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Report of the  
**Auditor General  
of Canada**  
to the House of Commons

NOVEMBER

**Chapter 5**  
Indian and Northern Affairs Canada—  
Education Program and  
Post-Secondary Student Support



Office of the Auditor General of Canada

*The November 2004 Report of the Auditor General of Canada comprises eight chapters, Matters of Special Importance—2004, and Main Points. The main table of contents is found at the end of this publication.*

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Chapter

# 5

Indian and Northern Affairs Canada  
Education Program  
and Post-Secondary Student Support

*All of the audit work in this chapter was conducted in accordance with the standards for assurance engagements set by the Canadian Institute of Chartered Accountants. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.*

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# Indian and Northern Affairs Canada Education Program and Post-Secondary Student Support

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## Main Points

**5.1** Although Indian and Northern Affairs Canada carried out more studies and undertook several new initiatives in elementary and secondary education, it made limited progress in addressing most of the issues and recommendations raised in our April 2000 Report and in the June 2000 Report of the Standing Committee on Public Accounts. The Department does not know whether funding to First Nations is sufficient to meet the education standards it has set and whether the results achieved are in line with the resources provided. The budget for this program is over \$1 billion annually.

**5.2** We remain concerned that a significant education gap exists between First Nations people living on reserves and the Canadian population as a whole and that the time estimated to close this gap has increased slightly, from about 27 to 28 years.

**5.3** The number of First Nations people having a post-secondary certificate, diploma, or degree continues to grow. However, we found significant weaknesses concerning the Post-Secondary Student Support Program's management and accountability framework. The Department has not clearly defined its roles and responsibilities. The way it allocates funds to First Nations does not ensure equitable access to as many students as possible, and the Department does not know whether the funds allocated have been used for the purpose intended. In addition, the information available on the performance of the program is inadequate. As a result, the Department does not know whether program funds are sufficient to support all eligible students, and it has no assurance that only eligible students taking eligible courses are receiving funding. The budget for this program is about \$273 million a year.

**5.4** We also noted discrepancies in the information that the Department provided to the Treasury Board about the way the program operates. Moreover, Parliament is not receiving a complete picture of the program and how effective it has been in narrowing the gap in post-secondary education between First Nations and the Canadian population as a whole.

**5.5** The Department is currently carrying out a comprehensive review of all its policy and program delivery authorities, including its education programs. This exercise provides the Department and central agencies, in consultation with First Nations and other parties, an opportunity to take a fresh look at the programs' design, administration, and accountability for and reporting of results.

## Background and other observations

**5.6** The elementary and secondary education of children living on reserves is covered by various statutes, treaties, agreements, and government policy, and it involves numerous players. Indian and Northern Affairs Canada and central agencies establish funding levels, education policy, and delivery requirements. The Department also operates seven schools. Under various funding arrangements with the Department, First Nations deliver education on reserves, arrange to buy education services from local school boards, or use a combination of both. Provinces and school boards provide education to on-reserve children attending schools outside their community. Some students attend private schools. At the post-secondary level, the Department transfers funds to First Nations to provide financial assistance to eligible students, living on or off reserves, to defray the cost of tuition, books, and supplies. When applicable, financial assistance also covers travel and living expenses for full-time students and their dependents.

**5.7** Many First Nations students and communities face fundamental issues and challenges that are more prevalent for them than for other Canadians and may impede their educational achievement. For example, most First Nations communities are small, with fewer than 500 residents. Thus, their schools have difficulty providing a range of educational services.

**5.8** In addition, the First Nations population is young and growing. According to the Department, about 40 percent of the Registered Indian population is under the age of 19, compared with 25 percent for the Canadian population. The Department projects that the on-reserve Registered Indian population will grow from about 445,000 in 2003 to 700,000 by 2021.

**5.9** Education is critical to improving the social and economic strength of First Nations individuals and communities to a level enjoyed by other Canadians. All parties, including the Department, First Nations, provinces, school boards, parents, and the students, need to work together to improve results. We believe that the Department needs to take a leadership role in addressing long-standing issues affecting First Nations education. In particular, the Department needs to urgently define its own role and responsibilities and improve its operational performance and reporting of results.

**The Department has responded.** The Department accepts all the recommendations. It reiterates its commitment to working with First Nations and other stakeholders to improve the educational outcomes of First Nations students and states that success in First Nations education must be measured over the long term.



## Introduction

### Value and provision of education

**5.10** Education is critical to improving the social and economic strength of First Nations individuals and communities to a level enjoyed by other Canadians. In April 2000, we reported a significant gap in educational achievement, measured by secondary school graduation, between First Nations peoples living on reserves and the overall Canadian population.

**5.11** Numerous studies have stressed the importance and benefits of post-secondary education. The Royal Commission on Aboriginal Peoples linked it to capacity building, human resource development, and self-government. A Human Resources Development Canada study in 2002 estimated that more than 70 percent of the new jobs created in Canada require some form of post-secondary education. This fact is particularly significant for First Nations people because, compared with the Canadian population as a whole, a much smaller proportion of them hold a post-secondary certificate, diploma, or degree.

**5.12** First Nations and their organizations believe that education is a treaty right that covers all education levels, including post-secondary. The federal government does not agree with this position. The Department's elementary and secondary programs are guided by various statutes, treaties, agreements, and government policy. At the post-secondary level, the government considers that assistance to First Nations students results from policy.

**5.13** The elementary and secondary education of children living on reserves involves numerous players. At the federal level, Indian and Northern Affairs Canada and central agencies establish funding levels, education policy, and delivery requirements. The Department also operates seven schools on reserves. Under various funding arrangements with the Department, First Nations deliver education on reserves, arrange to buy education services from local school boards, or use a combination of both. Provinces and school boards provide education to on-reserve children attending schools outside their community. Some students attend private schools. Parents and families are expected to be involved in their children's education, and students are required to attend school for at least as long as the mandatory requirement of their province of residence.

### Issues and challenges in First Nations education

**5.14** Many First Nations students and communities face fundamental issues and challenges that are more prevalent for them than for other Canadians and may impede their educational achievement. These include health problems, poor economic conditions, racism, and issues related to geography and demography (see Appendix A for more details). Yet, despite these impediments, we noted examples of successful elementary and secondary education initiatives by First Nations, such as the First Nations Education Steering Committee in British Columbia (see Successful First Nations initiatives in education). Other regions could benefit from adopting similar practices.

### Successful First Nations initiatives in education

The First Nations Education Steering Committee, a not-for-profit organization, was established in May 1992 to facilitate discussion about education matters affecting First Nations in British Columbia. It provides relevant and up-to-date information to First Nations about federal and provincial government policies and programs, undertakes research to support First Nations education, and communicates with the federal and provincial governments to ensure that First Nations concerns are being addressed. About 60 First Nations education technicians representing First Nations communities from throughout the province provide direction for the steering committee's activities.

The steering committee administers a number of components of the on-reserve education program, including the Special Education Program, band school evaluations (or assessments), and the education reform initiative under Gathering Strength. In those three cases, the steering committee allocates funds to member First Nations, analyzes and approves project proposals, reviews project reports, and assesses project results. In addition, it provides support to First Nations on professional development, teacher recruitment, and capacity building. It produces studies and discussion papers on issues affecting education for First Nations and on best practices observed throughout the province.

In 2001–02, the steering committee's budget totalled \$11.9 million and was funded mainly by Indian and Northern Affairs Canada. About \$9 million was allocated directly to First Nations communities. The largest portion, \$2.3 million, went to Gathering Strength projects, \$1.1 million went to the Special Education Program, and \$185,000 was allocated for band school assessments.

Both departmental regional officials and First Nations representatives told us that they are very satisfied with the quality and breadth of services provided by the steering committee. A recent evaluation of the organization also found high levels of stakeholder satisfaction in the quality of the steering committee's programs and services and in the organization's methods of ensuring community input and direction. It also concluded that the steering committee represents First Nations in British Columbia on education matters.

