs. It should be noted that the data is fluid and numbers reflected are as of March 2003.

| Analysis of Indian Registry Service (IRS) | | |
|--|--------------------------------|--------------------|
| Bands Serviced By INAC | Bands Serviced by IRA's | Total Bands |
| 67 | 545 | 612 |

| Analysis of Indian Registry Administrator (IRA) System Access | | | |
|--|--------------------|--------------------------------|--------------------|
| No Access | Read Access | Read & Write Access | Total IRA's |
| 242 | 211 | 17 | 470 |

To improve efficiency and effectiveness of the Registration and Band Lists Processes, the department has undertaken an initiative comprising the following four components:

- re-engineering the IRS by replacing the existing legacy IRS with a modern on-line system;
- enhancing the Alberta Treaty 7 Certificate of Indian Status (CIS) pilot project technology infrastructure to enable real-time validation and card issuance by IRAs;
- implementing the IRS nation-wide including replacement of the existing IRS with the new web-enabled IRS application, training of all existing active users and improving access for the IRAs; and
- implementing the CIS nation-wide (currently unfunded).

Section 2 - Objectives and Scope

Objectives

The main objectives of the audit were to verify the following issues:

- to provide assurance to the Deputy Minister that the Indian Registration and Band Lists Directorate function is being carried out in compliance with the *Indian Act*, Regulations and Departmental Directives;
- to ensure that the Indian Registration needs of the growing Indian population are met in an efficient and effective manner and the current high rate of backlog is cleared.

Scope

The scope of the audit covered a review of the management control framework, policies, procedures, practices and administrative regimes established in accordance with the provisions of the *Indian Act*, to effectively manage and administer the Indian Registration Processes. It included a review of the systems and procedures and controls related to the management and protection of Indian Registration at headquarters and in four regions; Ontario, Manitoba, Saskatchewan and British Columbia covering the period from April 1999 to March 2001.

Audit Approach

The IRS was designed to track certain life events of each registrant. To do so a number of event codes were created to describe these life events. There are approximately 50 codes which for example include birth-current year (01), marriage-two Indians (12), confirmed death (40), addition-first generation (84), miscellaneous changes (95), etc. Examination of the distribution of the population indicated that more than 50% of the transactions processed in the regions were code 95. As a result, we stratified the population into two pools for audit sampling purposes. The following table summarizes the transactions processed by the regions selected for audit broken down into code 95 (miscellaneous) transactions and all others.

| Event | April 1, 1999 to March 31, 2000 | | | | April 1, 2000 to March 31, 2001 | | | | Total | | | | Total |
|---------|---------------------------------|-------|-------|--------|---------------------------------|-------|-------|--------|--------|--------|-------|--------|--------|
| | Ont | Man | Sask | BC | Ont | Man | Sask | BC | Ont | Man | Sask | BC | |
| Code 95 | 4,888 | 3,663 | 828 | 12,072 | 5,064 | 4,418 | 1,017 | 10,077 | 9,952 | 8,081 | 1,845 | 22,149 | 42,027 |
| Other | 5,623 | 4,816 | 3,652 | 4,418 | 5,593 | 4,480 | 4,177 | 3,957 | 11,216 | 9,296 | 7,829 | 8,375 | 36,716 |
| Total | 10,511 | 8,479 | 4,480 | 16,490 | 10,657 | 8,898 | 5,194 | 14,034 | 21,168 | 17,377 | 9,674 | 30,524 | 78,743 |

Headquarters deals with C31 Applications, Adoptions and Protests. Note that protest transactions were selected separately from paper files since the results of protest would not necessarily result in a transaction recorded in the IRS. The following table summarizes the non-protest transactions processed through the IRS by headquarters:

| Event | 1999 - 2000 | 2000 -2001 | Total |
|--------------|--------------------|-------------------|--------------|
| Total | 7053 | 5024 | 12077 |

