

**Indian and Northern Affairs Canada
Corporate Services**

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**Audit of Post-Secondary Student
Support Program**

**Project 01/15
June 2005**

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Executive Summary

Background

The purpose of the audit was to provide assurance that the Post-Secondary Student Support Program (PSSSP) is effectively and efficiently administered and managed in accordance with departmental guidelines and requirements; and also to assess whether the program supports the increased participation, success and completion of studies by eligible students. Post-Secondary Education accounts for \$285 million, as per the Departmental Performance Report 2001-2002, in annual funding, and is important to the well-being of First Nations individuals and communities. As noted in the recent Speech from the Throne, “the most enduring contribution Canada can make to First Nations is to raise the standard of education on-reserve.”

In conducting this audit, it was necessary to take into consideration prevailing department-wide philosophies that influence the manner in which this program is managed. Indian and Northern Affairs Canada (INAC) has been implementing a deliberate and considered approach to devolution of authority to First Nations. The departmental culture through the early 1990s was one of program devolution and withdrawal from direct program management. The Post-Secondary Education Program (PSE) was the first program to be completely devolved to First Nation and third party management. The fact that PSE was (and remains) a very visible and high priority program brought with the transfer of program management to First Nations, a sense of accomplishment from First Nations that was fully and strongly supported from all levels of the department. However, this achievement was not without risk and had a profound impact on the department in terms of human resource levels and systems and procedures for resource management. Many practices of the department invite questions in light of central agencies’ renewed emphasis on transparency and accountability. As noted by the Auditor General in *Reflections On A Decade Of Serving Parliament - February 2001*: “Devolution is the major reform of the centuries-old approach of the Department's Indian Superintendent, but it should not mean abdication. The department is still responsible to ensure that the programs it funds produce the necessary results at an appropriate cost.” Findings and recommendations in this report recognize the influence of devolution, while aiming for achievement of accountability.

Objectives

Following analysis conducted in the preliminary survey phase, the objectives of this audit were expanded in order to determine:

- whether or not the PSSSP is effectively and efficiently administered and managed in accordance with the departmental guidelines and requirements;

- whether or not the PSSSP supports the increased participation, success and completion of studies by eligible student, and
- whether or not data is currently available to the department, or economical to obtain, that would permit it to more effectively manage PSSSP if appropriate processes were to be put in place.

Scope

The audit scope included examination of the management control framework, policies, procedures, practices and administrative regimes for the PSSSP at headquarters and seven regions covering the period from April 2000 to March 2002.

Key Findings

The audit was designed to draw conclusions against the three objectives. The conclusions are:

- although there has been program success in terms of increased numbers of funded students over the long term, there are issues around the effective management of communications, risk management and monitoring;
- the PSSSP does support the increased participation, success and completion of studies by eligible students; however, significant PSSSP funds are spent on activities that do not fall within the scope of the program, and monitoring of performance indicators could be improved; and
- data was found to be present in First Nations files that would permit the department to more effectively manage PSSSP if appropriate processes were to be put in place.

Findings of particular significance are described briefly below, under three categories relating to establishment of controls, compliance with controls, and program results.

Adequacy of Management Control Framework

Communication of Objectives, Policies and Procedures

Objectives of the PSSSP, terms of the policy, and the written compliance review process are being misinterpreted in the field due to a lack of guidance with respect to maintaining accountability even while pursuing devolution.

Risk Management

The audit found no evidence that a risk assessment for this program had been conducted in the past or planned for the future, apart from the existence of the September 2001 Risk-Based Audit Framework (RBAF). It was observed that there was a lack of awareness of integrated risk management requirements by program managers. This points to a general lack of proactive and regular policy discussions regarding this program. In addition, every region was found to be organized differently for policy development and coordination, and in most cases there is no management position specifically responsible for interpretation, guidance and enforcement of education policy. This makes it difficult to establish accountability for PSSSP.

Monitoring and Follow-Up

Collection of financial and non-financial program data is not aligned with the shaping of policy, and monitoring of operational and performance indicators needs to be enhanced. In this context, there are likely to be gaps in accountability for the program, and inadequate input into strategies for maximizing student intake. It was observed that student numbers have actually decreased recently, with no evidence seen that this new trend has been officially acknowledged and incorporated into operational and policy planning.

Compliance with Program Terms and Conditions

The audit revealed specific and widespread departures from PSSSP terms and conditions, including:

- allocation methodologies in the regions do not take into account demand or cost factors, or previous performance and expenditure patterns;
- compliance reviews are not carried out in most regions;
- known compliance exceptions are not dealt with in most regions; and
- headquarters does not maintain a national list of eligible post-secondary institutions, as called for in the policy.

In addition, the audit revealed a lack of enforcement of the requirement set out in the Year End Reporting Handbook that First Nations are to include detailed program schedules in their audited reports. This has a direct impact on the ability of the department to carry out adequate monitoring of the program. Headquarters is aware that there is inconsistent implementation of controls over PSSSP, but efforts to rectify the situation have been limited and do not appear to carry authority.

Performance of the PSSSP Program

Performance indicators point to some program success in terms of increased numbers of funded students over the long term, but more data is required to assess the extent of that success in the context of the aboriginal and general populations. This includes such information as the number of deferred students, amount spent on each student, and amounts spent outside of eligibility limits, which is not collected by the department, but is maintained by First Nations and could readily be made accessible to the department.

The policy itself does not express an objective of closing the gap between participation rates of aboriginal and general population, but rather to produce comparable educational outcomes in participating students, and higher rates of participation and graduation. The audit did not reveal any guidelines as to how the existing non-financial program data (from student registers) should be summarized, analyzed, and acted upon to enhance the effectiveness of the program. Efficiency of the program can only be ascertained by obtaining and analyzing more complete information on such factors as demand for the program, longitudinal behaviour of funded students, analysis of the amounts being spent on various components of student support, and educational activities of unfunded students.

Recommendations

1. It is recommend that the Director General, Education Branch of Socio-Economic Policy and Regional Operations (SEPRO), in consultation with the Director General, Finance Branch of Corporate Services, should:
 - initiate an action plan to clarify definitions and directions in the Post-Secondary Student Support Program policy and other guidelines, in order to eliminate ambiguity and to strengthen enforcement of policy;
 - initiate a program of education training, or guidance across regions and within headquarters for personnel involved in managing and administering the Post-Secondary Student Support Program. Such a program should at a minimum consist of regular bulletins on Post-Secondary Student Support Program re-stating objectives and terms and conditions in light of prevailing conditions and departmental philosophy, soliciting feedback on the application of those terms and conditions, and disseminating information on best practices. First Nations should receive similar material; and
 - develop a separate training module in consultation with First Nations to be delivered to all First Nations to accomplish improved education program results and to build First Nations' capacity to manage the program effectively.

2. The Director General, Education Branch of Socio-Economic Policy and Regional Operations (SEPRO), in consultation with the Director General, Corporate Information Management Directorate, and the Director, Transfer Payments Directorate, should undertake a review of risk management activities as they are being currently conducted, and implement measures to close gaps between risk management policy and implementation. Between them, these managers are responsible for Post-Secondary Student Support Program risk management, coordinating departmental activities in relation to transfer payment management, and for management of non-financial program data.
3. The Director General, Education Branch of Socio-Economic Policy and Regional Operations (SEPRO), should reassess the elements of data collection needed to meet requirements of the Results-based Management and Accountability Framework. This could include, in particular, information on deferred students, months or years of support to each student, and detailed Post-Secondary Student Support Program expenditure data by First Nations.
4. The Director General Education Branch of Socio-Economic Policy and Regional Operations (SEPRO) should:
 - establish a governance structure for the Post-Secondary Student Support Program that permits Socio-Economic Policy and Regional Operations (SEPRO) or another designated office to monitor and respond to the practice of policy in headquarters and in the regions. In practice, this might mean a committee that meets at regular intervals to establish monitoring guidelines and to review and act on the results; and
 - consult with the Director General, Finance Branch of Corporate Services, to review the status of compliance reviews in the upcoming renewal of Treasury Board authorities, and take action to implement the appropriate procedures in the regions.
5. The Director General, Education Branch of Socio-Economic Policy and Regional Operations (SEPRO), should establish mechanisms for consultation on Post-Secondary Student Support Program policy and practice, involving Resource Management and Reporting Directorate, Corporate Information Management Directorate, regions, and First Nations:
 - to periodically assess whether the program is being managed in the most effective and efficient manner to meet the objectives and terms and conditions of the authorities; and
 - to ensure relevant inputs to this process by reaching consensus on the data to be acquired from First Nations and the means to acquire it.

The conduct of effective program control will benefit from the insights of these directorates and First Nations, who are in a position to observe the effort and reward associated with control mechanisms and data acquisition, but without any formal channel for communicating these to the responsible directorate.

Best Practices

A number of practices were observed in headquarters and in the regions which merit consideration for implementation on a wider basis in order to promote improved transparency and accountability.

The Ontario Region solicits detailed schedules of Post-Secondary Education spending and forecasts from First Nations in order to support the more active management of the program that takes place in that region, while Atlantic Region requests substantiated lists of deferred students. British Columbia Region has published extensive Post-Secondary Student Support Program guidelines in readable language, for internal use and distribution to First Nations. These documents are clear and unambiguous regarding responsibilities of all parties. Similarly, Quebec Region has added a sentence to the standard Comprehensive Funding Agreement which negates the omission of any explicit reference to mandatory compliance reviews. All such practices reinforce the notion of accountability for results.

The Administering Organization of one First Nation in Ontario has developed a sophisticated database for recording information on current and formerly funded students, as well as rejected and deferred applications. Use of such a tool by all or a majority of First Nations, along with agreement by First Nations to share the information, would be very beneficial to achieve transparency and accountability.

The Resource Management and Reporting Directorate of Finance Branch has consistently led the effort to encourage conduct of PSSSP compliance reviews in the region, monitoring the extent of conduct of these reviews in regions, and responding accordingly, including annual national workshops to share best practices.

One First Nation has adopted the practice of purchasing the rights to courses with PSSSP funds, then delivering them on reserve to any qualified learners in order to leverage the cost. Low dropout rates are experienced because the learning is local, allowing students to stay close to their support networks.

Statement of Assurance

We have completed the internal audit of the Post-Secondary Student Support Program (PSSSP), which is managed by the Learning, Employment and Human Development Directorate, Education Branch, Socio-Economic Policy and Regional Operations. The objectives of this internal audit were to determine:

- whether or not the PSSSP is effectively and efficiently administered and managed in accordance with the departmental guidelines and requirements;
- whether or not the PSSSP supports the increased participation, success and completion of studies by eligible student; and
- whether or not data is currently available to the department, or economical to obtain, that would permit it to more effectively manage PSSSP if appropriate processes were to be put in place.

This internal audit was carried out in accordance with the Treasury Board Policy on Internal Audit and the Institute of Internal Auditors (IIA) Standards for the Professional Practice of Internal Auditing. During the audit, we examined program authorities, policies and procedures, management reports, and a sample of student files. We also made enquiries of management and staff in headquarters and in seven regional offices, as well as at First Nations premises.

Our internal audit conclusions were based on the assessment of findings against pre-established audit criteria developed for the particular nature of this audit, and agreed to by management of the auditee. These conclusions reflect audit work carried out between July 16, 2002 and January 31, 2003, and cover activities that have occurred during fiscal years 2000-2001 and 2001-2002.

In our opinion, sufficient audit work has been performed and the necessary evidence has been gathered to support the following conclusions:

- although there has been program success in terms of increased numbers of funded students over the long term, there are issues around the effective management of communications, risk management and monitoring;
 - the PSSSP does support the increased participation, success and completion of studies by eligible students; however, significant PSSSP funds are spent on activities that do not fall within the scope of the program, and monitoring of performance indicators could be improved; and
 - data was found to be present in First Nations files that would permit the department to more effectively manage PSSSP if appropriate processes were to be put in place.
- Departmental Audit and Evaluation Branch, Indian and Northern Affairs Canada.