Source: First Nations Education Steering Committee documentation; discussions with steering committee and Indian and Northern Affairs Canada officials from British Columbia (unaudited)

### Departmental programs and funding

**5.15 Elementary and secondary education.** At about \$1.1 billion annually, elementary and secondary education continues to be the largest program area of Indian and Northern Affairs Canada, representing over 20 percent of the Department's budget for 2003–04. In addition, the Department spends about \$213 million annually on educational facilities. Funding is also provided for teacher pensions and band administration support related to education, but the Department does not track this funding separately. During 2002–03, education funding supported about 120,000 students, of which about 60 percent attended schools located on reserves (there are 503 such schools and First Nations manage all but 7) and 40 percent attended provincial or private schools.

**5.16** The Department provides money to band councils or other First Nations education authorities to support instructional services, from kindergarten through to adult learners, for people residing on reserves. The money is provided through various funding agreements and pays for the costs of on-reserve students attending schools (on or off reserves); student support

services such as transportation, counselling, accommodation, and financial assistance; school administration and evaluation; and First Nations school boards. Under current departmental policy, First Nations schools are required, at a minimum, to follow provincially recognized programs of study, hire provincially certified teachers, and follow education standards that allow students to transfer to an equivalent grade in another school within the province in which the reserve is located.

**5.17 Post-Secondary Student Support Program.** This program is intended to provide financial assistance to eligible students to defray the cost of tuition, books, and supplies. When applicable, the program also helps to cover travel and living expenses for full-time students and their dependents. The amount of assistance is not tied to the student's income or that of his or her parents or spouse. To be eligible for assistance, a student must be an Inuit or a Registered Indian who ordinarily lives in Canada, either on or off reserves, is enrolled in a provincially accredited post-secondary education program or a university or college entrance preparation program, and maintains satisfactory academic standing. The program also covers the cost of providing post-secondary guidance and counselling services. The Department provides most of the program funds to First Nations through various funding agreements and expects them to use these funds in accordance with the conditions defined in these agreements. Appendix B outlines the chronology of the Department's assistance to First Nations post-secondary students.

**5.18** We calculated that between 1994–95 and 2003–04, Indian and Northern Affairs Canada allocated almost \$2.8 billion to First Nations post-secondary education, including about \$304 million in 2003–04. About 90 percent of this funding was earmarked for the Post-Secondary Student Support Program. We calculated that about 30,000 students supported by the program graduated between 1994–95 and 2001–02. The Department reported that more than 25,000 First Nations and Inuit people had received assistance in 2002–03.

### Focus of the audit

**5.19** This chapter reports the findings of two distinct audits that provide a more comprehensive look at the Department's support of First Nations education.

- The first audit is a follow-up of our audit of Indian and Northern Affairs Canada's elementary and secondary education program reported in April 2000. This audit focussed on the extent of progress the Department has made in addressing the issues and recommendations raised in our April 2000 Report as well as those raised in the June 2000 Report of the Standing Committee on Public Accounts concerning elementary and secondary education.
- The second audit covers the Department's Post-Secondary Student Support Program. The audit examined the Department's management of the program. Our objectives were to determine whether the Department had a clear policy and objective for the program, whether the systems and procedures to support program implementation were

consistent with the program's policy and objective, and whether relevant information was reported to Parliament.

**5.20** Further details on the objectives, scope, approach, and criteria of the audits are included in **About the Audit** at the end of the chapter.

## Observations and Recommendations

### Elementary and secondary education follow-up

#### What we reported in 2000

**5.21** In April 2000, we reported that Indian and Northern Affairs Canada could not demonstrate whether it was meeting its stated objective to assist First Nations living on reserves in achieving their education needs and aspirations. We noted that the progress in closing the education gap between First Nations people living on reserves and the overall Canadian population had been unacceptably slow and that immediate action needed to be taken to close this gap. The audit also found that the Department needed to articulate its role in education, take action to resolve outstanding issues, develop and use appropriate performance measures, and improve its operational performance.

**5.22** The Standing Committee on Public Accounts held hearings on the audit and issued its report to Parliament in June 2000. The Committee expressed serious concern about the unacceptable state of First Nations elementary and secondary education and criticized the Department's "hands-off" management approach. While agreeing with the principle of devolution, the Committee insisted that this principle must be accompanied with clearly defined roles and responsibilities agreed to by all parties. The Committee recognized that the Department had a broad understanding of the issues involved, and it expected the Department to quickly demonstrate real progress in addressing the shortcomings identified in the audit. The Committee also requested the Department to report on its progress in its performance report, beginning with the 2001 *Performance Report* (covering the fiscal year ending 31 March 2001).

**5.23** The Department generally agreed with the Committee's recommendations and committed to working with its partners to address them. The Department did not fully agree to report its progress in its performance report. Instead, it agreed to publish a biennial report on First Nations education beginning in 2002–03 and to include key indicators from this report in its performance report.

#### Meaningful results are still lacking

**5.24** In 2000 we noted a lack of meaningful action to address the findings of numerous reports and studies. We recommended that action plans be implemented promptly. The plans were to identify the costs and funding responsibilities as well as how and by whom action would be taken and the time frames. We also recommended that the Department demonstrate how its

initiatives, including Gathering Strength—Canada’s Aboriginal Action Plan, would address long-standing issues and improve First Nations education.

**5.25** Given the Department’s stated commitments, we expected that it would have developed and implemented a detailed strategy and action plan to implement measures for improvement and to monitor progress.

**5.26** We noted several developments since our 2000 audit. Exhibit 5.1 summarizes these developments, together with their status. Some of these were undertaken to address our recommendations or those of the Public Accounts Committee. Others were for existing or new education programs, the renewal of education authorities, additional studies, and changes in the Department’s organization. However, we found that, with few exceptions, such as special education, the Department has made limited progress since 2000. The Department has generally continued the same practices for the way it supports, administers, and reports the elementary and secondary education programs for students living on reserves. Program terms and conditions, funding allocation, and reporting requirements have mainly remained unchanged.

### **A large education gap remains**

**5.27** In 2000 we used figures reported by the Department in its Estimates documents to estimate that it would take 23 years to close the education gap between First Nations people living on reserves and the Canadian population as a whole. Our estimate assumed that the proportion of Canadians with high-school education would not change from its 1996 level.

**5.28** The Department acknowledged the importance of closing this gap. It claimed that its education reform projects and other corrective measures already underway would lead to progress, and that the gap would be closed earlier than we had estimated.

**5.29** We recalculated the gap that existed in 1996 (and reported in 2000), using more precise data from the 1991 and 1996 censuses. Without changing our assumptions, we estimated that the time needed to close the education gap that existed in 1996, and for First Nations people living on reserves to reach parity with the overall Canadian population, was about 27 years rather than the 23 years that we had originally estimated.

**5.30** We also calculated the education gap that existed in 2001, using data from the 1996 and 2001 censuses, and estimated the time to close that gap and for First Nations people living on reserves to reach parity with the Canadian population as a whole. We found that the proportion of First Nations people living on reserves over the age of 15 with at least a high-school diploma increased by 4.8 percent between 1996 and 2001, while that same proportion in the overall Canadian population increased by 3.5 percent. Although the gap has narrowed by 1.3 percent during this period, the rate of improvement for First Nations people living on reserves slowed compared with the previous five-year period, while that of the Canadian population as a

**Exhibit 5.1 Developments since our 2000 audit of Indian and Northern Affairs Canada's elementary and secondary education program**