The audit team selected the following random samples of transactions from the IRS database during the audit period to ensure they had been processed in accordance with the *Indian Act* and Regulations and Departmental Policies.

| Event | 1999-2000 | | | | | | 2000-2001 | | | | | | Total |
|--------------|------------------|-----|-----|------|----|-------|------------------|-----|-----|------|----|-------|--------------|
| | HQ | Ont | Man | Sask | BC | Total | HQ | Ont | Man | Sask | BC | Total | |
| Code 95 | | 10 | 10 | 10 | 30 | 60 | | 10 | 10 | 10 | 30 | 60 | 120 |
| Other | 27 | 30 | 30 | 30 | 20 | 137 | 23 | 30 | 30 | 30 | 20 | 133 | 270 |
| Total | 27 | 40 | 40 | 40 | 50 | 197 | 23 | 40 | 40 | 40 | 50 | 193 | 390 |

In addition to the above samples, the audit team chose an additional six protest transactions from the paper files covering both protests in progress and protests completed during the two year audit period.

Section 3 - Findings and Recommendations

The objectives of the audit were to provide assurance that the Indian Registration and Band Lists Directorate function is being carried out in compliance with the *Indian Act*, Regulations and Departmental Directives and to ensure that the Indian Registration needs of the growing Indian population are met in an efficient and effective manner and the current high rate of backlog is cleared. Each of these objectives are addressed in this report.

Assurance

Within the context of the scope, it is our opinion that there is moderate assurance that the Indian Registration and Band List Directorate functions are being carried out in compliance with the *Indian Act*, Regulations and Departmental Directives.

We visited four regions and headquarters and examined the supporting documentation for 390 transactions processed in the two year period ended March 31, 2001. We were provided with appropriate documentation for all but a very small number of transactions (4 at headquarters and 7 in Manitoba) and found only 1 insignificant error. It should be noted that one of the reasons for the large proportion of code 95 (miscellaneous) is that this code is used to add a remark each time an individual is issued a CIS card. In addition there are a large number of minor miscellaneous changes.

Backlog Issue

One of the stated audit issues was to determine if there were adequate plans or initiatives to improve efficiency and effectiveness of administration of Indian Registration and to address the backlog of files of persons applying to be registered. Backlogs are categorized into three types: (a) files not yet addressed; (b) files in progress where additional information requests have been received but not yet addressed; and:(c) correspondence received but not yet addressed. In the course of our audit, we determined that the only backlogs experienced in three of the four regions are due to delays by applicants in submitting complete information. In one region, there is a backlog of approximately 300 applications for birth certificates because the cost is \$35 per application and the region has no budget to pay these fees. Headquarters, which deals with the more complex areas of adoptions, entitlement and protests is experiencing significant backlogs. As of February 2002, these backlogs were as follows:

| Backlog type | Adoptions | | Entitlement | | Protest | |
|--------------|------------|-------------|-------------|--------------|------------|---------|
| | # of files | time | # of files | time | # of files | time |
| (a) | 441 | 11 months | 3,568 | 12-14 months | 224 | 8 years |
| (b) | 412 | 6-12 months | 1,672 | 12 months | 6 | 5 years |
| (c) | | | 2,500 | 4 years | | |

The cause of the backlogs according to various staff interviewed is due to high volume and to the difficulties in obtaining complete documentation to support registration activities. It was also suggested that some revisions to processes would help alleviate the current high rate of backlog. Over the years, the directorate has undertaken various studies and initiatives to try and reduce these backlogs, the last being 1999. There are no specific plans to resolve the backlog but it is believed that the IRS/CIS Initiative currently underway and ongoing staffing will reduce the size of the backlog in due course. It should be noted that these backlogs represent a small proportion of the number of transactions processed by the IRBL and the majority of applications for registration are efficiently processed.

Recommendation

1. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, ensure that a plan that includes adequate resources to eliminate the backlog is developed and that progress against the plan is monitored. The plan should be developed with full consideration of the risk assessment recommended in this report.