Section 1 - Introduction

This report sets out the results of the audit conducted from July 16, 2002 to January 31, 2003, including the audit observations and conclusions reached, and recommendations. The term "PSSSP" is used to denote both the Post-Secondary Student Support Program and the University and College Entrance Preparation Program, as they are administered in a similar manner, and are not distinguished from each other in budgeting. Audit activities were based on the policy circular document "Post-Secondary Student Support Program" dated October 5, 1989. During the course of the planning and fieldwork phases of the audit, departmental program authorities were obtained and are reflected in the findings to the extent possible. However, these authorities were not referred in the audit criteria.

The purpose of the audit was to provide assurance that the Post-Secondary Student Support Program (PSSSP) is effectively and efficiently administered and managed in accordance with departmental guidelines and requirements; and also to assess whether the program supports the increased participation, success and completion of studies by eligible students.

Background

The Department of Indian and Northern Affairs has been implementing a deliberate and considered approach to devolution of authority to First Nations. The departmental culture through the early 1990's was one of program devolution and withdrawal from direct program management. The PSE Program was the first program to be completely devolved to First Nation and third party management. The fact that PSE was (and remains) a very visible and high priority program brought with the transfer of program management to First Nations, a sense of accomplishment from First Nations that was fully and strongly supported from all levels of the department. However, this achievement was not without risk and had a profound impact on the department in terms of human resource levels and systems and procedures for resource management. Many practices of the department invite question in light of central agencies' renewed emphasis on transparency and accountability. As noted by the Auditor General in *Reflections On A Decade Of Serving Parliament - February 2001*: "Devolution is the major reform of the centuries-old approach of the Department's Indian Superintendent, but it should not mean abdication. The department is still responsible to ensure that the programs it funds produce the necessary results at an appropriate cost."

The importance of the Post-Secondary Student Support Program is reflected not only in the \$285 million invested annually in the program, but also in the acknowledged impact of sound educational achievement on the well-being of First Nations individuals and communities. As noted in the recent speech from the Throne: "The most enduring contribution Canada can make to First Nations is to raise the standard of education on-reserve." The Government has committed to addressing the report from INAC's National Working Group on Education by taking action to improve educational outcomes for Aboriginal people, and has provided

\$35 million over the next two years to respond to the Working Group's recommendations. This audit addresses the extent to which the program already in existence has been properly managed so as to support the increased participation, success and completion of post-secondary studies by eligible First Nations students.

Indian and Northern Affairs Canada (INAC) mandate and responsibilities stem from exercising its authority and fulfilling its obligations under various statutes, treaties, agreements and government policy. Since 1927, under the *Indian Act*, the Minister may provide for and make regulations concerning schools for Indians living on reserves, with respect to teaching, education, inspection and discipline. In the 1950's, there was no federal government program specifically supporting Post-Secondary Education for status Indians and Inuit. Instead, INAC provided some financial assistance to those students on a case-by-case basis.

In 1968, INAC introduced a financial assistance program for technical, vocational, college, and university training for Status Indians and Inuit. In the 70's, more and more First Nation and Inuit students began to pursue Post-Secondary Education. As a result, in 1977 INAC established the Post-Secondary Educational Assistance Program (PSEAP) which later evolved into the Post-Secondary Student Support Program (PSSSP). The program applies to all levels of Post-Secondary Education, including community college diploma and certification programs, undergraduate programs and professional degree programs.

Between 1988 and 1999, the number of status Indian and Inuit students pursuing a college or university education increased from 15,572 to more than 27,000. Today, almost 100% of all post-secondary funding is administrated by First Nation and Inuit organizations who establish their own priorities for this funding. The PSSSP has removed many of the financial barriers to Post-Secondary Education that status Indian and Inuit students encountered in the past. The program was funded at over \$285 million for the fiscal year 2001-2002.

The PSSSP offers students three types of support.

- Tuition support is provided to part-time and full-time students. It may include fees for registration, tuition and the cost of books and supplies required for courses.
- Travel support is available to students who must leave their permanent place of residence to attend college or university. Students may qualify for a grant to return home once every semester. This grant also covers any dependants who live with the student.
- Living expenses is provided to full-time students to help cover the costs of food, shelter, transportation and day care.

INAC also provides financial support to status Indian and Inuit students enrolled in University and College Entrance Preparations (UCEP) Programs. UCEP enables students to attain the academic level required to enter degree and diploma programs. There is a reporting requirement that the Band/Council/administering organization shall provide the Minister with a report on the students receiving post-secondary funding, as of November 1st of each year, in approved Post-Secondary Institutions in accordance with the PSSSP Policy, section 10, Student Register.

Statistically, university graduation is four times lower for the First Nations population than the Canadian population. More specifically, 3% of the First Nations population, aged 15 years and older, has completed university (Bachelor's degree or higher) compared to 13.3% of the Canadian population (1996 Census Data, Statistics Canada). It has been estimated by First Nations that several thousands First Nations applicants were not able to access funding for Post-Secondary Education (PSE) during fiscal year 2000-2001.

It is the position of the Assembly of First Nations (AFN), as expressed in the First Nations Post-Secondary Education Review of September 2000, that education at all levels is an inherent Aboriginal and treaty right as recognized in the Canadian Constitution. The AFN believes that the federal government has a fiduciary obligation to uphold the rights of First Nation and adequately resource First Nation Post-Secondary Education. Post-Secondary Education policies and funding have been an ongoing concerns for the AFN. The Chiefs in Assembly have passed numerous resolutions to address Post-Secondary Education concerns relating to First Nations. The AFN has been given the mandate by their chiefs to work with the Federal government to: increase funding for Post-Secondary Education students and institutions, create a living database to track First Nation Post-Secondary Education applicants and students, and conduct a review of INAC's Post-Secondary Education Policies and Programs. The Chiefs Committee on Education ratified the National Report of the First Nation Post-Secondary Education Review in September 2000. The National Report was also ratified by the Confederacy of Nations in December 2000.

Need for the Audit

An increased emphasis on accountability within the Government of Canada has sparked a re-examination of many programs that had been subject to devolution of responsibility to First Nations. Post-Secondary Education is amongst those programs that has been almost entirely devolved, and so is an appropriate candidate for scrutiny at this time. As well, the June 2000 report of the Auditor General contained a number of recommendations aimed at strengthening INAC's practices relating to Elementary and Secondary Education Programs. The nature of these findings raises the possibility of potential parallels within the Post-Secondary Program. Therefore, there is a need to examine PSSSP, the primary component of Post-Secondary Education, in order to ensure that it is effectively and efficiently administered and managed.

Description of the Audit Entity

The PSSSP managed by the Learning, Employment and Human Development Directorate (LEHD), within the Education Branch, Socio-Economic Policy and Programs. Relevant reference materials include the PSSSP Policy itself, the PSSSP Administration Handbook, and the September 2001 Social and Education Program Authorities. PSSSP is part of the Post-Secondary Education (PSE) Program and is a component of core programs as defined in the block funding provided by headquarters to the regions. Regions develop their own procedures to determine how much of the core program funding will be allocated to Post-Secondary Education. In turn, regions enter into funding agreements with First Nations which specify the amount and timing of payments related to Post-Secondary Education (and all other Programs administered by the First Nations). This cashflow information is entered into the Transfer Payment Management System, which links with the departmental financial system OASIS to generate monthly payments to First Nations. Apart from administrative requirements contained in the policy, such as the need for First Nations to publish a grievance process and program information, the First Nations are also required to submit annually a register of currently funded students and graduated students, containing information on the courses of study being pursued, as well as detailed program schedules within their audit reports. Failure to do so can result in sanctions, such as withholding of discretionary funding.

Headquarters Processes

Responsibility for Post-Secondary Education Policy and results resides within the Learning, Employment and Human Development Directorate (LEHD). Support is provided by other functions at headquarters:

- Resource Management and Reporting Directorate communicates block-funding budgets and budget management regimes to the regions, and provides guidance and monitoring with respect to compliance review activities;
- Transfer Payment Directorate incorporates terms and conditions of Post-Secondary Education Policy into the operation of the Transfer Payments Management System, and into its guidelines for establishment of First Nations CFA and CFNFA funding agreements; and
- Corporate Information Management Directorate collects from the regions data on PSSSP Funded Students, and publishes statistical analysis of that data.

No formal overseeing body or guidelines exist to coordinate the activities of these groups with regard to Post-Secondary Education, but managers indicated that working relationships are well established.

Regional Processes

Regions are all organized differently. Some have a distinct Education Directorate, while most employ cross-program resources in functional areas such as Funding Services. Some regions maintain a policy role with regard to Post-Secondary Education while others do not, and in some cases that role is separate from operational units while in others they are together. Generally speaking, there are funding services officers who deal directly with First Nations on a day-to-day basis and ensure that issues and problems are resolved, supported by other units that specialize in such tasks as preparation of CFA and CFNFA funding agreements and review of audit reports.

Regions employ different allocation methodologies for PSSSP, some being demand driven and others formula-driven. The most popular methodology is a population-based formula which seeks to establish equal per capita funding based on a given segment of the population of each First Nation. Different regions also displayed markedly different philosophies with regard to accountability for the program, with some emphasizing the need for First Nations to comply with PSSSP terms and conditions as incorporated in CFAs and CFNFAs, but most indicating to a greater or lesser degree that First Nations are answerable to their communities in this regard and can adjust the program to suit local conditions. As a result, regions also had very different approaches to compliance reviews, a few considering them important but most questioning their value.

The following charts demonstrate some statistical properties of PSSSP across the regions, based on 2001-2002 data:

- **Exhibit A** shows the relative amount of PSSSP funding by region;
- **Exhibit B** shows how funding per student varies from region to region, as a result of differing allocation methodologies;
- **Exhibit C** shows variations in the amount of PSSSP funding as a proportion of the First Nations population in each region; and
- **Exhibit D** shows the participation rate for each region, being the number of students funded by PSSSP as a proportion of the First Nations population of the region.

Exhibit A ¹

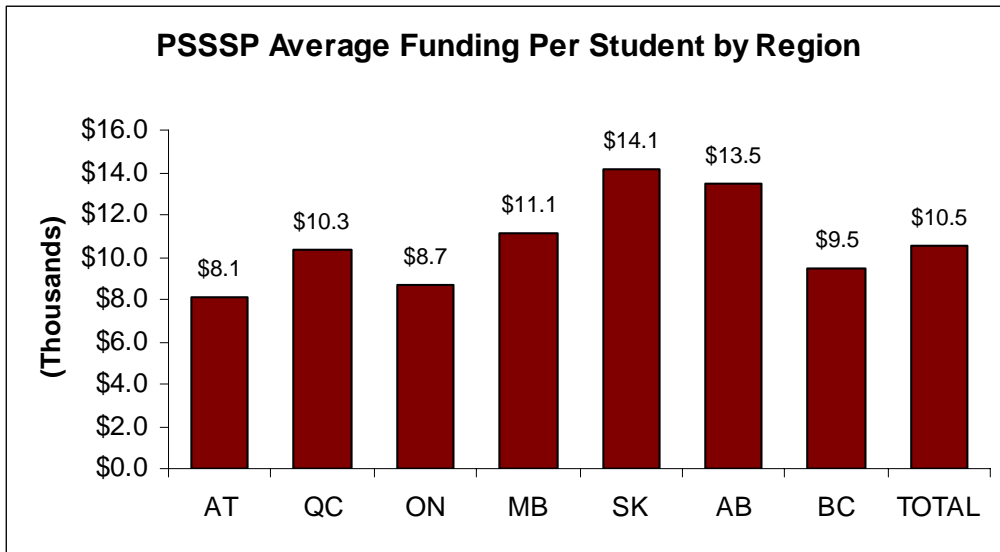
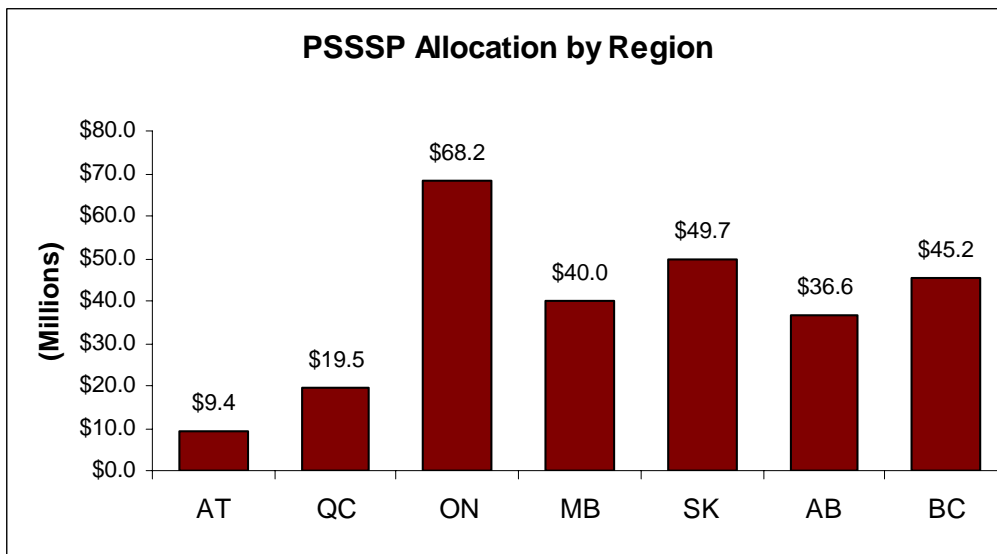


Exhibit B ²



¹ Source: TPMS data on total Post Secondary Education spending, minus ISSP amounts as determined by program managers. Result may include miscellaneous non-PSSSP costs such as administration.