Activities	Status as of August 2004
<p><b>Actions related to our 2000 audit</b></p> <p><b>Roles and responsibilities.</b> In 2000–01, the Department committed to working with all parties to better articulate its roles in education. In response to the Public Accounts Committee report, the Department committed to issuing, in collaboration with First Nations, a statement on its roles and responsibilities by June 2002. In late 2001, a departmental committee produced a first draft and, in early 2002, the Department appointed a senior executive to continue this work. Numerous drafts have been produced but no final decision has been made. The Education Branch has taken over responsibility for developing a statement on the roles and responsibilities in First Nations education.</p> <p><b>Biennial report.</b> In 2000–01, the Department made a commitment to the Public Accounts Committee to publish a biennial report on First Nations education, starting in 2002–03. The report was to provide a clear record of progress in closing the education gap.</p> <p><b>Compliance regime.</b> Since our audit, the Department told us that it has updated its compliance regime for management of the education programs. This regime is aimed at increasing accountability and conformity with the program terms and conditions.</p> <p><b>Student tracing methodology.</b> In 2002–03, the Department began to develop a tracing methodology to follow the progression of students it funds to the end of their education. This will help First Nations, educators, and researchers understand the factors related to educational outcomes of the students and help clarify policy and program decisions.</p>	<p>The Department has not established a plan to clarify its roles and responsibilities.</p> <p>The Department has published its first biennial report in 2004.</p> <p>The Department sent draft compliance guidelines to the regions in spring 2004.</p> <p>The Department is continuing work on the tracing methodology.</p>
<p><b>Renewal of authorities</b></p> <p>The 2000 Treasury Board policy on transfer payments triggered a comprehensive renewal of all the Department's policy and program delivery authorities, including the authority for its education programs. According to the Department, the renewal of the education authority marked the first time in over 100 years that detailed terms and conditions were set out for the delivery of the Department's education program. The renewal exercise identified significant "anomalous practices" that were inconsistent with existing policy and program delivery authorities. To correct the problem, the government granted the Department interim authority to enable existing practices to continue, pending a comprehensive review of the education programs. We noted that on two occasions the Department did not meet its own deadline to complete the review and sought extension of its interim authority from the government.</p>	<p>Under its latest plan, the Department is to bring a proposal to the government for renewing education policy and programs by October 2005.</p>
<p><b>Education reform initiatives</b></p> <p>In 1998 the Government of Canada responded to the Royal Commission on Aboriginal Peoples with a long-term, broad-based policy approach designed to increase the quality of life of First Nations people and to promote self-sufficiency. The plan, Gathering Strength, contained an education reform component, with resources to improve the quality of education in First Nations schools and the academic achievement of First Nations students. According to departmental figures, between 1998 and 2003 the Department spent \$176 million on about 1,300 education reform projects proposed by First Nations and their organizations along four jointly defined priorities. Gathering Strength ended in March 2003, along with its education reform component. It was replaced in April 2003 by a similar initiative, New Paths for Education, with an annual budget of \$40 million.</p>	<p>The Department has not evaluated this initiative. It does not know whether it achieved its intended objectives. It is implementing New Paths for Education.</p>
<p><b>New studies</b></p> <p><b>Minister's National Working Group on Education.</b> In June 2002, the Minister of Indian and Northern Affairs created a National Working Group on Education. This group, made up of 15 First Nations people with experience in education, was asked to provide the Minister with concrete recommendations on how to improve First Nations education, and on how the Department could work with First Nations to implement those changes and close the education gap. As part of the group's work, new research was conducted in 11 areas, including jurisdiction, funding, education philosophy, infrastructure, teacher recruitment, and parental involvement. The group's report, <i>Our Children—Keepers of the Sacred Knowledge</i>, was made public in February 2003. The report found "First Nations education in a crisis" and made 27 recommendations aimed at improving the situation.</p>	<p>Departmental officials state that they are working with First Nations on the key issues in the working group's report.</p>

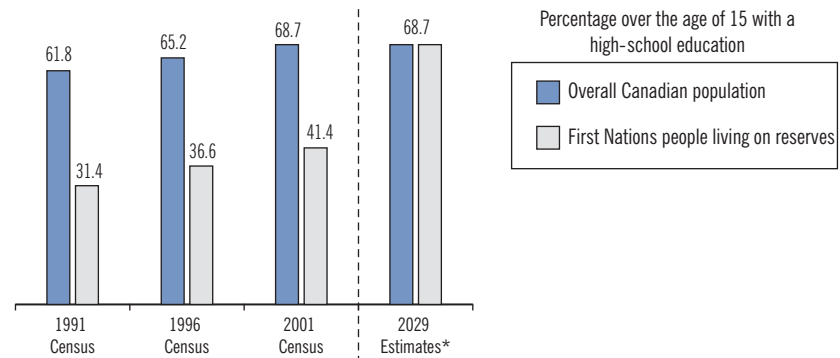
**Exhibit 5.1** Developments since our 2000 audit of Indian and Northern Affairs Canada's elementary and secondary education program (cont'd)

Activities	Status as of August 2004
<p><b>A-base review.</b> Education program funding was part of the A-base review that the Department completed in 2003. This initiative was intended to draw a clear relationship between existing resources and results, to identify an approach to achieve a streamlined and integrative authorities structure, and to support the Department's planned move to a more dynamic and flexible management model.</p> <p><b>Cost studies.</b> Since 2000, the Department undertook or funded additional studies to compare the funding levels it provides to First Nations with what provinces provide to their school boards. These studies noted discrepancies in funding levels and identified potential factors that could explain these variations. However, like the previous studies carried out on costs, they were not endorsed by the Department.</p> <p><b>Audit on teacher certification.</b> An audit on teacher certification was completed in 2003. The audit found weaknesses in the management control framework for ensuring that education standards in on-reserve schools are met. In particular, what makes up a "comparable curriculum" has not been defined in practical terms.</p> <p><b>Evaluation of federal and band-operated schools.</b> The evaluation will include a review of the resource allocation methodologies for these schools. The Department intends to use the evaluation to inform further program and policy review.</p>	<p>The findings of the review are to help support the education policy review.</p> <p>Further studies on costs are planned. Discussions are taking place with First Nations on the funding formula.</p> <p>The Department has approved and is implementing an action plan to address recommendations.</p> <p>The Department's target date for completion is fall 2004.</p>
<p><b>New programs</b></p> <p><b>Special education.</b> A program dedicated to special education was approved in January 2003. It is designed to improve the achievement levels of First Nations on-reserve special education students by providing access to special education programs and services that are culturally sensitive and meet the provincial standards in the locality of the First Nation. An initial budget of \$52 million was approved for 2002–03, which will increase to \$95 million by 2005–06 as a result of some existing education funding being redirected on an annual basis.</p> <p><b>Teacher salaries.</b> This new program, created in response to recommendations contained in the report of the Minister's National Working Group on Education, was approved in August 2003, and is intended to supplement teacher salaries in band-operated schools. The program has an annual budget of \$15 million in 2004–05.</p> <p><b>Parental involvement.</b> This new program, also created in response to recommendations contained in the report of the Minister's working group, is intended to promote parental engagement in First Nations communities. The program, approved in August 2003, has an annual budget of \$5 million in 2004–05.</p>	<p>The Department is implementing the program.</p> <p>The Department is implementing the program as a pilot project.</p> <p>The Department is implementing the program as a pilot project.</p>
<p><b>Reorganization</b></p> <p><b>Regional Operations Support and Services (ROSS).</b> In 2003–04, the Department created a new sector intended to oversee monitoring and compliance and to ensure consistency and accountability in departmental programs across the regions.</p> <p><b>Education Branch at headquarters.</b> In 2003–04, the Department created the Education Branch at its headquarters and increased the number of staff working on education matters. This branch is responsible for looking after education and for delivering the Department's external and internal commitments to modify the education program.</p> <p><b>Regional education directorate.</b> In one region that we visited, an education directorate was created in 2001 to bring more focus to the regional education responsibilities. Another region was considering the creation of a similar structure at the time of our audit, while a third region was in the process of creating a position dedicated to managing the education programs.</p>	<p>The Department has approved additions to staff and is developing business practices.</p> <p>The Department has developed specific roles and responsibilities for the branch and its staff.</p> <p>Regions consider that there is insufficient staff dedicated to education. The Department has no plans to increase staff in the regions.</p>

Source: Discussions with departmental and First Nations officials; departmental response to our 2000 audit; government response to the 2000 Public Accounts Committee Report; and departmental and non-departmental documents (unaudited)

whole grew slightly. As a result, we estimate that it would take about 28 years for First Nations people living on reserves to reach parity with the Canadian population (Exhibit 5.2).