Strategy to Devolve Registration and Band List Directorate Functions

One of the objectives of the Indian and Inuit Affairs Program is to support Indians and Inuit in achieving their self-government, economic, educational, cultural, social and community development needs.

In the course of our interviews with various INAC personnel, it was determined that the Indian Registry Program has a policy of devolving registration activities to First Nations where the First Nation has demonstrated the administrative capacity to assume the responsibility. At present 470 IRAs administer the Indian Registry Program for 545 out of 612 First Nations. In addition 232 First Nations out of 612 have assumed control of maintaining their own band lists under section 10 of the *Indian Act* and another 21 have assumed control under self-government. While these represent significant steps toward devolution, only about 17 First Nations have read and write access to the IRS. For an IRA to be granted read and write access, the IRA must be recommended by the region who will confirm that:

- the IRA has the computer hardware required by INAC;
- the IRA has at least six months experience with read access;
- the IRA has indicated in writing a willingness to provide registration services to all registered Indians who are affiliated with the First Nation(s) they are responsible for whether they live on or off reserve; and
- the Chief and Council, the IRA and the IRA's supervisor have signed statements indicating that they will take the necessary steps to protect the privacy of the personal information in the IRS.

Barriers to Devolution

One of the difficulties in devolving registration activities is high turnover of IRAs. Further, in many First Nation communities, the IRA is a part-time function. These factors coupled with the complexity of registration criteria has resulted in an inability of many First Nations to assume full responsibility for registration activities. A number of First Nation's IRAs perform the function for more than one band which seems to be cost-effective solution but this is dependent upon reasonable proximity to each other.

A second issue is a lack of proactive training provided to First Nations. Headquarters provides a training manual and training materials to the regions who are responsible for conducting training activities. Interviews indicated that there is no national training plan and training materials are not always kept up to date. In general, regional training budgets are fairly small (ranging from \$20,000 to \$40,000 including travel costs). As a result, the regions usually only conduct 1 to 2 training sessions per year. Registration officers monitor the quality of data provided by IRAs and try to conduct courses as needed, usually when there are several IRAs needing training in the same geographic area to cut down on travel costs.

Devolution Initiative

In 1999 as a Gathering Strength Initiative, a pilot project was initiated in Alberta with the Treaty 7 organization to test plastic cards and issuance processes. In 2001, INAC commenced the Indian Registration System / Certificate of Indian Status (IRS/CIS) project. The objectives of the project are to introduce a more secure CIS card to replace the existing paper card, to improve program business processes and replace the IRS legacy computer system and, to improve system user access (IRAs, regional offices and headquarters) to the IRS information in support of the Government-On-Line initiative. The ultimate goal of the IRS/CIS project is to provide virtually all IRAs with at least read access to the IRS and to significantly increase the number of IRAs

with read and write access to the new system. All of these objectives are underway except for the national roll-out of the new CIS card pending funding which is being sought in large part from other government departments who have a stake in a more secure CIS card.

Recommendations

2. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, ensure that the Indian Registration Services (IRS) / Certificate Indian Status (CIS) project results be closely monitored with respect to INAC's objective to support Indian and Inuit achievement of self-government particularly with respect to training and proactive means to devolve administrative responsibility.
3. It is recommended that senior departmental officials continue to seek support from central agencies and other government departments with a stake in a more secure Certificate Indian Status(CIS) card.

Information for Effective Decision-making

Integrated performance information is one of seven essential elements of management as outlined in Treasury Board's Modern Comptrollership Initiative. Performance information enables linkage between results and resources and therefore provides management with key information necessary for effective decision-making. Performance information can help management identify operational issues such as adequacy of resources (people and money), efficiency and effectiveness of business processes and the value of outputs to intended recipients.