² Source: Numbers obtained from CIMD Post Secondary 2001-2002 Annual Report

Exhibit C³

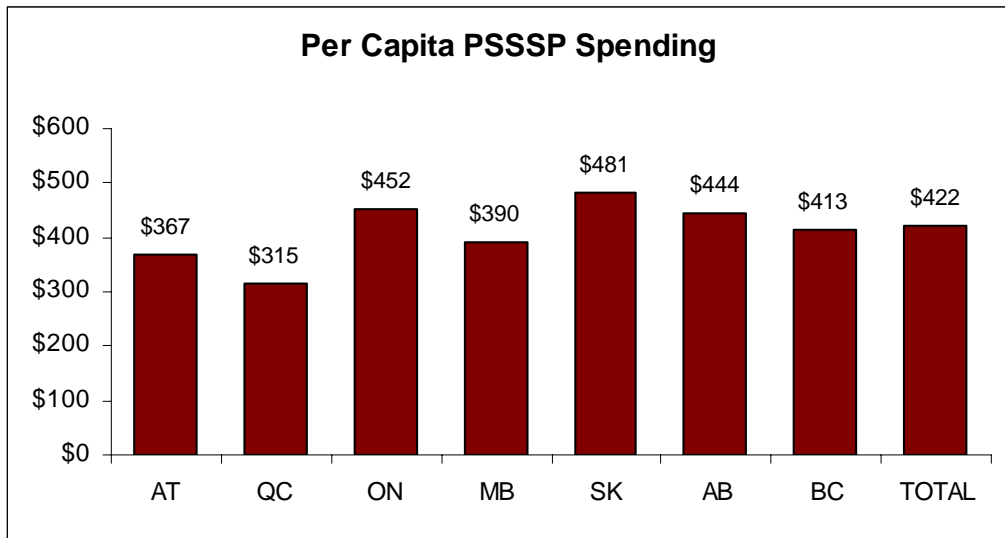
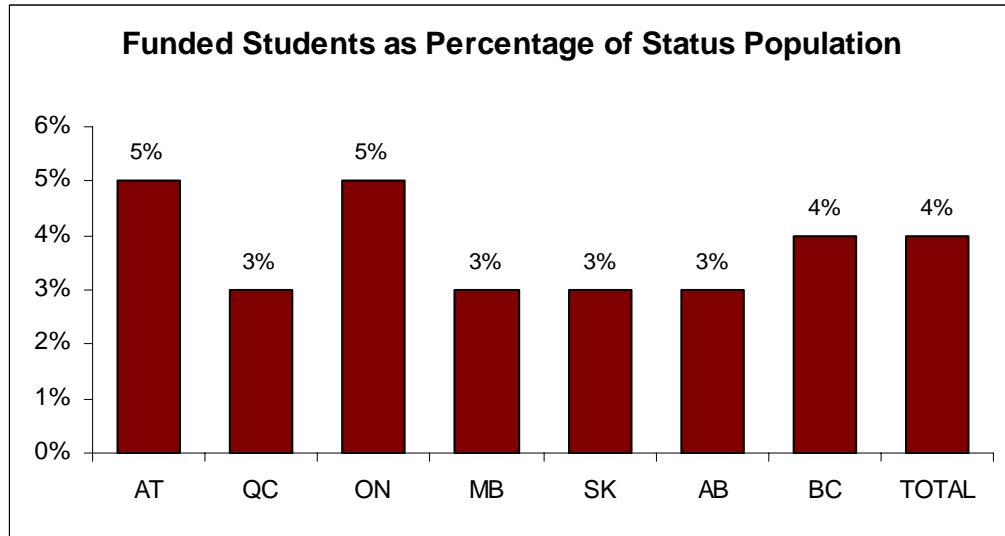


Exhibit D⁴



³ Source: CIMD 2001 Registered Indian Population by Sex and Residence

⁴ Source: See Exhibits B and C

Objectives

The objectives of this audit are to determine:

- whether or not the PSSSP is effectively and efficiently administered and managed in accordance with the departmental guidelines and requirements;
- whether or not the PSSSP supports the increased participation, success and completion of studies by eligible student; and
- whether or not data is currently available to the department, or economical to obtain, that would permit it to more effectively manage PSSSP if appropriate processes were to be put in place.

Scope

The audit covered a review of management control framework, policies, procedures, practices and administrative regimes relating to the PSSSP established in accordance with the departmental and educational guidelines at headquarters and seven regions covering the period from April 2000 to March 2002.

Audit Approach

The audit of the PSSSP was conducted in three phases:

- planning phase;
- fieldwork and analysis phase; and
- reporting phase.

The planning phase involved a survey to refine the audit issues, identify any management concerns, and establish the audit methodology and programs. Planning phase activities included:

- develop the auditor's understanding of the audit entity and the interaction of its major activities;
- obtain input from headquarters managers and from managers in two regions;
- set out rationale for the specific audit of the items planned to be covered by the fieldwork;
- determine scope limitations, if any;

- determine the nature and the extent of audit work; and
- develop an appropriate audit program.

Interviews and document review were carried out at headquarters, Ontario and Alberta regions, and site visits were made to one administering organization in Ontario and two in Alberta.

At the commencement of the fieldwork phase of the audit, the advisory committee met to discuss the preliminary findings and the approach going forward. The detailed audit programs developed and approved in the planning phase was then carried out in the five remaining regions. Detailed analysis was conducted against the audit objectives and criteria defined and approved during the planning phase. The audit team gathered evidence through such procedures as testing, observation, examination of documentation, and interviews.

As the evidence was gathered, it was summarized by audit criterion. Detailed analysis included identification of major findings and conclusions, probable causes, observed effects and proposed recommendations. The most significant of these findings are detailed in this report.

Audit Standards and Criteria

This is an assurance audit, conducted in accordance with Treasury Board guidelines and international audit standards. Audit criteria are listed in Appendix 1 to this report.

Section 2 - Detailed Findings

In analyzing the results of the audit, an effort was made to identify any parallels with findings of the Auditor General's April 2000 audit of Elementary and Secondary Education. Unlike that audit, which evaluated the success of the Education Program in meeting its objectives, this audit concentrated primarily on an examination of the management control frameworks surrounding the PSSSP. Furthermore, while the department is very much involved in the delivery of elementary/secondary education, its involvement in Post-Secondary Education is more indirect in that the department simply provides a source of funds under CFAs and CFNFAs for students wishing to access public post-secondary institutions, with some guidance as to its use. Nonetheless, some parallels can be found. As detailed further in the pages that follow, the PSSSP shared the following observations found in the Education Program.

Articulation of Role

The department needs to formalize and articulate its role in Post-Secondary Education. Policy is not clear on what responsibility the department takes for Post-Secondary Education, other than broad objectives for increased participation and successful completion of studies, within the limits of Parliamentary vote. First Nations are vocal in their demand for Post-Secondary Education to be a treaty right, but the department's response is not full and formalized, and its intentions are left to be inferred. Further confusing the issue of the department's role is the widespread inconsistency in types of post-secondary courses and institutions to which the department is giving tacit approval, by transferring accountability to First Nations, as compared to the nature of Post-Secondary Education described in the policy.

Appropriate Performance Indicators and Action Plans

The department does not produce targets as to the degree of participation desired, other than that it should increase, and does not specify targets for the number of students to be funded. There is no meaningful analysis of the costs involved in funding a student's Post-Secondary Education. There has been no recent decrease in the gap between participation rates in the aboriginal and general populations, and no strategy has been outlined to address this issue.

Effectiveness of the PSSSP Program

The Auditor General's report stated that the department has not determined the significance of the PSSSP enrolment numbers in terms of the total number of Indian students under its jurisdiction that should have been eligible for college or university enrolment. This same point is re-emphasized in our report, under Performance of the PSSSP section. Similarly, the Auditor General pointed out that actual spending on PSSSP is not known, since First Nations can shift allocated funds between programs, and therefore the department cannot know the actual cost per enrolled student. This point is also made in our report under Performance of the PSSSP section.

Findings of particular significance are described briefly below, under three categories relating to establishment of management control frameworks, compliance with PSSSP Program terms and conditions, and performance of the program.

Adequacy of Management Control Framework

Communication of Objectives, Policies and Procedures

Core Principles

- Objectives should be established and communicated to staff and stakeholders.
- Policies designed to support the achievement of PSSSP's objectives and the management of its risks should be established, communicated, and practiced so that people understand what is expected of them and the scope of their freedom to act.
- Assumptions behind objectives should be periodically reviewed.
- Communication processes should support INAC's values and the achievement of its objectives.

Key Facts

Objectives of the PSSSP are set out in the September 2001 Authority for the Delivery of Education and Social Services, as follows: "To improve the employability of Indians and Inuit in the labour force by providing eligible students with access to education and skill development opportunities at the post-secondary level. This is expected to lead to greater participation of First Nation students in post-secondary programs, and greater participation rates and employment by First Nations. It is expected that students participating from this component will have post-secondary educational outcomes comparable to other Canadians with similar educational backgrounds."

These objectives are repeated in policy documents distributed to INAC personnel and to First Nations, as well as public documents, though with somewhat different wording. The following is the wording in the policy document itself: "To support Treaty/Status Indians and Inuit to gain access to post-secondary education and to graduate with the qualifications and skills needed to pursue individual careers and to contribute to the achievement of Indian self-government and economic self-reliance".

It was observed that some regions and First Nations have found leeway in the wording of the objectives and policy to interpret the program scope more broadly than was the intention. From our interviews, it was learned that many people associated with the program at headquarters and in the regions believe that First Nations have the authority to revise the policy as they see fit because of devolution of authority, and that in the current educational context it is not practical to distinguish many types of training from Post-Secondary Education, as the pre-requisites, course duration, and career potential are often comparable to traditional Post-Secondary Education.