**Exhibit 5.2 The education gap between First Nations people living on reserves and the overall Canadian population**



\*This calculation assumes that the First Nations rate of improvement between two censuses remains the same and that the proportion of Canadians with high-school education stays constant.

Source: Census data from the 1991, 1996, and 2001 censuses (unaudited)

**5.31** Because the Department has not used a consistent methodology to monitor the gap, it could not explain the decrease in the rate of improvement of First Nations students living on reserves between the periods covered by the 1996 and 2001 censuses. The Department informed us that it is working on various approaches that would allow it to compare First Nations communities with non-First Nations communities sharing similar attributes, such as location, instead of relying on global comparisons.

**5.32** The need to close the education gap is even more urgent today given the current and projected demographics in First Nations communities. According to the Department, about 40 percent of the Registered Indian population is under the age of 19, compared with 25 percent for the overall Canadian population. The Department also projects that the on-reserve Registered Indian population will grow from about 445,000 in 2003 to about 700,000 by 2021, an estimated growth rate significantly higher than that of the Canadian population. In our view, failure to address the gap continues to have significant consequences for First Nations people living on reserves because they do not have access to the benefits associated with a higher level of education.

**5.33 Recommendation.** Indian and Northern Affairs Canada, in consultation with First Nations, should immediately develop and implement a comprehensive strategy and action plan, with targets, to close the education gap. It should also report progress to Parliament and to First Nations on a timely basis.



**Department's response.** Indian and Northern Affairs Canada is working with First Nations on a review of key elements of the elementary and secondary education programs. As well, the Department is leading the follow-up work to the April 2004 Canada—Aboriginal Peoples Roundtable on lifelong learning, building on past studies such as the Royal Commission on Aboriginal Peoples and the National Working Group on Education. The Department is also actively participating in preparations for the other roundtables on health, housing, economic opportunities, negotiations, and accountability. The Department will continue to report to Parliament through the performance report, the report on plans and priorities, and the Aboriginal Report Card the prime minister has committed to produce. These will provide the Department and First Nations with an opportunity to jointly develop key indicators, report on progress, and identify areas where more work is needed.

### **The Department has not yet defined its roles and responsibilities**

**5.34** During our 2000 audit, we could not find any formal document that clearly defined the Department's roles or responsibilities in education. We believed that because many stakeholders have an interest in education, the Department needed to articulate and communicate its roles to other parties, while also taking into account their various roles. The Public Accounts Committee also expressed concern about the Department's lack of clearly defined roles in the delivery of education services to First Nations and noted considerable ambiguity and inconsistency in the way the Department carried out its mandate.

**5.35** The Department agreed with our recommendation and committed to working with all parties to better articulate its roles in education. In response to the Public Accounts Committee report, the Department committed to issuing, with the collaboration of First Nations, a statement on its roles and responsibilities by June 2002.

**5.36** This statement has not been issued and there is still no consensus within the Department about its roles and responsibilities. We noted that the Department has not carried out an analysis of the various legislative authorities and obligations to determine the minimum roles it should play and the level of services it should fund. We believe that such an analysis is important and could be a starting point in defining the Department's roles and responsibilities and guiding discussions with other parties.

**5.37** At the operational level, we found that there is still ambiguity and inconsistency in the role of regional offices in fulfilling the Department's mandate and achieving its education objectives. The Department expects that the education delivered in schools located on reserves is comparable with what provinces offer off reserves and that students are able to transfer from band-operated to provincial schools without academic penalty. However, a number of school evaluations we reviewed clearly indicated that some students do not perform at their current grade level, suggesting that they cannot transfer to the same grade in the provincial education system. Yet, we saw no evidence that the regions consider this information in

assessing whether First Nations meet the terms and conditions of their funding agreement and whether corrective action is required. Most regions continue to interpret their major role as that of providing a funding service.

**5.38** In addition, we noted that some provinces do not recognize the educational achievement of grade 12 students attending on-reserve schools unless these schools have been provincially accredited or students pass a provincially recognized test.

**5.39** The extent of freedom that parents have to choose their children's school also illustrates how unclear roles and responsibilities can lead to inconsistency in program delivery. While the Department and First Nations want parents to be involved in their children's education, regions take different approaches concerning parental choice of school. In one region, the Department has extended the parents' freedom to the point of fully funding transportation to the school of choice, whether band-operated, federal, or provincial. Other regions consider that when there is a school on the reserve, parents should send their children to that school. Accordingly, they do not cover the difference in tuition costs; nor do they provide transportation if parents choose to send their children off the reserve.

**5.40** Our 2000 report presented the Mi'kmaq Education Agreement as a case study to illustrate initiatives that affected First Nations education powers and responsibilities. In this follow-up, we examined progress in implementing this agreement, which transferred jurisdiction over education to nine Mi'kmaq communities in Nova Scotia. We found that the Department and the participating First Nations lack a common understanding of their roles and responsibilities and that the agreement is ambiguous (see *The Mi'kmaq Education Agreement*, page 13).

**5.41** We are concerned about the Department's lack of progress in defining its roles and responsibilities. In our view, until the Department clarifies these and its capacity to fulfill them, and reaches a consensus with other parties on their own roles and responsibilities, it will remain difficult to make progress in First Nations education and close the education gap.

**5.42 Recommendation.** Indian and Northern Affairs Canada should clearly define and document its roles in education while taking into account its basic legal responsibilities and the roles of other parties. The Department should provide its regional offices with sufficient guidance and training to ensure that its roles and responsibilities are understood and applied consistently.

**Department's response.** Indian and Northern Affairs Canada continues to work on defining its roles in education. While this appears to be a straightforward task, it is more complex because of the number of stakeholders and their diverging views about the Department's current mandate in First Nations education matters and how this mandate should evolve to support First Nations control of First Nations education. The process that led to the creation of the Education Branch in early 2004 has laid the groundwork for defining the Department's roles and responsibilities in First Nations education. The Regional Operations Support and Services

### The Mi'kmaq Education Agreement

The Mi'kmaq Education Agreement was enshrined in federal and Nova Scotia law in 1999. The legislation gave each of the nine participating communities the power to make laws related to primary, elementary, and secondary education that would be applicable on their reserves. It also created a corporation, the Mi'kmaw Kina'matnewey (MK), to support them in the delivery of education.

**What we found in 2000.** In 2000 we reported on potential lessons learned from the Mi'kmaq Education Agreement, including the preparedness of the First Nations on governance, accountability, pedagogical, and financial matters. We also noted that the implementation of the agreement was not being reviewed as planned.

**What we found in this audit.** Since 2000, the participating communities have continued to deliver education under the agreement. They have also developed a curriculum to teach the Mi'kmaq language and have built or expanded schools. The Department, the participating communities, and the MK agreed in 2002 to extend the initial agreement for a three-year period; it will expire in March 2005. They have also begun discussions to renew the agreement for another five-year period to begin in April 2005. One of the four communities that initially chose not to participate in the agreement joined in 2003. A joint evaluation of the result of the agreement was being completed at the end of our fieldwork.

We noted that the parties lack a common understanding of the meaning and the implications of "First Nations jurisdiction" over education. For example, the parties disagree on how levels of capital funding should be determined. Under the *Mi'kmaq Education Act*, First Nations can exercise jurisdiction on reserves only. Participating First Nations argue that capital funding should be established so that they can accommodate students attending off-reserve schools in the communities' local schools. Some of these First Nations built or enlarged schools in order to do that, but without departmental funds. The Department argues that it continues to have power to determine capital funding and, in making these decisions, it uses the practices applicable to First Nations under the *Indian Act*.

Another example of disagreement relates to accessing new departmental programs. When the Department introduced special education or teachers' salary programs, participating communities were subject to the same program terms and conditions as other First Nations, as if they did not have jurisdiction. Participating First Nations believe that when the Department introduces new education programs, they should have access to additional funds while continuing to exercise jurisdiction over the use of these funds.