The Indian Registry System (IRS) is the computer system employed by the program to maintain the Indian Registration and Band Lists information. The system is able to produce a myriad of statistical reports useful to Indian Registry Program management including transactions processed by headquarters, by region and by person in any given time period.

During the conduct of the audit, we noted that the program does not have a formal performance measurement reporting structure at either the regional level or at the national level. Reporting is done on an ad hoc basis to address specific needs rather than as a routine part of proactive management. No specific performance or operating measures have been identified and measured on a national scale. As a result there is no apparent link between operating needs and resource allocation and decisions are being made without the benefit of proper performance information.

A common message from headquarters and each of the regions visited was that there were insufficient resources to perform all of the functions outlined in various directives. Development of a Performance Measurement Strategy would enable the program to compare results by region. Such comparison would highlight efficient operations and therefore facilitate sharing of best practices and would provide information to improve resource allocation.

Recommendation

4. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, ensure that a national Performance Measurement Strategy is developed and incorporated into the management control framework.

Risk Management and Management Control Framework

Our interviews with various headquarter and regional management and officers indicated that the program does not have a risk assessment and mitigation plan. An example of a risk is the ease by which the current CIS cards are forged. The program's risk mitigation plan is the design of a new more secure card.

Further, the program does not have a formal management control framework. As a result, review and supervisory activities are not performed in all locations and the program has not identified operating or performance measures.

The program's registration officers are generally very experienced and know their role very well. As outlined in the assurance section of this report, accuracy was not an issue in spite of the lack of a formalized management control framework. While experienced staff are presently compensating for the lack of a formal management control framework, eventual turnover will accentuate the necessity to develop a proper framework.

Headquarters and one of the regions visited employs a system of peer review on all transactions. Headquarters employs peer review on all transactions. In the region referred to above, each of the officers in turn spend one day per week reviewing the previous day's transactions. The review may result in the officer reviewing his or her own work of the previous day, however it is still the best practice employed in any of the regions visited.

Recommendation

5. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, in conjunction with the Regional Directors, Lands and Trust Services, assess the current level of risk associated with the Indian Registration and Band Lists Program to ensure the policies, procedures, controls and resources in place are appropriate to mitigate the risks identified. This should include ensuring that each region institutes a framework comprising transaction review, training, operating and performance measurement and reporting.

Monitoring

The directorate's policies call for headquarters to monitor the regions and for the regions to monitor the IRAs once every three years.

Through our interviews and review of monitoring reports, we determined that monitoring is not being carried out on a consistent basis. Headquarters conducts some monitoring visits and produces a report for each visit outlining the results. These reports are reviewed by management but there are no specific plans or schedule nor any annual roll-up reporting of same to management. Further, there was no indication of follow-up of the observations in cases where monitoring visits were conducted.

One region is following the policy reasonably closely, except in the case of remote bands. They also employ a checklist which is completed during the visit and provide a report to the IRA. Follow-up is not done until the next monitoring visit.

Several regions do little or no monitoring beyond telephone calls and observing the quality of data provided to the region by the IRA. In the case of these regions, lack of resources was cited as the reason for non-compliance with the policies.

In our finding presented under the heading "Assurance" we found no significant errors in any region whether they conducted monitoring visits or not. This is probably so because the IRAs are required to submit all documentation to the region which is reviewed before input. Band monitoring visits are viewed by headquarters and some regions as important with respect to ensuring IRAs maintain confidentiality of information and proper control over blank CIS cards. As the Indian Registry Program is a national concern, monitoring activities should be conducted on a consistent basis.

Recommendation

6. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, in consultation with the Regional Directors, Lands and Trust Services, ensure that a determination is made of the required nature of monitoring. The monitoring policy should then be modified accordingly and implemented nation-wide.

Control of Blank CIS Cards

As the holder of a CIS card is entitled to a number of benefits from various government departments, they are valuable and therefore require strict control to prevent unauthorized use.