The following areas of policy were identified as being areas of concern:

- regional personnel expressed inability to make the distinction between eligible and non-eligible institutions on their own. This is because the definition of "Post-Secondary Institutions" in clause 2 (g) of the policy is not sufficiently detailed to permit an objective opinion as to whether a particular institution qualifies;
- management of one region commented in interviews that the standard Comprehensive Funding Agreement does not explicitly provide INAC unrestricted authority to conduct compliance reviews, and so they have added a sentence to clause 3.3 stating: "However, there will be compliance review conducted on a regular basis in accordance with the departmental directives";
- the standard Canada-First Nations Funding Agreement does not specify (in schedule INAC-1) under delivery standards that INAC's eligibility criteria must be applied when qualifying students;
- guidelines for Renewal of Canada-First Nations Funding Agreements state that renegotiation of these agreements at renewal time is justified by "exceptional circumstances", a term that is not defined. INAC personnel have commented that a large surplus in PSSSP, which according to the terms and conditions of the policy would be grounds for reduced allocation, does not trigger renegotiation because the regions do not know if it constitutes exceptional circumstances; and
- clause 9 of the PSSSP Policy states that administering organizations "may use their own guidelines to implement the policy" and goes on to state a number of issues that should be covered in those guidelines. However, this clause does not highlight the fact that there are areas of the policy that cannot be altered, such as limits of support. The result is that, in the context of devolution of authority, there is a high likelihood that this clause will be interpreted liberally. The terms and conditions of the program, as shown in Annex A to the Authorities, is more clear, stating that: "Recipients may issue local program guidelines pursuant to the minimum terms and conditions outlined in this document".

- the Risk-Based Audit Framework for this program states several times (pages 1, 5, and 7) that allocations to First Nations will take into consideration prior year expenditure patterns and performance, and on the basis of volumes (target populations) and costs. This is not mentioned in the policy, which is the only source of program information for First Nations. In fact, there is no headquarters-approved methodology, or guidance, for allocating PSSSP funds to First Nations, and all regions use different methodologies;
- the Year-End Reporting Handbook, distributed to all First Nations and referenced in the CFA and CFNFA with the purpose of describing financial reporting requirements, includes a clause calling for program schedules to be included with audit reports. However, this clause does not describe the level of detail required in those schedules, and regions have indicated that it is often impossible to determine how much has been spent on a particular sub-activity such as PSSSP. This in turn prevents regions from analyzing past expenditure performance as called for in the Program Authorities, specifically in the Risk-Based Audit Framework.

Regions consistently characterize communication from headquarters with regard to PSSSP Policy as low, non-existent, or contradictory. When asked to provide all policy communications on PSSSP from recent years, managers generally provided little more than the policy itself. The anomalies exercise conducted recently to identify areas of practice that diverge from Authorities, was the first time in years that PSSSP was discussed to any significant extent, according to many interviewees. Although that was a laudable exercise, it does not negate the impact of what appears to be a long-standing lack of communication, and lack of proactive and regular policy discussion within the department.

Examples of the effects of this approach were observed as follows:

- no training programs were identified with regard to PSSSP, with some personnel stating that training is "on the job";
- a senior officer responsible for post-secondary programs was unaware of how an educational institution gets onto the list of institutions that is distributed by Information Management Directorate for use in the field. Another stated that funding of training-type education within PSSSP had already received official sanction (when in fact it has not), and that limits of support as defined in the PSSSP Policy no longer apply under devolution of authority. Some personnel in all regions expressed the view that First Nations funded under Canada-First Nations Funding Agreements are free to interpret and revise PSSSP Policy in entirety, not just the areas where flexibility is explicitly provided for in the policy itself. This belief may stem from the notion that devolution of authority extends to this kind of action, and also the fact that the policy does in fact permit modification of some sections such as allowance rates. Personnel clearly require education and training with regard to the interpretation of the policy, and the significance of devolution on the implementation of the policy;

- no channels or mechanism were identified for the solicitation of policy input by personnel in the field, with the exception of annual compliance workshops. In a number of cases interviewees suggested that unsolicited submissions to headquarters did not receive acknowledgment or attention. For example, one region has enquired of headquarters what to do about specific courses that appear to be ineligible, and provided comments in the annual Post-Secondary Student Register to highlight exceptions, but claims to have received no response. Another region performed a comprehensive on-site review of program compliance, and regional managers informed us that headquarters did not react to it. This degree of discrepancy points to a need for greater communication about such issues; and
- regional personnel expressed confusion about how to determine whether a course of study or an educational institution are eligible under the terms of the policy. The confusion is exacerbated by the fact that Information Management Directorate distributes a list of institutions that includes a very large quantity of ineligible institutions (e.g. hairstyling schools, truck driving schools, etc.), without any guidance as to the nature of the list, which in fact exists only to provide institution codes that permit input to the database of programs of study that have already been funded by First Nations.

Plans are required to guide efforts in achieving the PSSSP's objectives. Currently, headquarters does not issue any comprehensive annual or periodic plan to guide PSSSP activities, with the purpose of tying together issues such as risk management, results-based management, consistency of policy application across regions, etc. Moreover, there are no documented plans that set a course of action intended to improve the performance of the program. Thus, regions do not have any guidance on what active measures they can take to help ensure that funding of First Nations for Post-Secondary Students will result in the largest possible increase in participation rates, graduation rates, etc.

Cause

Interpretation of the objectives and policy is uneven across regions and First Nations as a result of the evolving nature of Post-Secondary Education, the move to devolution of authority, and the lack of precision in certain definitions contained in the policy and associated guidelines. Guidance and communication have not kept pace with changes in the environment, such as devolution of authority, constraints on funding, and the evolving nature of Post-Secondary Education. One reason for the lack of urgency appears to be that the PSSSP is considered to be stable and straightforward, and so should be functioning well.

Effect (Risk)

- **Significance:** PSSSP funds may be spent on programs of study and for a length of time not envisaged in the policy, and allocations of PSSSP funding to First Nations may not take into account all relevant criteria. Personnel may not understand how to interpret or implement the PSSSP Policy, and headquarters may not receive useful policy input or learn of concerns about interpretation.
- **Impact:** PSSSP funds may not be used effectively, nor allocated efficiently, potentially leading to criticism of the program for failing to meet its objectives. Terms and conditions of Authorities may not be met. If INAC allows regions to make de facto policy changes by redefining eligibility, it will be difficult to respond to arguments by First Nations representatives for more flexible policy.
- **Likelihood:** The likelihood of significant financial impact is high, given that some regions already impose few constraints on the use of the funds by First Nations. A mitigating factor is the likelihood that First Nations themselves will wish to employ the funds in a fashion to maximize perceived benefits to their communities.

Conclusion

The facts reported above present challenging issues and concerns with regard to communication of objectives, policy, and procedures, either in their wording or their dissemination. Objectives for the PSSSP are established and are distributed widely, but can be improved with regard to clarity. The wording of the objectives and policy, as described above, permit some leeway for regions and First Nations to interpret the program scope more broadly than was the intention. As well, Guidance and communication are not adequate to ensure that people understand what is expected of them and the scope of their freedom to act. Many of the areas requiring additional guidance are those where clarity of policy requires improvement.

Recommendations

1. It is recommend that the Director General, Education Branch of Socio-Economic Policy and Regional Operations (SEPRO), in consultation with the Director General, Finance Branch of Corporate Services, should:
 - initiate an action plan to clarify definitions and directions in the Post-Secondary Student Support Program policy and other guidelines, in order to eliminate ambiguity and to strengthen enforcement of policy;
 - initiate a program of education training, or guidance across regions and within headquarters for personnel involved in managing and administering the Post-Secondary Student Support Program. Such a program should at a minimum consist of regular bulletins on Post-Secondary Student Support Program re-stating

objectives and terms and conditions in light of prevailing conditions and departmental philosophy, soliciting feedback on the application of those terms and conditions, and disseminating information on best practices. First Nations should receive similar material; and

- develop a separate training module in consultation with First Nations to be delivered to all First Nations to accomplish improved education program results and to build First Nations' capacity to manage the program effectively.
2. The Director General, Education Branch of Socio-Economic Policy and Regional Operations (SEPRO), in consultation with the Director General, Corporate Information Management Directorate, and the Director, Transfer Payments Directorate, should undertake a review of risk management activities as they are being currently conducted, and implement measures to close gaps between risk management policy and implementation. Between them, these managers are responsible for Post-Secondary Student Support Program risk management, coordinating departmental activities in relation to transfer payment management, and for management of non-financial program data.

Risk Management

Core Principles

The significant internal and external risks faced by INAC in the achievement of PSSSP's objectives should be identified and assessed:

- risk information obtained should be adequate to permit decision making by senior management; and
- management should periodically assess the effectiveness of control in its organization and communicate the results to those to whom it is accountable.

Key Facts

Auditors did not observe any policies and procedures for risk assessment, or any completed risk assessment for the program, although the existence of such an assessment was inferred from the risk management roles and practices spelled out in the Risk Based Audit Framework (RBAF), Annex D to the September 2001 Authority for the Delivery of Education and Social Services. Program managers in Learning, Employment and Human Development Directorate, and in the regions, were questioned with regard to the substance of risk management for the PSSSP, and it was observed that the overall understanding of implementation of integrated risk management practices was lacking.

The roles and practices described in the RBAF constitute the controls that are to be used in the management of risk in the PSSSP, by providing for:

- management assessment;
- audit;
- accountability reports;
- estimation of program demand;
- confirmation of recipient eligibility;
- remedial action;
- use of operational indicators;
- internal audits; and
- roles and responsibilities.

The substance of these controls were found to be appropriate for the management of PSSSP, although their sufficiency is difficult to judge in the absence of a risk assessment.

With regard to roles and responsibilities, it was noted that there is no consistency in where policy responsibility is located in the regions. The Risk Based Audit Framework for this program specifies that Intergovernmental Affairs is responsible for policy development and coordination in the regions. However, every region is organized differently, and where a unit such as Intergovernmental Affairs may have a large policy role in one region, it can have none in another. There was evidence in one region that policy and operations are inappropriately concentrated in one group, which fails to share information, and whose actions may be biased toward operational requirements or preferences. Headquarters program personnel do not have the authority to impose any consistency across regions with regard to organizational structure. Moreover, there is often no person specifically responsible for education, since most regional personnel operate on a multi-program basis, and this makes it difficult to establish accountability for PSSSP.

Cause

The structure and rules for integrated risk management are in place, and have even been incorporated in operational procedures such as capture of operational indicators and monitoring of accountability reports. A simple breakdown of communications appears to be at fault in the limited familiarity with the RBAF amongst senior managers. Discussions with senior managers suggested that the PSSSP is considered to be straightforward and static, perhaps leading to the conclusion that risk assessment is not a critical undertaking for the PSSSP.

Effect (Risk)

- **Significance:** In the absence of management familiarity with the Risk-Based Audit Framework that is the underpinning for management controls around PSSSP, control of this program cannot be said to be in effect, and the program can be characterized as being adrift. This is exacerbated by the absence of a consistent policy role for this program as described in the RBAF.

- **Impact:** The potential for diversion of funds to inappropriate uses is present in this program, which could lead to the program's credibility being compromised. The program's viability, on the other hand, is unlikely to be threatened, as it is a key plank in the department's education and social services. The more likely scenario is a significant reduction of resources until such time as actual demand and meaningful control measures can be established.
- **Likelihood:** The likelihood of a negative impact to the program is high, as Post-Secondary Education is a high-profile program which will undoubtedly be subject to audit by the Auditor General. In addition, the process of renewal of authorities is already raising anomalies issues which will come to the attention of Treasury Board.

Conclusion

The integrated risk management framework for this program, as written, is adequate to provide reasonable controls for ensuring that the program is being administered effectively and efficiently. However, elements of the controls are not being carried out in most regions, and current organizational structures do not adequately separate policy and operations, impairing the ability of senior managers to make informed decisions. Furthermore, no evidence was found of any risk assessment having been conducted in the past or planned for the future, and thus it is not clear whether the significant internal and external risks faced by INAC in the achievement of PSSSP's objectives are being identified and assessed.

Recommendation

3. The Director General, Education Branch of Socio-Economic Policy and Regional Operations (SEPRO), should reassess the elements of data collection needed to meet requirements of the Results-based Management and Accountability Framework. This could include, in particular, information on deferred students, months or years of support to each student, and detailed Post-Secondary Student Support Program expenditure data by First Nations.