We also noted ambiguities in the implementation of the agreement. For example, the Department and participating First Nations have not determined the information required to account for the results of this transfer of jurisdiction. The Department has not defined the information it needs in the context of a government-to-government relationship in the field of education. It continues to receive from participating First Nations the same financial information and some of the non-financial information it was receiving before the agreement. In addition, the parties have not defined what information is needed to assess education performance and its comparability with other provincial systems, as intended in the legislation.

**Conclusion.** The Department and participating First Nations need to review the agreement and its implementation and resolve disagreements. Since the Mi'kmaq Agreement has become a model for other "education self-government agreements" in the country, what is learned in the implementation of this agreement can bring valuable lessons for the future.

Sector, created in 2003–04 to ensure consistency and coherence across the regions, will help regional offices understand and consistently apply their roles and responsibilities.

#### **Appropriate performance and results indicators are still lacking**

**5.43** In 2000 we noted that the Department had not implemented appropriate performance and results indicators. We believed that in the absence of meaningful indicators and data, the Department was not in a position to assess and report on the performance and results of the education funds voted by Parliament. This situation also made it difficult for the Department and First Nations to make informed decisions about future priorities and directions.

**5.44** The Department agreed with our observations and reviewed the feasibility of adapting elements of the Education Indicators Set developed by the Council of Ministers of Education, Canada and of the Pan-Canadian Education Indicators used by Statistics Canada. The aim was to establish a framework that would be comparable with other education reporting in Canada. In 2002 a departmental analysis concluded that, although several of these indicators could be used to measure and report on education on reserves, many data currently collected from First Nations would need to be modified or expanded to ensure comparability of information. For example, there are currently limited data on the education performance of students attending school on reserves.

**5.45** The Department has informed us that it intends to work with First Nations to revise its reporting requirements, improve the reporting of program information, and increase the analysis of available data. The Department is developing a profile of all the education data it collects. The intent is to ensure that data collection strikes a balance between the need for good data and performance measurement and the need to minimize the reporting burden on First Nations. Pilot projects are also underway in some regions.

**5.46 Recommendation.** Indian and Northern Affairs Canada, in consultation with First Nations, should accelerate its efforts to develop and apply appropriate performance and results indicators along with targets.

**Department's response.** Indian and Northern Affairs Canada has undertaken a data collection review that will provide a profile of all education data it currently collects, including the rationale and authority. This work will contribute to the Department's Managing for Results Initiative. This accountability regime will focus on clear roles and responsibilities, clear performance expectations, balanced expectations and capacities, credible reporting, and reasonable review and adjustment. The Department will also participate in the Aboriginal roundtable on accounting for results led by the Treasury Board Secretariat and in the development of key indicators to be used in the Aboriginal Report Card.

**5.47** Our 2000 audit also identified a number of opportunities for operational improvements. We focussed on information related to the costs of

education services, on tuition and funding agreements, and on school evaluations.

### **The Department still does not have good cost information**

**5.48** In 2000 we found that the Department did not know the actual education costs; nor did it have a cost comparison of the different delivery mechanisms used. We recommended that the Department develop and apply uniform cost criteria to compare education costs and results among the different delivery approaches.

**5.49** The Department carried out or funded additional studies to compare the funding it provides to First Nations with what provinces provide to their school boards. The Department did not endorse the results of these studies, and no changes have been made.

**5.50** The lack of reliable and consistent information on education costs limits the Department's ability to manage the education programs effectively. For example, the funding formula for band-operated schools has not been modified since its inception in the late 1980s. First Nations have argued for years that funding levels are insufficient, notably to pay teachers at a salary level comparable with that of their provincial counterparts. The Department considers the capacity of First Nations to engage and retain the necessary teaching staff a significant factor in offering comparable education. It has undertaken a study comparing the salary of teachers in First Nations schools with that of provincial teachers. At present, the Department does not know whether the funding provided to First Nations is sufficient to meet the education standards it has set and whether the results achieved, overall and by the different delivery mechanisms, are in line with the resources provided.

**5.51 Recommendation.** Indian and Northern Affairs Canada should undertake to obtain reliable and consistent information on the actual costs of delivering education services on reserves and compare the costs with those of providing comparable education services in the provinces.

**Department's response.** Indian and Northern Affairs Canada has undertaken a review to compare the funds it allocates to schools operated by First Nations with the funds those schools would receive under the applicable provincial funding formula. As well, a comparative study of the salaries of teachers in First Nations schools and those in provincial schools is underway.

### **Issues concerning tuition agreements persist**

**5.52** In 2000 we identified a number of issues related to tuition agreements between First Nations and provincial school boards and between the Department and provincial school boards. The Department accepted our recommendation to address these issues.

**5.53** We noted progress in one region where tuition agreements are in place and are generally kept up to date. In other regions, many agreements were still not in place, were in dispute, or had expired. In some instances, officials believe that First Nations do not have the capacity to negotiate the agreements effectively. Nor is it clear that adequate support is available to

help First Nations with this task. In our view, the Department needs to ensure that tuition agreements are in place, so that provincial schools provide for the education needs of First Nations students and that the responsibilities of all parties are clearly laid out.

**5.54** It is also important that the Department play a more active role in ensuring that these tuition agreements are adhered to and that it fulfill its own responsibilities. In one community we visited, officials told us that three First Nations students enrolled in a provincial school had been expelled from the school for three consecutive years before band and departmental officials became aware of the situation. Under the tuition agreement between the First Nation, the school board, and the Department, the school board has a clear obligation to notify the band council and the parents before taking disciplinary action against a student. The Department also reaffirmed that, notwithstanding any clause in the agreement, the Minister maintained his responsibility for the education of Indian students. However, we saw no documentation in the departmental files indicating what action, if any, the Department had taken when it became aware of the students being expelled.

**5.55 Recommendation.** Indian and Northern Affairs Canada, in consultation with First Nations, should ensure that tuition agreements are in place. The Department should also provide its regional offices with sufficient guidance and training to ensure that its responsibilities are understood and applied consistently.

**Department's response.** Indian and Northern Affairs Canada agrees that tuition agreements should be in place. The creation of the Regional Operations Support and Services Sector will help ensure that the necessary tuition agreements are in place across the regions.

#### **School evaluations need to be completed**

**5.56** In 2000 we reported that a significant number of school evaluations needed to be completed. We also observed that some of the completed evaluations disclosed serious deficiencies in school operations but no systematic mechanism existed to ensure that the deficiencies were addressed. The Department agreed with our recommendation that these evaluations should be completed and recommendations implemented within a reasonable time.

**5.57** We found that some regions have made efforts to complete more school evaluations, but some remain outstanding. The Department does not know how many evaluations have been done or need to be done because it does not track this information. In addition, the intended use of completed evaluations in the Department is still not clear. We noted that one region does not even receive copies of the evaluations and another had difficulty locating the most recent evaluations completed. In two regions, officials told us that they do not always have the time or the skills to deal with evaluation findings.

**5.58** The national program guidelines issued by the Department for 2004–05 stipulate that an independent evaluation of each band-operated and

federal school is to be undertaken every five years. Each evaluation must include, at a minimum, a review of curriculum, an assessment of instructional quality and standards, and a review to determine if community and school objectives have been achieved. Under these guidelines, each First Nation is responsible for implementing the recommendations. The Department's approach to dealing with the findings and recommendations contained in these evaluations is not consistent.

**5.59 Recommendation.** Indian and Northern Affairs Canada, in co-operation with First Nations, should ensure that school evaluations are completed and that recommendations are addressed within a reasonable time.

**Department's response.** Indian and Northern Affairs Canada agrees that school evaluations should be completed and has provided direction for this activity in the national program guidelines that took effect in September 2004. The creation of the Regional Operations Support and Services Sector will help ensure that First Nations receive the appropriate support in conducting evaluations and following up on their recommendations.