In the course of the audit we examined the processes employed by the program at headquarters and in the regions visited to control the storage and issue of these blank cards. The program uses paper pre-numbered Certificates of Indian Status. Headquarters arranges for the printing of blank CIS cards as stocks are depleted and ensures numerical continuity. Stores, which maintains a controlled access area at headquarters, keeps the blank cards in a locked cabinet. As regions request supply of blank cards, directorate personnel advise stores to issue a batch to the region. Stores keeps a log of the cards received and sent. Similarly, in each of the regions, records are maintained of cards received from headquarters and of cards issued to bands. The regions employ various methods to control cards issued to IRA's. In some cases new cards will not be issued until the IRA provides a log of the distribution of previously issued cards. In other cases, follow-up of issued cards is only done during monitoring visits which for purposes of card control are too infrequent. In general terms it is possible to determine the disposition of any particular card down to the band level and if issued the recipient as well. Virtually all regions experience some loss of cards at the IRA level.

The program does not produce any periodic reports outlining the disposition of all cards at either the regional level or the national level. Further, there are no nationally prescribed procedures for card control. As a result, the program does not know the extent of loss of and therefore potential misuse of blank CIS cards.

Recommendation

7. It is recommended that the Director General, Registration, Revenues and Band Governance Branch ensure that an appropriate policy be developed for the control of cards including quarterly reporting of the disposition of all blank Certificate Indian Status (CIS) cards.

Record Retention

The program is the holder of a vast amount of historical information in support of Indian Registration Program including band lists and family tree information. While much of this information is stored electronically a significant amount is paper-based. As outlined under the Statement of Assurance Section, the vast majority of documentation was retrieved to support those transactions selected for audit. Nonetheless, one region was unable to find documentation to support 7 transactions and headquarters could not provide support for 4 transactions. Given the importance of the Registry to First Nations, it is incumbent upon the program to ensure it is readily able to produce support for all transactions.

It was brought to our attention by one of the regions that the file numbers used for the filing of IRS transaction support documentation are listed in the National Archives protocol to be destroyed after 30 years.

Recommendation

8. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, in consultation with the Regional Directors, Lands and Trust Services, and the Director General of the Information Management Branch, Corporate Services, ensure that filing system protocols are developed and implemented to ensure consistency and protection of private information and support ready retrieval as the need arises. Further, the destruction policy should be reviewed to ensure that it is consistent with registry requirements.

Terms of Reference

Terms of Reference

Audit of Indian Registration Process

Background: The *Indian Act* sets out the criteria that a person must meet in order to be registered as an Indian. Decisions on registration are made by a departmental official known as the Registrar. Section 6 describes who is entitled to registration, section 7 describes persons who are not entitled to registration, section 11 describes membership rules for departmental band list and section 10 describes band control of membership.

Over the years, there have been many rules for deciding who is an Indian eligible for registration. Important changes were made to the *Indian Act* in 1985, when Parliament passed Bill C-31, an act which removed parts of earlier legislation that discriminated against women. Also, it provided an opportunity to First Nations to control their own membership.

The Indian Registration and Band Lists Directorate (IRBL) of Registration, Revenues and Band Governance Branch provides Indian Registration Services. It also provides Band Lists Services for those First Nations that have not assumed control of their own membership.

Regions and Indian Registry Administrator (IRA) in First Nations communities play a significant role in maintaining the Indian Registration System (IRS). Regional offices are responsible for entering the standard events reported by the IRA, as well as training the IRA. The regions are also responsible for monitoring the activities of the IRA and headquarters monitors the events entered in the IRS by the regional staff.

To improve efficiency and effectiveness of the registration and band lists processes, the department has undertaken an initiative comprising the following four components:

- re-engineering the IRS by replacing the existing legacy platform with a modern on-line system;
- implementing an enhanced Alberta Treaty 7 pilot project to enable a real-time, on-line registry update, event reporting and Certificate Indian Status (CIS) card issuance by Alberta Indian Registry Administrator (IRA);
- implementing a phased national CIS based on a re-engineered IRS; and
- promoting universal acceptance of the CIS as valid proof of Indian Status.