Monitoring and Follow-Up

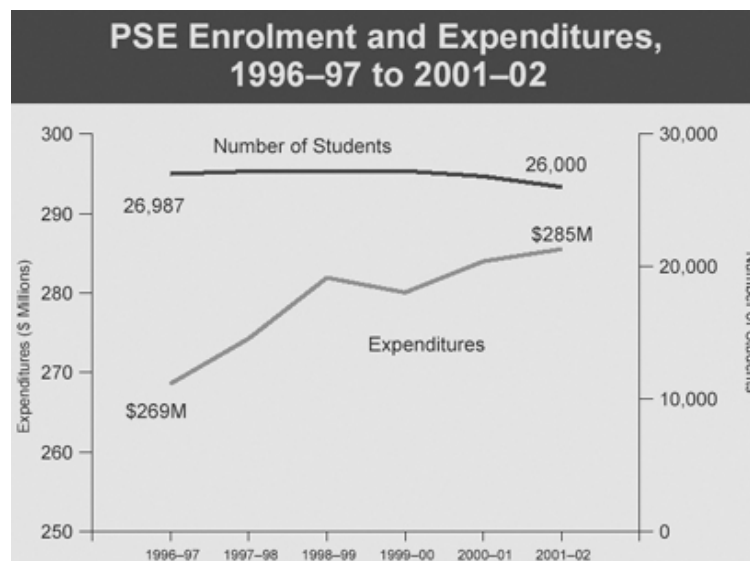
Core Principles

- Objectives and related plans for PSSSP should include measurable and relevant performance targets and indicators.
- Monitoring of results should be designed to obtain information that may signal a need to re-evaluate the organization's objectives or control.
- Performance should be monitored against the targets and indicators identified in the organizations's objectives and plans.

- Follow-up procedures should be established and performed to ensure appropriate change or action occurs.
- Processes should be in place to ensure that such monitoring takes place at appropriate intervals.
- Information systems are adequate to provide timely, accurate, and relevant information.

Key Facts

Our analysis indicates that there are inadequate management control frameworks with regard to fully satisfying the requirements of modern comptrollership, and specifically the need to bring together financial and non-financial performance information to link costs with actual or expected results. Collection of program data is not clearly aligned with the shaping of policy, and a need exists to enhance attention to monitoring of operational and performance indicators. Moreover, the data currently being collected with respect to program activities is limited in scope and would not be adequate to allow responsible managers in the regions or at headquarters to conduct a full and complete analysis of the program. In this context, there are likely to be gaps in accountability for the program. Expanded collection of financial and non-financial Post-Secondary Education data from First Nations, and formal results monitoring, are needed to ensure appropriate policy responses. A senior Socio-Economic Policy and Regional Operations manager commented that a significant weakness of this program is in monitoring of results to provide input into strategies for maximizing student intake. This is reflected in the fact that headquarters and region allocation methodologies for Post-Secondary Education do not involve any criteria to respond to variations in results or demand. It is notable that student numbers have actually decreased recently, as shown in the following chart, with no evidence seen that this new trend has been officially acknowledged and incorporated into operational and policy planning.



Key areas of monitoring and follow-up are discussed below.

Operational Indicators

The RBAF for this program states that operational indicators shall be compiled annually with regard to:

- completeness of program data collection;
- timeliness of reporting and time required for follow-up;
- detection of program management and performance issues;
- completion of expected compliance activities; and
- detection and resolution of compliance issues.

It was observed that the first two, completeness and timeliness of program data collection, are being monitored through the Transfer Payment Management System, which captures due dates and actual dates of submission, for analysis in the region or in headquarters. No indicators for detection of program management and performance issues were noted, but this was not specifically sought due to the fact that the RBAF contents were not known at the time of the fieldwork. With regard to the last two indicators mentioned above, the indicators for completeness of compliance activities are being routinely submitted to headquarters, but indicators on detection and resolution of compliance issues are not being compiled. The only information seen on detection of compliance issues was the July 2000 Program Compliance Status Report arising from the 1998-1999 Cross Regional Program Compliance Reviews. At present, no copies or summaries of compliance reviews are forwarded to headquarters.

Monitoring Results Against Objectives, Targets and Indicators

The Results Based Management and Accountability Framework (RMAF), provided as Annex B to the September 2001 Authority for the Delivery of Education and Social Services, specifies the indicators that are to be used to monitor results against the PSSSP's objectives. An analysis is provided in the RMAF which shows the extent to which the required information is currently being captured. Several areas are adequately covered, such as value of contributions by regions to First Nations, number of students funded, number of graduates, and post-secondary completion rate compared to the general population. The following three key areas are not covered by presently available data:

- number of students supported in relation to specific needs in First Nations education;
- number of years of financial support given to students; and
- the value of contributions by regions to First Nations to Post-Secondary Education is a misleading indicator, because it does not reflect the actual amount disbursed by First Nations on post-secondary education, and that amount is not captured.

Enquiries by auditors during site visits to First Nations and to regional offices indicates that, in addition to the Post-Secondary Student Register information already captured, there is a small set of data that is being consistently collected by First Nations and that could be made available to INAC with little effort in order to satisfy the above requirements and more. Administering Organizations generally open files on all applicants, whether or not they are accepted, and so can provide information on numbers of applicants, number of dropouts, number of deferrals, number of rejections, and reasons for rejection and deferral. All of this information, and in particular the rejection and deferral information, is relevant to the "specific needs in First Nations education". Files are retained indefinitely, so that any new requirement by INAC to indicate total months of funding could be accommodated even for second-time students, by referring to the student's history. This information is relevant to determining number of years of financial support, and could also be used to assess recipient eligibility without having to access student files. Allowance category and expense details are also universally available, permitting the capture and roll-up of local, regional and national data on tuition costs, allowance rates, travel costs, book costs, etc.

Two regions reported that they had continued to collect some of the above data long after it ceased to be mandatory, one of them until the year 2000, and the other continuing to collect some extra data even now. This suggests that First Nations are not necessarily resistant to providing the information. The value of the information is demonstrated by the comment of one manager that in its absence he would not know where to direct funds for maximum benefit if a sudden infusion of money was introduced to the PSSSP.

Follow-Up Procedures

Because the existence of performance indicators was not known prior to fieldwork, no examination was done of the procedures followed by headquarters or the regions in response to variances from target. However, no such processes were identified in the course of discussions, and no references seen in any documents to corrective action contemplated.

Adequate Information Systems

Because the existence of performance indicators was not known prior to fieldwork, only the Transfer Payment Management System (TPMS) and Post-Secondary Education Management Information System (PSEMIS) systems were examined. TPMS was found to be effective in providing timely and relevant information regarding the submission of accountability reports. Its flexibility and usability were brought into question by the fact that most regions demonstrated difficulty in providing TPMS reports to the auditors summarizing PSSSP allocations or disbursements by year and by recipient, and several FSOs in one region were unable to extract a report on outstanding Post-Secondary Student Register (PSSR) submissions. The PSEMIS system provides a snapshot of the funded student population that is used to issue various statistics in the annual Overview of INAC Program Data, and the Basic Departmental Data. Its

limitations are twofold. First, it cannot provide longitudinal information on students, such as a history of qualifications earned (a limitation that is acknowledged in the RMAF). Second, it does not include students enrolled after November 1 when the student census is done, and it contains data on students who subsequently drop out.

Cause

Socio-Economic Policy and Regional Operations is responsible for determining what data is to be collected from First Nations. Those requirements have been gradually diminished, and appear now to not satisfy the requirements specified in the RMAF. The most likely reason for this situation is an effort to reduce the reporting burden of First Nations, in response to devolution of authority. However, the Authorities make it clear that devolution does not eliminate the requirement for complete accountability reporting.

Effect (Risk)

- **Significance:** INAC is not currently able to satisfy the RMAF requirements for performance indicators, and so cannot fully measure or justify the spending on this program, or analyze possible policy refinements.
- **Impact:** The indicator for number of funded students is by itself a significant measure of the success of the program, particularly when compared with the participation rate of the general population. However, the public and central authorities may direct criticism at the failure to determine actual spending by First Nations on PSSSP, and at the missed opportunity to mine data for clues as to new policy directions that might make the program more effective and efficient.
- **Likelihood:** Funding Service Officers know that most First Nations spend all their allotted funds on post-secondary education (of one kind or another). It is not likely that the program would come under strong criticism for only partially meeting its commitments to performance measurement.

Conclusion

Systems are in place for collection of relevant program data, and are being further improved so as to produce more timely and complete results. Measurable and relevant performance indicators have been established in the RMAF. However, monitoring of performance indicators is incomplete, resulting in significant gaps in the department's ability to assess demand for and use of the program.

Recommendation

4. The Director General Education Branch of Socio-Economic Policy and Regional Operations (SEPRO) should:
 - establish a governance structure for the Post-Secondary Student Support Program that permits Socio-Economic Policy and Regional Operations (SEPRO) or another designated office to monitor and respond to the practice of policy in headquarters and in the regions. In practice, this might mean a committee that meets at regular intervals to establish monitoring guidelines and to review and act on the results; and
 - consult with the Director General, Finance Branch of Corporate Services, to review the status of compliance reviews in the upcoming renewal of Treasury Board authorities, and take action to implement the appropriate procedures in the regions.

Compliance with Program Terms and Conditions

Core Principles

Guidelines should be followed without exception unless specifically exempted by responsible senior management.

Key Facts

The audit revealed specific and widespread departures from PSSSP terms and conditions, including:

- allocation methodologies in the regions do not take into account demand or cost factors, or previous performance and expenditure patterns;
- compliance reviews are not carried out in most regions;
- known compliance exceptions are not dealt with in most regions, either through persuasion or sanctions; and
- headquarters does not maintain a national list of eligible Post-Secondary Institutions, as called for in the policy.

In addition, the audit revealed a lack of enforcement of the requirement set out in the Year-End Reporting Handbook that First Nations are to include detailed program schedules in their audited reports. This has a direct impact on the ability of the department to carry out adequate monitoring of the program. Headquarters is aware that there is inconsistent implementation to meet the PSSSP terms and conditions, but efforts to rectify the situation have been limited and do not appear to carry authority. Detailed discussion follows.

Allocation Methodologies

There is no single approved methodology, or guidance from headquarters, for allocating PSSSP funds to First Nations. This is in contravention of statements in the Risk-Based Audit Framework calling for *estimation of program demand* to be taken into account, and specifying factors that should be considered such as prior year expenditure patterns and performance, volumes (target populations) and costs. All regions are using different methodologies, resulting in different levels of service to different First Nations. Many regions do not take into consideration at all the existence of surpluses or deficits in prior year PSSSP spending, and only one region was found to survey First Nations to determine the number of students and the associated costs for the upcoming year. This observation is significant because CFA and CFNFA funding agreements do not limit the funds at risk by tying them to need, and regions do not confirm recipient eligibility, which is the single most important delivery standard for this program.

Compliance Reviews

The Risk Based Audit Framework for this program, as detailed in the September 2001 Authority for the Delivery of Education and Social Services, is clear in its intention that compliance reviews be conducted to provide *confirmation of recipient eligibility* for PSSSP funding. It states that "INAC uses compliance reviews of CFA recipients to verify the eligibility of students supported by the education programs" and that "among the key elements confirmed are the student's status or treaty affiliation, acceptance and attendance in school, and the eligibility of the program and institution of record". No similar requirement is noted with respect to Canada-First Nations Funding Agreements (CFNFA).

The rationale for excluding CFNFAs from the requirement to conduct compliance review is not stated in any document seen by the auditors, but it is believed to be tied to the philosophy that once a First Nation has met the criteria for entering into a CFNFA (such as effective organization, management processes and accountability mechanisms), it is ready to become accountable to the First Nations community rather than to INAC. The soundness of this principle is beyond the scope of this audit, but for the purposes of the following observations accountability to Parliament is considered universal to all programs and so no distinction is made between CFA and CFNFA situations, in the absence of any specific guidance.

Regions submit compliance indicators each year to Finance Branch. Audit enquiries confirmed what is summarized in those indicators, which is that most regions are not conducting any compliance reviews at all. The same results were detailed in the July 2000 Program Compliance Status Report presented to the Operations Committee, which observed that PSSSP compliance

reviews are rarely done, should be increased in frequency, and that a follow-up plan should be developed. During the current audit, some regions indicated that they intend to do the reviews but do not currently have the resources, while others do not accept that the reviews are needed or useful. Discussions with regional personnel suggest that there are at least the following four reasons for not conducting compliance reviews:

- some regions do not feel it is an effective use of scarce resources, since confirmation of numbers of eligible applicants will affect the amount of funding provided by headquarters under block funding;
- some regions are concerned that efforts to enforce compliance will result in a backlash and further political pressure from First Nations;
- some regions feel that PSSSP Policy is out of step with current realities and are reluctant to follow it to the letter; and
- some regions do not feel that they have any practical means of enforcing compliance by any First Nation, since under block funding to First Nations there is no way to ensure that withholding of funds from a First Nations' core allocation will affect that particular program.