## Post-Secondary Student Support Program

### The policy and the program objective are under review

**5.60** The Department has a clear policy and objective in place for the Post-Secondary Student Support Program. The policy is to encourage Registered Indians and Inuit to acquire university and professional qualifications. The objective of the program is to help Registered Indians and Inuit students to attend and succeed in recognized post-secondary education programs, thereby improving their chances of finding work. Both the policy and the objective have generally remained the same in recent years.

**5.61** In September 2001, the Department informed the government that a comprehensive review of the policy was ongoing. It committed to developing recommendations, in consultation with First Nations, to update the policy framework and program delivery approach by 2003. According to officials, the purpose of the review is twofold: to update the program to better align it with the current situation of post-secondary education in Canada, and to address concerns related to equity, transparency, and access to the program. At the end of our audit, the Department and First Nations were working on the review.

### Management and accountability framework is deficient

**5.62** We expected that the Department would have systems and practices, including a sound management and accountability framework, which would enable it to implement the program in a way that reflects the approved policy and objective. Overall, we found that the framework is deficient.

**5.63** A few years after the start of the program, the government adopted a policy of devolution whereby detailed administration of funding was transferred to First Nations. In 1989 the Department put in place a new management and accountability framework that applied to a number of programs, including the Post-Secondary Student Support Program. Under the

framework, the Department would transfer, on a program-by-program basis, a fixed sum of money to First Nations. Once the minimum requirements of each program were met, First Nations would be allowed to reallocate funds among programs according to their priorities. The Department considered that this new approach would emphasize achieving defined results or program outputs for a given level of funding. First Nations would report information to the Department on how they had used the money and for what results. For its part, the Department would continue to set policy and monitor and evaluate the programs. The Minister would remain accountable for the performance of the various programs.

**5.64** The Department also modified the implementation of the Post-Secondary Student Support Program to reflect the framework described above and respond to concerns about the unpredictable and rapid growth of program expenditures. It indicated to First Nations that the changes were intended to give them more flexibility in administering the program and more control over how they used program funds. These changes significantly affected the implementation of the program and the accountability between the parties involved—including the Department, the central agencies, and First Nations students and communities. With few exceptions, the Department no longer provides financial assistance to individual post-secondary students under the program. Instead, it transfers funds to First Nations to support post-secondary education for their people. The funding arrangements between the Department and First Nations define the amount of money and how it should be used.

**5.65** In examining program implementation and accountability under the new framework, we found significant weaknesses in a number of key areas. These included ambiguity in the Department's roles and responsibilities, potential inequities in how funds are allocated, a lack of clearly defined expected results, limited program and performance information, and discrepancies in the information provided to the Treasury Board.

**5.66** In our opinion, these weaknesses seriously undermine the capacity of the Department and First Nations to work together toward achieving the program's objective, using resources effectively to produce expected results, measuring and reporting performance, and taking corrective action when necessary.

#### **Roles and responsibilities for delivering the program are unclear**

**5.67** We expected the Department to have clearly defined and documented its roles and responsibilities. This was not the case.

**5.68** As noted earlier, the Department's management and accountability framework transferred control of the detailed administration of funds to First Nations. In transferring control of the funds, the Department requires First Nations to administer the program by applying the departmental eligibility requirements and to establish an appeal process for their administrative decisions on students' eligibility to receive funding and on the amount of that



funding. The Department also provides First Nations with flexibility to define and use their own administrative procedures and allowance schedules.

**5.69** We found considerable uncertainty in the Department on the interpretation of the nature and extent of First Nations' flexibility in managing the program. Some officials told us that the Department has only a funding role and that First Nations have complete freedom in determining who is eligible to receive funding and the amount of that funding. Others believe that there are minimum program requirements that First Nations must meet, such as ensuring that post-secondary institutions or programs of study are eligible under the program and that funding to each student is within the limits set in the program. The Department developed a list of eligible institutions in the late 1980s. The list has not been updated since then and its use is not clear. However, beginning in September 2004, the maximum living allowance must reflect the living allowances established by the Canada Student Loan Program.

**5.70** The Department's activities to monitor program compliance in recent years have been limited. Although the Department issued guidelines in 1998 to monitor compliance, it has not fully implemented them. As a result, it does not have assurance that program requirements are implemented.

**5.71** In the regions we visited, some officials consider that monitoring for compliance is not meaningful. The program does not tie funding to the number of eligible students to be supported, and officials believe that First Nations can establish their own program priorities and reallocate funds. In our view, unless the Department is clear about its roles and responsibilities, and those of First Nations, it cannot put in place systems and practices to obtain assurance that program requirements are implemented as defined when transferring funds to First Nations.

#### **The allocation of funds does not ensure equitable access to the program**

**5.72** We expected the Department to have a mechanism for allocating funds to ensure equitable access to as many students as possible. Under the program's current practices, the Department allocates a fixed amount of money to the regions; in turn, they allocate funds to First Nations to provide post-secondary financial assistance to students. The amounts allocated are generally based on historical funding levels, without reference to the actual number of eligible students in a particular region or First Nation. As a result, some First Nations may be receiving more funds than they need under the program, and some not enough.

**5.73** Our review of a sample of First Nations' financial statements in three regions confirmed that program surpluses and deficits do exist. Departmental officials told us that these surplus and deficit situations do not need to be monitored because they would not trigger any change to First Nations' funding levels for this program. With the flexibility allowed, First Nations with a surplus of funds from the program can transfer the money to other programs. Those First Nations with insufficient funds can transfer money from other programs to top up the amount available for providing financial

assistance. They can also deny funding to eligible students or use a combination of the two options.

**5.74** Currently, the Department does not know whether the funds earmarked for the program are sufficient to support the post-secondary education of all eligible students. In 2000 the Assembly of First Nations stated that the lack of federal funding was preventing about 9,500 First Nations people from pursuing post-secondary education. We noted that the Department does not track the number of unfunded eligible students.

**5.75** We are concerned that the current funding methodology neither ensures that eligible students have equal access to the program nor maximizes the number of students receiving assistance. We are also concerned that when a First Nation has a surplus and decides to move post-secondary program funds to other programs, there is no assurance that it has first met the needs of all eligible students. Ultimately, it is not clear whether the allocation mechanism in place, combined with the flexibility to reallocate funds, is consistent with the program policy and objective.

#### **The Department needs better information**

**5.76** Given the objective of the program and ministerial accountability for its performance, we expected that the Department would have sound information on the program and that it would use this information for monitoring and decision-making purposes.

**5.77** Currently, the Department receives global information from First Nations on the total number of people assisted at one point in the year and the annual number of graduates. It also receives audited summary-level financial statements for each First Nation and basic unaudited information on individual students and their study programs.

**5.78** We found that the Department does not fully use the information it receives from First Nations to monitor program implementation. For example, it does not compare program spending with the number of students assisted to assess whether the two correspond. Nor does it use the information on students and study programs to obtain assurance that only eligible students taking eligible courses are receiving funding. We also noted that the Department does not collect information on how much financial assistance individual students are receiving and how many eligible students are not being funded.

**5.79** Due to the lack of information and of analyses of the information available, the Department does not know how First Nations ultimately spend the money earmarked for post-secondary education. This also prevents the Department from taking corrective action when warranted.

**5.80** Given that the Minister is accountable for the program, we expected that the Department would have adequate mechanisms to measure program performance. This was not the case.

**5.81** The main indicator that the Department uses to measure performance is the annual number of students receiving support under the program. In our

opinion, this indicator is deficient. It is not useful for determining how many, or what proportion, of First Nations students in the program have successfully completed their studies and at what cost.

**5.82** In our view, a definition of expected outputs, results, and performance is needed to measure performance. The Department and First Nations also need to agree on a precise definition of who is eligible to access the program and what level of financial support they should receive. None of these have been clearly defined and documented.

### Discrepancies in the information provided to the Treasury Board

**5.83** In September 2001 and in July 2003, the Department obtained approval from the Treasury Board for renewed authorities governing the program. These authorities govern how the program should be implemented and how its funds should be managed.