Need: The Indian Registration Process was last examined by DAEB in 1990-1991. There is a need to provide assurance to the Deputy Minister that the Indian Registration and Band Lists Directorate function is being carried out in compliance with the *Indian Act*, Regulations and Departmental Directives. As DIAND endeavours to build new partnerships with First Nations, opportunities exist to ensure that the Indian Registration needs of the growing Indian population are met in an efficient and effective manners and the current high rate of a backlog is cleared.

Scope: The audit will cover a review of management control framework, policies, procedures, practices and administrative regimes established in accordance with the provisions of the *Indian Act*, to effectively manage and administer the Indian Registration Processes. It will include a review of the systems, and procedures and controls related to the management and protection of Indian Registration at headquarters and in four regions: Ontario, Manitoba, Saskatchewan and British Columbia covering the fiscal period from April 1999 to March 2001.

Issues: The main objectives of the audit will be to verify:

- are the Minister's legal and fiduciary responsibilities in respect to Indian Registration being adequately fulfilled?
- are there adequate management control frameworks in place at headquarters and the regions to ensure that Indian Registration is being administered in compliance with the *Indian Act*, Regulations and Departmental Directives?
- what risk management measures are in place to monitor and to provide senior management with credible information for decision-making and minimize the Minister's exposure to the risks?
- are there adequate plans or initiatives to improve efficiency and effectiveness of administration of Indian Registration and to address the backlog of files of persons applying to be registered?
- are existing procedures manuals, practices and training adequate?

Capacity Building and Gathering Strength Related Issues

- does the department have a strategy for achieving "self administration" of Indian Registration? What level of "self administration" has been achieved? Do barriers or constraints exist to self administration?
- has an adequate training plan been developed and delivered for capacity building of First Nations?

- whether there are adequate operational systems in place for regional monitoring of First Nations IRAs?

Approach: The audit will review departmental procedures, practices and systems in place to ensure compliance with legislative and departmental directives.

The audit will assess roles and responsibilities exercised by managers and front line officers in management of Indian Registration Processes at headquarters and Ontario, Manitoba, Saskatchewan and British Columbia regions.

Time Frame: The audit planning will begin in November 2001. The fieldwork should take place in January 2002 to March 2002. The draft and final audit reports to be completed by May 2002.

Resources: The work will be carried out by DAEB staff and consultants, supervised by DAEB.

Cost: Budget of \$80,000 has been established for consulting work.

Approved by:

Warren Johnson
Assistant Deputy Minister
Lands and Trust Services
December 5, 2001

Action Plan

Action Plan

Project Title: **Audit of Indian Registration Process**
Region or Sector: **Lands and Trust Services**

Project: 01/04
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| Recommendations | Actions | Responsible Manager (Title) | Planned Implementation Date |
|--|--|--|-----------------------------|
| <p>1. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, ensure that a plan that includes adequate resources to eliminate the backlog is developed and that progress against the plan is monitored. The plan should be developed with full consideration of the risk assessment recommended in this report.</p> | <ul style="list-style-type: none"> • Efficiencies in the application process to be realized with implementation of the new enhanced Indian Registry System (IRS). | <p>Director General, Registration, Revenues and Band Governance Branch</p> | <p>June 2, 2003</p> |
| | <ul style="list-style-type: none"> • Finalize a comprehensive reference document on Indian Registration Policy. | | <p>June 2, 2003</p> |
| | <ul style="list-style-type: none"> • Staff vacant positions at headquarters, Indian Registration and Band Lists Directorate. | | <p>September 30, 2004</p> |
| | <ul style="list-style-type: none"> • Regularly review business practices and workload within and among teams and monitor performance and progress on a monthly basis. | | <p>March 31, 2004</p> |
| | <ul style="list-style-type: none"> • Implement a backlog resolution campaign if backlog is not significantly reduced after one year. | | <p>June 2, 2004</p> |