One example of a condition that makes regional personnel reluctant to conduct compliance activities is the existence of a basic contradiction in the way CFNFA are administered. Under the terms of these agreements, compliance activities can only be conducted when the agreements are up for renewal, and only if they are renegotiated. If renegotiation takes place and reviews are indeed conducted, and compliance exceptions are noted, sanctions are nonetheless not a practical response. This is because upon renewal of the agreement there is no longer any opportunity until the agreement is up for renewal in perhaps five year to do a follow-up review that could then justify removal of the sanctions. Regional personnel will naturally be unlikely to impose sanctions for the full course of a multi-year agreement, and so have little incentive to actively look for compliance exceptions.

Response to Known Compliance Exceptions

Although Finance Branch at headquarters is aware of the lack of compliance activities, through the compliance indicators and other channels, no evidence was seen of a formal plan to address this situation. Moreover, enquiries in the regions indicate that most regions do not impose sanctions or take other corrective action in response to a variety of known compliance exceptions. One region which has conducted some compliance reviews in the past, did not take any action regarding exceptions other than to advise the Administering Organizations that the practices should not continue.

The following notable compliance exceptions were observed during the audit, most of them known to managers, either because they were included in formal reports to management, were described to us by management, or were said to have been brought to the attention of management:

- discussions indicate that many skills-based training courses, such as backhoe operators, hairdressers and truck drivers, are trained with PSSSP funds, short courses are taken, and students change programs and continue to be fully funded for the full length of the new course, all these conditions being in contravention of the policy. Although the ongoing review of the list of educational institutions has not progressed sufficiently to determine with certainty which ones are approved and which are not, it is worth noting that preliminary figures show that in 2000-2001 there were 1,527 students enrolled in what are currently classified as non-approved institutes. Many First Nations were candid in their statements that training and adult basic education are valid uses of PSSSP, along with some other creative uses;
- one FSO stated that in her area of operations, there are not enough high school graduates eligible for post-secondary education to explain the level of funds accessed for PSSSP. This suggests that the funds are being used for other forms of training that do not require secondary school as a prerequisite;
- files of INAC-administered students in one region were found to be poorly organized, making it difficult to establish whether administrative guidelines had been followed. There were also instances of students being funded for ineligible courses and beyond the limits of support. No appeals process exists in this region; and
- in one First Nation, PSSSP funds were used to purchase software used to raise users to a Grade 12 standard to be eligible for Post-Secondary Education. In another region, one First Nation pools education and training related payments from various federal departments and uses the combined funds to support all activities that help promote successful participation in Post-Secondary Education. One example is a Skills Development Centre on the reserve which upgrades students of all ages in Grade 8-12 courses.

One regional manager stated that control of the program is irrelevant, since First Nations are free to administer the program as they see fit, but this statement is at odds with the content of the program Authorities, which make clear references to the need for continued accountability on the part of First Nations. For example, the Results Based Management and Accountability Framework (RMAF) states that "while First Nations may develop local policies and set priorities for funding, they are required to apply the departmental eligibility requirements". This observation is significant because regions do not confirm recipient eligibility, which is the single most important delivery standard for this program.

Management Views on Training

Many regions indicated, to varying degrees, that training courses and adult basic education are legitimate uses of PSSSP funds, or that First Nations have the authority to determine this themselves. First Nations in these regions are not discouraged from using funds for those purposes. These opinions were not supported by any official authorization to interpret the policy in this manner. The regions that displayed the greatest degree of openness to this use of PSSSP funds were also found to be responsible for disproportionate numbers of non-approved institutions on the headquarters master list of educational institutes.

List of Approved Educational Institutes

Headquarters does not maintain a national list of recognized Canadian post-secondary institutions, as called for in clause 2 (g) of the PSSSP Policy. A list of institution codes is maintained and distributed for use in entering data into the Post-Secondary Education Management Information System (PSEMIS), which is often assumed to be the above-mentioned list, but which in fact includes a sizeable number of clearly ineligible institutions.

Provision of Program Schedules in Audit Reports

There is a great deal of inconsistency across regions and across First Nations with regard to submission of financial accountability reports, as many regions have failed to enforce the inclusion of detailed program schedules in audit reports as required by the Year-End Reporting Handbook. Where this information is absent, or not adequately detailed to isolate Post-Secondary Education revenue and disbursements, the audit reports do not permit any meaningful analysis of First Nations spending on Post-Secondary Education. The department is not able to easily determine total actual expenditures on PSSSP, or to identify where those funds have been spent on post-secondary activities other than direct funding of students (such as the purchase of courses by one First Nation for delivery to students on the reserve).

Monitoring of Departures from Program Terms and Conditions

No plan appears to be in place to monitor the implementation of PSSSP Policy in the field and at headquarters, and to address exceptions. Compliance indicators are collected, and a cross-Canada review of compliance activities was carried out in 1999, but auditors are not aware of any corrective action having been taken. A review of anomalies in the implementation of various programs has recently been initiated, but only in reaction to the imminent renewal of authorities which makes it necessary to re-align practice with the authorities or else request amended terms and conditions. In general, there is no ongoing effort to survey and assess the implementation of PSSSP in comparison to the authorities.

Cause

A major reason for these kinds of departures from policy appears to be lack of communication and guidance from headquarters with regard to implementing PSSSP Policy in the context of devolution of authority, constraints on funding, and the evolving nature of Post-Secondary Education. An added reason for the lack of compliance reviews is the commonly held notion that because Post-Secondary Education is not a mandatory program, funding from headquarters will not be affected by compliance review results anyway.

Effect (Risk)

- **Significance:** The PSSSP is not being implemented in line with the requirements set out in the Authorities. Regions and headquarters are unable to gauge whether funds are being used for intended purposes.
- **Impact:** PSSSP funds may not be used effectively, nor allocated efficiently, potentially leading to criticism of the program for failing to meet its objectives, for inadequate control, and for not respecting the terms and conditions of its authorities.
- **Likelihood:** There is a high likelihood, based on observations in the field, that INAC and First Nations personnel will interpret the policy in ways not intended, in the absence of detailed and regular guidance. In particular, given the widespread shortcomings in compliance reviews, and the nature and extent of known exceptions, the probability is high that funds are being used for unauthorized purposes and that scrutiny of the PSSSP will lead to negative consequences.

Conclusion

The PSSSP is not being implemented in adherence with the requirements set out in the Authorities. Implementation of the PSSSP Policy is widely divergent across regions, with no official exemption in place to support this.

Recommendations

5. The Director General, Education Branch of Socio-Economic Policy and Regional Operations (SEPRO), should establish mechanisms for consultation on Post-Secondary Student Support Program policy and practice, involving Resource Management and Reporting Directorate, Corporate Information Management Directorate, regions, and First Nations:
 - to periodically assess whether the program is being managed in the most effective and efficient manner to meet the objectives and terms and conditions of the authorities; and
 - to ensure relevant inputs to this process by reaching consensus on the data to be acquired from First Nations and the means to acquire it.

The conduct of effective program control will benefit from the insights of these directorates and First Nations, who are in a position to observe the effort and reward associated with control mechanisms and data acquisition, but without any formal channel for communicating these to the responsible directorate.

Performance of the PSSSP Program

Core Principles

PSSSP should support the increased participation, success and completion of studies by eligible students.

Key Facts

Almost all personnel interviewed felt that the PSSSP has been successful in promoting increased access to Post-Secondary Education. Comments were also made on the improved capacity of First Nations to administer the program. In fact, it was suggested that First Nations ownership is necessary to make the program work effectively, given the constrained resources, as First Nations are better able to determine and impose the stricter guidelines that are demanded to make the funds go further. Performance indicators, to the extent available, point to positive benefits. For example:

- the number of students supported has increased from about 3,600 in 1977-1978 to approximately 27,500 in 1999-2000;
- full time enrolment increased by 22% over the seven years from 1994 to 2001, at which point it accounted for 87% of total enrolment (full-time and part-time);
- total enrolment increased 27% over the same period of 1994 to 2001;
- up to 4,000 First Nations students are graduating each year, with an average of 42% graduating from university programs;
- between 1981 and 1996, the proportion of Aboriginal people aged 20 to 29 with a post-secondary degree or diploma improved from 19 to 23 percent;
- nationally, almost 100 percent of the combined PSSSP, the UCEP Program and the Indian Studies Support Program (ISSP) is delivered directly by First Nations or their administering organizations; and

- since 1986, the proportion of the registered Indian population with some post-secondary attainment has increased from 23% to 37% of the population. This increase is especially strong for those with a post-secondary degree, certificate or diploma, which increased from 11% of the registered Indian population in 1986 to 20% in 1996.
- Most managers had suggestions for improvements to the policy or the program, and also for increased funding. Examples are:
 - many felt that the policy should be broader, to encompass skills-based and other education "after secondary" that lead to careers and serve a community need;
 - policy should be worded to prohibit intentional surpluses;
 - it should be possible to move unused funds from one administering organization to another;
 - more data should be collected, particularly on demand and on expenditures, in order to assist with strategic planning;
 - education specialists should oversee the program where possible; and
 - regional personnel should be consulted for policy input.

The key area of concern that arises from these management comments, and from audit observations, is that gaps exist in the means to measure in a meaningful way the effectiveness of the program. The audit did not reveal any guidelines as to how the existing non-financial program data (from student registers) should be summarized, analyzed, and acted upon to enhance the effectiveness of the program. Current data collection serves only to categorize students by such factors as gender and region, and to provide absolute figures for participation. More data is required to assess the extent of the program's success in the context of the overall aboriginal and general populations. This includes such information as number of deferred students, amount spent on each student, and amounts spent outside of eligibility limits, which is not collected by the department, but is maintained by First Nations and could be made accessible to the department fairly easily.

The policy itself does not express an objective of closing the gap between participation rates of aboriginal and general population, but rather to produce comparable educational outcomes in participating students, and higher rates of participation and graduation. This seems to be at odds with commonly expressed objectives of the program.

Efficiency of the program, being the extent to which program results are maximized within the limits of the available funding, can only be ascertained by obtaining and analyzing more complete information on such factors as demand for the program, longitudinal behaviour of funded students, analysis of the amounts being spent on various components of student support, and educational activities of unfunded students. This data is not currently being captured by the department.

Cause

Weaknesses in the collection of data and monitoring of results is consistently linked to the notion that the effectiveness and efficiency of the program rests in the hands of the First Nations to which authority has been devolved, and the corollary that the department cannot or should not influence the way in which PSSSP funds are used by First Nations. This ignores the importance of accountability on the part of First Nations and on the part of the department.

Effect (Risk)

- **Significance:** PSSSP Policy may not be optimized for most effective and efficient results.
- **Impact:** Overall risk of extensive misuse of funds is low because of First Nations' own interest in promoting higher education.
- **Likelihood:** Probability is high that the program could be improved through more active evaluation of plans and processes.

Conclusion

The PSSSP provides access to Post-Secondary Education, the primary performance indicator being the absolute number of students being funded. However, the extent of its effectiveness and efficiency cannot be measured using current data.

Recommendation

5. The Director General, Education Branch, Socio-Economic Policy and Regional Operations, should establish mechanisms for consultation on Post-Secondary Student Support Program policy and practice, involving Resource Management and Reporting Directorate, Corporate Information Management Directorate, regions, and First Nations:
 - to periodically assess whether the program is being managed in the most effective and efficient manner to meet the objectives and terms and conditions of the authorities; and
 - to ensure relevant inputs to this process by reaching consensus on the data to be acquired from First Nations and the means to acquire it.