**5.84** We found discrepancies between the information that the Department provided to the Board about the management of the program and the way the program is actually being delivered. For example, the Department told the Board that it had procedures to minimize the risk that the funds earmarked for post-secondary education would not be used for that purpose. However, as indicated earlier, the Department does not track how the program funds are spent and permits First Nations to move funds from the program to other programs. Therefore, the Department has no assurance that program funds are used only for the purpose intended, as it had led the Treasury Board to believe.

**5.85** We also found that the Department did not implement the new program authorities, as approved by the Treasury Board in a timely manner. These authorities, among other things, set student funding limits to reflect the Canada Student Loan Program. The Department did not incorporate these new authorities into its annual funding agreements with First Nations until 2004–05. As a result, for two years the Treasury Board's approval of renewed authorities had no impact on how the Department and First Nations implemented the program.

**5.86** At the end of the audit, the Department informed us that national program guidelines have been developed based on the terms and conditions approved by the Treasury Board. These guidelines are included in the 2004–05 annual funding agreements with First Nations and will apply starting in September 2004. The terms and conditions expire in March 2005.

### Toward stronger accountability

**5.87** In 2002, in a study on accountability, we defined accountability as a relationship based on the obligations to demonstrate, review, and take responsibility for performance, both the results achieved in light of agreed expectations and the means used. We also suggested five principles that define effective accountability: clear roles and responsibilities, clear performance expectations, balanced expectations and capacities, credible reporting, and reasonable review and adjustment. Exhibit 5.3 summarizes

these principles. We believe that they could help guide the work of the Department and First Nations in their current review of this program.

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### Exhibit 5.3 Five principles of effective accountability

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- ❶ **Clear roles and responsibilities.** Roles and responsibilities should be well understood and agreed on by the parties.
  - ❷ **Clear performance expectations.** The objectives, the expected accomplishments, and the constraints, such as resources, should be explicit, understood, and agreed on.
  - ❸ **Balanced expectations and capacities.** Performance expectations should be linked to and balanced with each party's capacity to deliver.
  - ❹ **Credible reporting.** Credible and timely information should be reported to demonstrate what has been achieved, whether the means used were appropriate, and what has been learned.
  - ❺ **Reasonable review and adjustment.** Fair and informed review and feedback on performance should be carried out by the parties, achievements and difficulties recognized, appropriate corrective action taken, and appropriate consequences carried out.
- 

**5.88 Recommendation.** Indian and Northern Affairs Canada, in consultation with First Nations, should develop and implement a strong and meaningful accountability regime for its Post-Secondary Student Support Program. This regime should include the following principles of effective accountability: clear roles and responsibilities, clear performance expectations, balanced expectations and capacities, credible reporting, and reasonable review and adjustment.

**Department's response.** Indian and Northern Affairs Canada and First Nations are jointly working on a comprehensive review of the post-secondary education programs, including the Post-Secondary Student Support Program. Principles of effective accountability will be addressed as a key component of this review.

**5.89 Recommendation.** Indian and Northern Affairs Canada should ensure that it provides accurate information to the Treasury Board about the way in which the Post-Secondary Support Program operates.

**Department's response.** Indian and Northern Affairs Canada is committed to providing full and accurate information to the Treasury Board and will continue to do so.

### Parliament is not receiving a complete picture

**5.90** The Department's reporting to Parliament on the program's costs, results, and performance does not provide a complete picture of the program and what is actually being achieved with departmental funds. Our review of the Department's Estimates documents for the past five years indicates, for example, that the Department does not provide specific targets or timelines that would allow parliamentarians to judge the performance of the program.

Exhibit 5.4 summarizes our assessment of the completeness of the post-secondary education information that the Department has reported to Parliament.

**5.91** We noted that the Department's reporting to Parliament does not clearly present the program's objective. The Department presents "improving education" as a way of increasing community self-sufficiency, without explaining what this means or how it is measured. It does not compare the post-secondary education achievement of First Nations people, living on or off reserves, with that of the Canadian population as a whole; nor does it explain to what extent the program contributes to the educational achievement of First Nations.

**5.92** In reporting results to Parliament, the Department has consistently used the total number of students receiving support under the program as its main performance indicator. For example, the Department asserts that the program was successful in 2002–03 as about 25,000 First Nations people were supported under it that year, while only 250 people were supported in 1968–69. In our view, this information does not tell the whole story. Unaudited departmental information also indicates that the annual number of students being funded has actually been declining in recent years, from a high of about 27,000 in 1998–99 to about 25,000 in 2002–03. However, the Department does not explain this trend.

**5.93** We used data from the 2001 census to compare the post-secondary educational achievement of First Nations people and the Canadian population as a whole. We noted that about 27 percent of the First Nations population (North American Indian) between 15 and 44 years of age hold a post-secondary certificate, diploma, or degree, compared with 46 percent of the Canadian population within the same age group. We believe that Parliament should be informed about the gap, its potential causes, and the way that the program helps to address it. Parliament should also be informed about the targets established for the program and the progress made.

**5.94 Recommendation.** Indian and Northern Affairs Canada should improve the quality of the performance information that it reports to Parliament. It should clearly define and document the objective and expected results of the Post-Secondary Student Support Program, report on costs and performance, and clarify how the program is making a difference in narrowing the gap in post-secondary education between First Nations and the Canadian population as a whole.

**Department's response.** Indian and Northern Affairs Canada is committed to providing relevant performance information to Parliament. This issue will be addressed as part of the review of post-secondary education programs currently underway.

**Exhibit 5.4 Our assessment of the post-secondary information reported to Parliament**

Activities	Current reporting in performance reports	Suggested reporting for performance reports
Organizational context and strategic outcomes are clear	<p>Education is part of overall socio-economic outcomes of “increased self-sufficiency.” There is no separate discussion of post-secondary education and of the student support program.</p> <p>Roles of First Nations and other partners are not mentioned in the context of this program.</p>	<p>Explain how the Post-Secondary Student Support Program contributes to addressing the gap in post-secondary education and benefits individuals and communities.</p> <p>Explain the roles of partners, namely First Nations, and their contribution to results achieved.</p>
Performance expectations are clear and concrete	<p>No clear relationship exists between “improved education” and the single indicator used: the annual number of students being funded.</p> <p>There is no mention that up to 12 percent of the post-secondary budget can be used to support study programs or institutions rather than students.</p> <p>There is no objective or specific targets and timelines. There is no description of the strategies to achieve performance expectations.</p>	<p>Inform Parliament about program objectives and targets and time frame to reach targets.</p> <p>Explain the support to study programs and First Nations post-secondary institutions.</p> <p>Provide explanations on the environment in which these objectives are to be achieved.</p>
Key results are reported against expectations	<p>The reporting does not allow assessment of whether the Department is failing or succeeding with this program, as there are no performance expectations.</p> <p>The annual number of funded students does not capture what portion of the program demand or potential clients is addressed. There are no indications that students may be denied funding.</p> <p>There is no mention that “expenditures” are budgeted figures instead of actual spending, as First Nations can reallocate funds between programs, and that 12 percent of the budget can go to support study programs rather than students.</p> <p>The only discussion of risk is related to rising tuition costs.</p> <p>No risk analysis of meeting performance targets is provided because no targets have been set.</p>	<p>Provide concrete targets in proper context.</p> <p>Provide other indicators of outcomes—for example, the proportion of eligible students of an appropriate age group attending post-secondary institutions, and the proportion of these students supported by the program. Comparison with non-First Nations people could also be provided.</p> <p>Provide a more accurate number of the amount allocated to the program.</p> <p>Provide a brief risk analysis.</p>
Performance information is credible and balanced	<p>Since 2001–02, the Department has stated that its data are 99 percent reliable. There is no mention of significant data limitations for this program, such as the annual number of funded students is based on a snapshot of people funded at a single date, and students dropping out shortly before or after that date are not captured. Data are provided by various First Nations and organizations and are not verified.</p>	<p>Provide more information on the limitations of post-secondary data.</p>
Use of performance information is demonstrated	<p>There are no indications that the Department uses results information to manage and improve the program. For example, no actions or explanations are reported about the declining number of First Nations students being funded.</p>	<p>Discuss how results information is used—for example, to maximize the number of eligible students accessing the program.</p>

Source: Indian and Northern Affairs Canada’s performance reports from 1998–99 to 2002–03; April 2002 Report of the Auditor General, Chapter 6, A Model for Rating Departmental Performance Reports

## Conclusion

**5.95 Elementary and secondary education.** Despite more studies and several new initiatives, Indian and Northern Affairs Canada made limited progress in addressing most of the issues and recommendations raised in our April 2000 Report, as well as those raised in the June 2000 Report of the Public Accounts Committee. The Department does not know whether funding levels provided to First Nations are sufficient to meet the education standards it has set and whether the results achieved are in line with the resources provided.