Action Plan

Project Title: **Audit of Indian Registration Process**
Region or Sector: **Lands and Trust Services**

Project: 01/04
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| Recommendations | Actions | Responsible Manager (Title) | Planned Implementation Date |
|--|---|---|--|
| 2. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, ensure that the Indian Registration System (IRS) / Certificate Indian Status (CIS) project results be closely monitored with respect to INAC's objective to support Indian and Inuit achievement of self-government particularly with respect to training and proactive means to devolve administrative responsibility. | As stage 3 of the Indian Registration System (IRS) / Certificate Indian Status (CIS) project, provide read access to an additional 21 First Nation Indian Registry Administrators (IRAs) and IRS read and write access to an additional 23 First Nation IRAs. | Director General, Registration, Revenues and Band Governance Branch | March 31, 2004 |
| 3. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, continue to seek support from central agencies and other government departments with a stake in a more secure Certificate Indian Status (CIS) card. | Meetings are ongoing with central agencies and other government departments. | Director General, Registration, Revenues and Band Governance Branch | 1- Funding must be secured by: September 30, 2003 2- To implement a new Certificate Indian Status (CIS) card by: March 31, 2005 |
| 4. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, ensure that a national Performance Measurement Strategy is developed and incorporated into the management control framework. | Develop a Results-based Management and Accountability Framework (RMAF). | Director General, Registration, Revenues and Band Governance Branch | December 31, 2003 |

Action Plan

Project Title: **Audit of Indian Registration Process**
Region or Sector: **Lands and Trust Services**

Project: 01/04
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| Recommendations | Actions | Responsible Manager (Title) | Planned Implementation Date |
|---|--|---|-----------------------------|
| 5. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, in conjunction with the Regional Directors of Lands and Trust Services, assess the current level of risk associated with the Indian Registration and Band Lists Program to ensure the policies, procedures, controls and resources in place are appropriate to mitigate the risks identified. This should include ensuring that each region institutes a framework comprising transaction review, training, operating and performance measurement and reporting. | Develop a Risk-Based Audit Framework (RBAF). | Director General, Registration, Revenues and Band Governance Branch | December 31, 2003 |
| 6. It is recommended that the Director General, Registration, Revenues and Governance Branch, in consultation with the Regional Directors of Lands and Trust Services, ensure that a determination is made of the required nature of monitoring. The monitoring policy should then be modified accordingly and implemented nation-wide. | Develop a Risk-Based Audit Framework (RBAF). | Director General, Registration, Revenues and Governance Branch | December 31, 2003 |

Action Plan

Project Title: **Audit of Indian Registration Process**
Region or Sector: **Lands and Trust Services**

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| Recommendations | Actions | Responsible Manager (Title) | Planned Implementation Date |
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| 7. It is recommended that the Director General, Registration, Revenues and Band Governance Branch, ensure that an appropriate policy be developed for the control of cards including quarterly reporting of the disposition of all blank Certificate Indian Status (CIS) cards. | Develop and implement a policy on the control of CIS cards. | Director General, Registration, Revenues and Band Governance Branch | December 31, 2003 |
| 8. It is recommended that the Director General, Registration, Revenues and Governance Branch, in consultation with the Regional Directors of Lands and Trust Services, and the Director General of the Information Management Branch, Corporate Services, ensure that filing system protocols are developed and implemented to ensure consistency and protection of private information and support ready retrieval as the need arises. Further, the destruction policy should be reviewed to ensure that it is consistent with registry requirements. | <ul style="list-style-type: none"> • Develop and implement filing system protocols. • Review the destruction policy. | Director General, Registration, Revenues and Band Governance Branch | <p>October 31, 2003</p> <p>October 31, 2003</p> |