The conduct of effective program control will benefit from the insights of these directorates and First Nations, who are in a position to observe the effort and reward associated with control mechanisms and data acquisition, but without any formal channel for communicating these to the responsible directorate.

Section 3 - Best Practices

A number of practices were observed in headquarters and in the regions which merit consideration for implementation on a wider basis in order to promote improved transparency and accountability.

It was noted that in Ontario Region, detailed schedules of Post-Secondary Education spending are solicited from First Nations in order to support the more active management of the program that takes place in that region, and this kind of information on a nationwide basis would also be a useful tool to promote improved accountability. The information includes details of expenditures by First Nations on the various components of Post-Secondary Education (tuition, travel, books, etc.), and forecasts of specific students, courses, and costs anticipated for the upcoming year. Allocations are adjusted according to these demand and performance indicators. Atlantic Region asks bands to submit lists of deferred students, along with letters of acceptance so that the lists can be validated.

The administering organization of one First Nation in Ontario has developed a sophisticated database for recording information on current and formerly funded students, as well as rejected and deferred applications. This system has been licensed to a number of other administering organizations, and provides precisely the kind of data that would be useful to INAC for policy analysis and program evaluation. Use of this form of information by all or a majority of First Nations, along with agreement by First Nations to share the information, would be very beneficial to achieve transparency and accountability. Just as one region has funded standardization of accounting software and chart of accounts amongst First Nations in one area, it might be worthwhile to fund the promulgation of a suitable automated PSSSP database.

The Resource Management and Reporting Directorate of Finance Branch has consistently led the effort to encourage conduct of PSSSP compliance reviews in the region. This directorate collects compliance indicators from the regions, and in turn issues documents such as the Program Compliance Strategy, which emphasize the need to maintain departmental accountability against program terms and conditions even in the context of devolution of authority. Annual national workshops are held to promote this theme, and to share best practices.

British Columbia Region has produced Education Programs and Services Handbook which includes detailed description of PSSSP objectives and mechanisms, an Allocation, Reporting and Coding Handbook (ARCH), and an Education Coordinators' Guidebook which puts policy requirements in readable language. The ARCH is the only document seen across Canada by auditors which explicitly describes funding available for Post-Secondary Education Administration, and also states exactly what is the penalty for not submitting PSSR (withhold one quarter of funds). These are shared with First Nations for transparency. Also, First Nations and INAC staff are formally asked to offer suggestions for improvement of ARCH, and address is provided.

One First Nation reported that it has adopted the practice of purchasing the rights to courses with PSSSP funds, then delivering them on reserve to any qualified learners in order to leverage the cost. These students might not show up on the Post-Secondary Student Register (and thus in performance indicators) if they don't receive allowances and other support directly, but they benefit. Low dropout rates are experienced because the learning is local, where support networks are strong. One example of this approach is the Aboriginal Child & Youth Care Program purchased from University of Victoria, a two year program delivered to fifteen First Nations students, providing them with a recognized Early Childhood Education certificate. Ten of these students were immediately employed in their fields in the community. Another two year program was then delivered, leading to Infant & Toddler Special Needs certification, a highly sought-after discipline. The credits are transferable, and those taking the full four years are eligible to receive a Diploma in Child & Youth Care from University of Victoria.

Management of one region commented in interviews that the standard Comprehensive Funding Agreement does not explicitly provide to INAC unrestricted authority to conduct compliance reviews, and so they have added a sentence to clause 3.3 which explicitly states that compliance reviews will be conducted regularly as directed by the Minister.

Appendix 1 - Audit Criteria

Management Framework

- Objectives for PSSSP should be established and communicated.
- Policies designed to support the achievement of PSSSP's objectives and the management of its risks should be established, communicated, and practiced so that people understand what is expected of them and the scope of their freedom to act.
- Plans to guide efforts in achieving the PSSSP's objectives should be established and communicated.
- Objectives and related plans for PSSSP should include measurable and relevant performance targets and indicators.
- The assumptions behind PSSSP's objectives should be periodically challenged.
- Authority, responsibility and accountability should be clearly defined and consistent with PSSSP's objectives so that decisions and actions are taken by the appropriate people.
- Communication processes should support INAC's values and the achievement of its objectives.
- The significant internal and external risks faced by INAC in the achievement of PSSSP's objectives should be identified and assessed.
- Risk information obtained should be adequate to permit decision making by senior management.
- Management should periodically assess the effectiveness of control in its organization and communicate the results to those to whom it is accountable.

Flow of Funds to the Regions

- Core budget allocation should be sufficient to meet the needs of each region.
- Basis of calculating core budget allocation should be communicated to regions.
- Guidance and direction provided by headquarters should be sufficient to enable regions to manage and operate the budget allocation.

Flow of Funds to the First Nations

- Guidance and direction provided by headquarters should be sufficient to enable regions to qualify PSSSP initial recipients for funding arrangements, and to ensure ongoing management capability.
- Guidance and direction provided by headquarters should be sufficient to enable regions to administer, monitor, and control the flow of funds to administering organizations.
- Guidelines should be followed without exception unless specifically exempted by responsible senior management.
- Guidance and direction provided by headquarters should be sufficient to enable administering organizations to administer delivery of the PSSSP to eligible students.

Reporting Requirements

- Monitoring of results should be designed to obtain information that may signal a need to re-evaluate the organization's objectives or control.
- Performance should be monitored against the targets and indicators identified in the organizations' objectives and plans. (Note that some targets are implied in the policy but no data identified for monitoring them, such as number of students deferred).
- Follow-up procedures should be established and performed to ensure appropriate change or action occurs.
- Processes should be in place to ensure that such monitoring takes place on a periodic basis.
- The information systems are adequate to provide timely, accurate, and relevant information.
- Information needs and related information systems should be reassessed as objectives change or as reporting deficiencies are identified. (For example, compliance review processes and reporting have to be updated to match new Program Terms and Conditions).

Compliance Reviews

- Sufficient and appropriate policies and procedures should be developed and communicated to regions with regard to the review of First Nations' compliance with Post-Secondary Education Policy. (Note that in many case this will be with regard to First Nations' policy, as the program policy allows First Nations to redesign elements of the policy.)
- Guidelines should be followed without exception unless specifically exempted by responsible senior management.

Effectiveness of Program

- PSSSP should support the increased participation, success and completion of studies by eligible students.

Terms of Reference

Terms of Reference

Audit of Post-Secondary Student Support Program

Background: Statistically, university graduation is four times lower for the First Nations population than the Canadian population. More specifically, 3% of the First Nations population, aged 15 years and older, has completed university (Bachelor's degree or higher) compared to 13.3% of the Canadian population (1996 Census Data, Statistics Canada). It has been estimated by First Nations that several thousands First Nations applicants were not able to access funding for Post Secondary Education (PSE) during fiscal year 2000-2001.

The Department of Indian and Northern Development (DIAND) mandate and responsibilities stem from exercising its authority and fulfilling its obligations under various statutes, treaties, agreements and government policy. Since 1927, under the *Indian Act* the Minister of Indian and Northern Affairs Canada (INAC) may provide for and make regulations concerning schools for Indians living on reserves, with respect to teaching, education, inspection and discipline. In the 1950's, there was no federal government program specifically supporting post-secondary education for Status Indians and Inuit. Instead, INAC provided some financial assistance to those students on a case-by-case basis.

It is the position of the Assembly of First Nations (AFN) that education at all levels is an inherent Aboriginal and treaty right as recognized in the Canadian Constitution. The AFN believes that the federal government has a fiduciary obligation to uphold the rights of First Nation and adequately resource First Nation PSE.

PSE policies and funding have been an ongoing concerns for the AFN. The Chiefs in Assembly have passed numerous resolutions to address PSE concerns relating to First Nations. The AFN has been given the mandate by their Chiefs to work with the Federal government to: increase funding for PSE students and institutions, create a living database to track First Nation PSE applicants and students, and conduct a review of DIAND's PSE Policies and Programs. The Chiefs Committee on Education ratified the National Report of the First Nation PSE Review in September 2000. The National Report was also ratified by the Confederacy of Nations in December 2000.

In 1968, INAC introduced a financial assistance program for technical, vocational, college, and university training for Status Indians and Inuit. In the 1970's, more and more First Nation and Inuit students began to pursue PSE. As a result, in 1977 INAC established the Post-Secondary Educational Assistance Program (PSEAP) which later evolved into the Post-Secondary Student Support Program (PSSSP). The program applies to all levels of PSE, including community college diploma and certification programs, undergraduate programs and professional degree programs.

Between 1988 and 1999, the number of status Indian and Inuit students pursuing a college or university education increased from 15,572 to more than 27,000. Today, almost 100% of all post-secondary funding is administrated by First Nation and Inuit organizations who establish their own priorities for this funding. The PSSSP has removed many of the financial barriers to PSE that status Indian and Inuit students encountered in the past. The program was funded at over \$285 million for the fiscal year 2001-2002.

The PSSSP offers students three types of support.

- Tuition support is provided to part-time and full-time students. It may include fees for registration, tuition and the cost of books and supplies required for courses.
- Travel support is available to students who must leave their permanent place of residence to attend college or university. Students may qualify for a grant to return home once every semester. This grant also covers any dependants who live with the student.
- Living expenses is provided to full-time students to help cover the costs of food, shelter, transportation and day care.

INAC also provides financial support to status Indian and Inuit students enrolled in University and College Entrance Preparations (UCEP) Programs. UCEPs enables students to attain the academic level required to enter degree and diploma programs.

There is a reporting requirement that the Band/Council/ representative organization shall provide the Minister with a report on the students receiving Post-Secondary funding, as of November 1st, in approved Post-Secondary Institutions in accordance with the PSSSP Policy, Section 10, Student Register.

Objective: The objective of the audit is to provide assurance to senior management through a comprehensive assessment of the PSSSP provided by First Nations to treaty/status Indians living on and off reserve that the program is effectively and efficiently administered and managed in accordance with the departmental guidelines and requirements; also, to review that the program supports the increased participation, success and completion of studies by eligible students.

Scope: The audit will cover a review of management control framework, policies, procedures, practices and administrative regimes relating to the PSSSP and UCEP Programs established in accordance with the departmental and provincial educational guidelines at headquarters and all regions covering the fiscal period from April 2000 to March 2002.

- Issues:** The objective of this audit is to address a number of issues.
- To what extent functional guidance is provided by headquarters to regions in terms of overall PSSSP and UCEP program requirements?
 - What analysis/reporting is conducted on program results?
 - Are there adequate management control frameworks in place to ensure that the PSSSP and UCEP are being administered in accordance with the departmental directives with due diligence?
 - Are there adequate systems in place for headquarters monitoring of regional operations and for regional monitoring of First Nation delivery of post-secondary education?
 - Are appropriate risk management practices in place to identify and mitigate risks on a timely basis and to provide senior management with adequate information for decision making purposes?
 - Are best practices within the department documented, reviewed, analyzed and communicated to all regions to improve the delivery of post secondary education?

Approach: The audit of the PSSSP will be conducted in the following three phases:

- preliminary survey and evaluation;
- fieldwork and analysis; and
- reporting.

**Resources and
Time Frame:**

This audit will be performed by the Departmental Audit and Evaluation Branch (DAEB) staff and consultants. The audit will begin April 2002 and will be completed September 2002.

Cost: The estimated cost for this audit would be \$120,000.

Approved by:

Chantal Bernier
Assistant Deputy Minister
Socio-Economic Policy and Operations
May 14, 2002

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Project Title: **Audit of Post-Secondary Student Support Program**
Region or Sector: **Socio-Economic Policy and Regional Operations**

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Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<p>1. It is recommend that the Director General, Education Branch of Socio-Economic Policy and Regional Operations (SEPRO), in consultation with the Director General, Finance Branch of Corporate Services, should:</p> <ul style="list-style-type: none"> • initiate an action plan to clarify definitions and directions in the Post-Secondary Student Support Program policy and other guidelines, in order to eliminate ambiguity and to strengthen enforcement of policy; 	<p>a) Post-Secondary Education (PSE) Program Guidelines were included in the 2004-2005 comprehensive funding arrangements to be implemented in the 2004-2005 school year.</p> <p>b) the guidelines stipulate the Post-Secondary Student Support Program (PSSSP) objectives; criteria for eligibility; criteria for funding activities at the community level and local operating guidelines for students; eligible expenditures; elements of a written appeals process; and responsibility to maintain a student registry.</p> <p>c) In 2005-2006, work will be undertaken to strengthen compliance processes and procedures in conjunction with the Regional Operations Support and Socio-Economic Policy and Regional Operations (SEPRO), the Transfer Payments Directorate (TPD) and the Departmental Audit and Evaluation Branch (DAEB).</p>	<p>Director General, Education Branch, Socio-Economic Policy and Regional Operations (SEPRO)</p> <p>Director General, Education Branch, Socio-Economic Policy and Regional Operations (SEPRO)</p> <p>Director General, Education Branch, Socio-Economic Policy and Regional Operations (SEPRO)</p>	<p>September 30, 2004</p> <p>September 30, 2004</p> <p>March 31, 2006</p>

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Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<ul style="list-style-type: none"> • initiate a program of education training, or guidance across regions and within headquarters for personnel involved in managing and administering the Post-Secondary Student Support Program. Such a program should at a minimum consist of regular bulletins on Post-Secondary Student Support Program re-stating objectives and terms and conditions in light of prevailing conditions and departmental philosophy, soliciting feedback on the application of those terms and conditions, and disseminating information on best practices. First Nations should receive similar material; and 	<p>d) The department has also completed a data collection review that profiles the Post-Secondary Education (PSE) education data being collected and makes recommendations. The data collection review will help inform the upcoming discussions on data collection requirements and the development of well-defined performance measurements.</p>	<p>Corporate Information Management Directorate (CIMD), Information Management Branch, Corporate Services</p>	<p>June 30, 2007</p>
	<p>a) Extensive consultations on the development of Post-Secondary Education (PSE) Guidelines took place between headquarters and regions over a period of two years, with visits to regions to address issues and concerns. Also, a Post-Secondary Education (PSE) compliance workshop was held in May 2004 with representation from headquarters and regions.</p>	<p>Director General, Education Branch, Socio-Economic Policy and Regional Operations (SEPRO)</p>	<p>March 31, 2006</p>
	<p>b) It is anticipated that another workshop will be held in 2005 and that as work proceeds to strengthen compliance procedures and processes, ongoing exchanges will take place between headquarters and regions.</p>	<p>Director General, Education Branch, Socio-Economic Policy and Regional Operations (SEPRO)</p>	<p>March 31, 2006</p>

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Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<ul style="list-style-type: none"> • develop a separate training module in consultation with First Nations to be delivered to all First Nations to accomplish improved education program results and to build First Nations' capacity to manage the program effectively. 	<p>c) In response to the audit recommendations, the Education Branch of Socio Economic Policy and Regional Operations (SEPRO) will examine the development of means of communicating on an on-going basis with regions and First Nations as part of the PSE review. This examination will involve Socio-Economic Policy and Operations (SEPO), Corporate Information Management Directorate (CIMD), Communications Branch, and Transfer Payments Directorate (TPD) to promote clarity, notably on issues around data collection and financial management practices.</p>	<p>Director General, Education Branch, Socio-Economic Policy and Regional Operations (SEPRO)</p>	<p>June 30, 2007</p>
	<p>a) The Post-Secondary Education (PSE) review being undertaken in collaboration with First Nations and Inuit representatives has identified key issues to be addressed in order to modernize the program, including:</p> <ul style="list-style-type: none"> • clarifying the respective roles, responsibilities and capacity of both Indian and Northern Affairs Canada (INAC) and First Nations based on: <ul style="list-style-type: none"> - a common definition of the objectives and scope of the Post-Secondary Education (PSE) Program; 	<p>Director General, Education Branch, Socio-Economic Policy and Regional Operations (SEPRO)</p>	<p>June 30, 2007</p>

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Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
	<ul style="list-style-type: none"> - the identification of data collection requirements and methodologies, performance indicators, monitoring/reporting/outputs/results, tracking systems and research/analysis; and - the development of a strong management regime and accountability framework for the Post-Secondary Education (PSE) Program which includes elements related to program management (allocation methodologies, delivery standards, planning) and management regimes (cost/expenditure analysis, financial reporting and audits, funding levels and funding mechanisms, compliance, accountability, capacity and resourcing). • developing communications and training activities on the above. 		

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Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<p>2. The Director General, Education Branch of Socio-Economic Policy and Regional Operations (SEPRO), in consultation with the Director General, Corporate Information Management Directorate, and the Director, Transfer Payments Directorate, should undertake a review of risk management activities as they are being currently conducted, and implement measures to close gaps between risk management policy and implementation. Between them, these managers are responsible for Post-Secondary Student Support Program risk management, coordinating departmental activities in relation to transfer payment management, and for management of non-financial program data.</p>	<p>a) The Joint Indian and Northern Affairs Canada, Assembly of First Nations and Post-Secondary Education review will lead to the development of a strong management and accountability framework. It will address:</p> <ul style="list-style-type: none"> • specific audit recommendations around risk management, transfer payment management as well as management of non-financial program data; • specific findings emanating from the November 2004 Auditor General's Report; • specific recommendations from an internal evaluation of the Post-Secondary Education (PSE) Program on data collection and monitoring; and • recommendations emanating from the data collection review process. <p>One of the tasks will also be to review the Results-based Management Accountability Framework (RMAF) and Risk-based Audit Framework (RBAF) for the program and develop performance indicators.</p>	<p>Director General, Education Branch, Socio-Economic Policy and Regional Operations (SEPRO)</p>	<p>June 30, 2007</p>

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Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<p>3. The Director General, Education Branch of Socio-Economic Policy and Regional Operations (SEPRO), should reassess the elements of data collection needed to meet requirements of the Results-based Management and Accountability Framework. This could include, in particular, information on deferred students, months or years of support to each student, and detailed Post-Secondary Student Support Program expenditure data by First Nations.</p>	<p>a) The review of the Results-based Management Accountability Framework (RMAF) and Risk-based Audit Framework (RBAF), as mentioned under recommendation #2, will lead to the identification of clearly defined performance indicators related to Post-Secondary Education (PSE).</p> <p>As mentioned under recommendation #1, the department has completed a data collection review that profiles the Post-Secondary Education (PSE) data being collected and makes recommendations. The data collection review will help inform the upcoming discussions on data collection requirements based on well-defined performance measurements.</p> <p>It will also be useful in addressing the financial reporting requirements.</p> <p>These activities will form part of the joint Indian and Northern Affairs Canada, Assembly of First Nations and Post-Secondary Education review, the results of which will be incorporated in the management and accountability framework to be developed. The issue of deferrals will be addressed in the context of the review as will the funding levels and methodology.</p>	<p>Director General, Education Branch, Socio-Economic Policy and Regional Operations (SEPRO)</p>	<p>June 30, 2007</p>

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Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<p>4. The Director General Education Branch of Socio-Economic Policy and Regional Operations (SEPRO) should:</p> <ul style="list-style-type: none"> • establish a governance structure for the Post-Secondary Student Support Program that permits Socio-Economic Policy and Regional Operations (SEPRO) or another designated office to monitor and respond to the practice of policy in headquarters and in the regions. In practice, this might mean a committee that meets at regular intervals to establish monitoring guidelines and to review and act on the results; and 	<p>a) The joint Indian and Northern Affairs Canada, Assembly of First Nations and Post-Secondary Education review will be addressing the issue of a governance structure for the Post-Secondary Student Support Program (PSSSP) as a means of reviewing and communicating information to First Nations and Indian and Northern Affairs Canada (INAC) regions on the program on an on-going basis with respect to program authorities, policies, guidelines, practices and results. This governance structure could include a committee that would deal with monitoring and compliance, with representation from Socio-Economic Policy and Regional Operations (SEPRO), Transfer Payments Directorate (TPD), Corporate Information Management Directorate (CIMD), First Nations and other internal and external stakeholders, where appropriate. Such committee could also oversee on-going research to ensure the program continues to support intended outcomes. These proposed approaches will be explored in the course of the review.</p>	<p>Director General, Education Branch, Socio-Economic Policy and Regional Operations (SEPRO)</p>	<p>June 30, 2007</p>
	<p>b) As stated in the February 2005 Treasury Board submission and under Item 1 above, in 2005-2006, work will be undertaken to strengthen current compliance processes and procedures.</p>	<p>Director General, Education Branch, Socio-Economic Policy and Regional Operations (SEPRO)</p>	<p>March 31, 2006</p>

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Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<p>5. The Director General, Education Branch, Socio-Economic Policy and Regional Operations (SEPRO), should establish mechanisms for consultation on Post-Secondary Student Support Program policy and practice, involving Resource Management and Reporting Directorate, Corporate Information Management Directorate, regions, and First Nations:</p> <ul style="list-style-type: none"> • to periodically assess whether the program is being managed in the most effective and efficient manner to meet the objectives and terms and conditions of the authorities; and 	<p>c) In 2006-2007, the focus will be on developing a strong management and accountability regime in support of a renewed policy framework including a revised Post-Secondary Education (PSE) Program.</p>	<p>Director General, Education Branch, Socio-Economic Policy and Regional Operations (SEPRO)</p>	<p>June 30, 2007</p>
	<p>a) As mentioned under recommendation 4, the joint Indian and Northern Affairs Canada, Assembly of First Nations and Post-Secondary Education review will be addressing the issue of a governance structure for the Post-Secondary Student Support Program (PSSSP) as a means of reviewing the program on an on-going basis with respect to program authorities, policies, guidelines, practices and results. This governance structure could include a committee that would deal with monitoring and compliance,</p>	<p>Director General, Education Branch, Socio-Economic Policy and Regional Operations (SEPRO)</p>	<p>June 30, 2007</p>

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Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
	<p>with representation from Socio-Economic Policy and Regional Operations (SEPRO), Transfer Payments Directorate (TPD), Corporate Information Management Directorate (CIMD), First Nations and other internal and external stakeholders, where appropriate.</p> <p>b) Also, as a follow up to senior management approval of Indian and Northern Affairs Canada’s Results Framework, a strategic outcome governance and accountability structure was established. This structure is a mechanism for aligning collective effort and resources to outcomes, and to hold people to account for target results. As it is not organizationally based, this structure is intended to function as a horizontal decision-making forum with responsibilities ranging from the provision of overall direction and strategic outcome “storyline”, to the identification of synergies and priorities with longer term objectives for the development of a sustainable resource strategy and allocation methodology.</p> <p>More specifically, this structure is for:</p> <ul style="list-style-type: none"> • providing clear overall direction by establishing a common, overall purpose and direction through alignment to results and greater coherence between headquarters and 	<p>Director General, Education Branch, Socio-Economic Policy and Regional Operations (SEPRO)</p>	<p>June 30, 2007</p>

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Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
	<ul style="list-style-type: none"> • stimulating communication among managers and employees on how Indian and Northern Affairs Canada (INAC) can best contribute to the achievement of its overall agenda, and making the change process inclusive; • developing strategies to foster partnerships with other government departments, First Nations, Inuit and other stakeholders to lead to the articulation and implementation of mutual results, and reach consensus on the collection of required data; • making the best use of all people's time in developing and implementing policies, strategies, programs and ensuing processes; and • monitoring/reporting upon progress against the plans and eventually against jointly developed performance measurements. 		

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Recommendations	Actions	Responsible Manager (Title)	Planned Implementation Date
<ul style="list-style-type: none"> • To ensure relevant inputs to this process by reaching consensus on the data to be acquired from First Nations and the means to acquire it. 	<p>a) As mentioned above, the Strategic Outcome Governance and Accountability Structure will provide for the development of strategies to reach consensus on the collection of data. This process will be informed by the results of the data collection review as referred to under recommendation #1 as well as by the outcomes of the Post-Secondary Education (PSE) review referenced under recommendation #1.</p>	<p>Director General, Education Branch, Socio-Economic Policy and Regional Operations (SEPRO)</p>	<p>June 30, 2007</p>