**5.96** We are concerned about the lack of progress because a large education gap remains between First Nations people living on reserves and the Canadian population as a whole. In addition, the time estimated to close this gap has increased slightly, from about 27 to 28 years.

**5.97** We believe that, in consultation with First Nations and other parties, the Department needs to urgently define its roles and responsibilities and address the long-standing issues affecting First Nations elementary and secondary education. It also needs to improve its operational performance and reporting of results.

**5.98 Post-Secondary Student Support Program.** The number of First Nations people having a post-secondary certificate, diploma, or degree continues to grow. A policy and a program objective are in place for the Post-Secondary Student Support Program and both are being reviewed. However, significant weaknesses exist in the Department's management and accountability framework for the program. The Department has not clearly defined and documented its roles and responsibilities, the way that it allocates funds to First Nations does not ensure equitable access to as many students as possible, and it does not know whether the funds allocated have been used for the purpose intended. Moreover, the information available on the performance of the program is inadequate. As a result, the Department does not know whether program funds are sufficient to support all eligible students, and it has no assurance that only eligible students taking eligible courses are receiving funding.

**5.99** We also found discrepancies in the information that the Department provided to the Treasury Board about the way the program operates. In addition, the Department's reporting to Parliament does not present a complete picture of the program. For example, it does not explain why the number of students receiving support has been declining over the last several years; nor does it provide information on how effective the program has been in narrowing the gap in post-secondary education between First Nations and Canada as a whole. As the program has evolved, the roles and responsibilities of the Department and First Nations have changed. In our view, both parties need to work co-operatively to develop and implement a strong accountability regime for the program.

**5.100 Co-operative efforts are needed.** We continue to believe that success in providing elementary and secondary education to First Nations students can be achieved only if their needs and aspirations are appropriately identified and served by an education system that is designed to fulfil them. In our view, all stakeholders, including the Department, First Nations, provinces, school boards, parents of school-age children, and the students, need to work together toward a common goal of progress.

**5.101** The education policy review underway and the periodic renewal of authorities for program delivery are positive steps. They provide the Department, central agencies, First Nations, and other partners with an opportunity to take a fresh look at the education programs' design, administration, and accountability for and reporting of results, with the aim of closing the education gap.

**Department's overall response.** First Nations education is one of the highest priorities of Indian and Northern Affairs Canada. The gains in education have accounted for the single biggest contribution to the closing of the gap in the Human Development Index between Aboriginal Canadians and Canadian society as a whole. The Department recognizes the importance of the issues raised in this chapter and reiterates its commitment to working with First Nations and other stakeholders to improve educational outcomes for First Nations students.

Investments over the last 30 years in elementary, secondary, and post-secondary education have made a real, tangible impact on the total level of First Nations educational attainment. While the Department is committed to moving forward with First Nations and other partners as quickly as possible, given the complexity of issues such as jurisdiction, geography, and demography (as outlined in Appendix A of this chapter), it is clear that success in First Nations education must be measured over the longer term.

Nearly all of the Department's education programs are delivered either directly by or in consultation with First Nations. Since devolution of program delivery to First Nations also assumes devolution of some accountability for management and results, Indian and Northern Affairs Canada acknowledges the need for the Department, First Nations, and other partners to clarify their respective roles and responsibilities within a context of shared accountability.

The follow-up work to the April 2004 Canada—Aboriginal Peoples Roundtable may help to guide the Department's work in support of improved First Nations educational outcomes in the broader context of Aboriginal lifelong learning. This more holistic and co-ordinated approach to learning will serve as the framework within which the Department, with its First Nations partners, can set a clear course for the future in support of First Nations control of First Nations education.



## About the Audit

### Objectives

**Follow-up.** The objective of the follow-up audit was to assess the extent to which Indian and Northern Affairs Canada has acted on recommendations made in Chapter 4 of our April 2000 Report and in the June 2000 Report of the Public Accounts Committee. Specifically, we assessed the extent of improvement in the following areas of elementary and secondary education:

- resolving long-standing issues and addressing the education gap,
- defining and documenting roles and responsibilities,
- developing and using performance indicators, and
- improving operational performance.

**Post-Secondary Student Support Program.** Our audit objectives for the Post-Secondary Student Support Program were to determine whether a clear policy and objective are in place within the Department, systems and procedures to support program implementation are consistent with the policy and objective, and relevant information is reported to Parliament.

### Scope and approach

Indian and Northern Affairs Canada is the main federal organization responsible for administering elementary and secondary education for First Nations students living on reserves, and for supporting First Nations and Inuit post-secondary education.

**Follow-up.** Our examination focussed on the Department's progress in addressing the issues raised and recommendations made by our Office and by the Public Accounts Committee. It also included a review of progress on implementing the Mi'kmaq Education Agreement.

**Post-Secondary Student Support Program.** The audit focussed on the activities and results related to the Post-Secondary Student Support Program, the major component of the Department's post-secondary education program. We reviewed policy developments and analyzed information since the beginning of the program in 1977.

The audit team carried out interviews with departmental managers and staff and reviewed relevant documents at the Department's headquarters and in four regions (Atlantic, Ontario, Alberta, and British Columbia). We also reviewed the elementary, secondary, and post-secondary education files of 20 First Nations in the latter three regions. Although we did not audit the activities carried out by First Nations and their organizations, we did seek their views on education matters. The team also visited eight First Nations communities. The community visits involved discussions with political leaders, education managers, and school principals and teachers, as well as general observation of education facilities. We also sought the views of national and regional First Nations organizations, including the Assembly of First Nations, the First Nations Education Steering Committee, Treaty Six Education, and the Mi'kmaq Kina'matnewey, and we reviewed the documentation provided by them.

### Criteria

**Follow-up.** Our follow-up audit was based on the following overall criterion: The Department should have made reasonable progress in addressing the issues and recommendations made in our April 2000 Report and in the June 2000 Report of the Public Accounts Committee with respect to First Nations elementary and secondary education.

**Post-Secondary Student Support Program.** Our audit was based on the following criteria:

- The Department has a clear policy and objective for the Post-Secondary Student Support Program.

- Systems and procedures in place to support program implementation are consistent with the approved policy and objective.
- The Department reports relevant information to Parliament about program costs, performance, and results relative to the program objective.

#### **Related audit work**

April 2000 Report of the Auditor General, Chapter 4, Indian and Northern Affairs Canada—Elementary and Secondary Education

December 2002 Report, Chapter 9, Modernizing Accountability in the Public Sector

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## Appendix A Issues and challenges in First Nations education

### Jurisdiction

First Nations people living on reserves receive education funding directly from the federal government, but are required to follow standards from the provincial government, for teachers and curriculum. According to Indian and Northern Affairs Canada, jurisdictional issues create uncertainty, instability, and confusion in terms of program delivery. For example, it is unclear who is responsible for funding the education of First Nations children whose parents have temporarily moved off a reserve to attend a post-secondary institution and have brought their children with them. The Assembly of First Nations believes that education is an inherent and treaty right that must be under the full jurisdiction of First Nations.

### Geography and demography

In 2003, about 75,700 First Nations people were living on reserves located in special access areas and 16,500 were living in remote regions. In addition, First Nations communities tend to be small; most have fewer than 500 residents. As a result, schools in many communities tend to be small, do not benefit from economies of scale, and have difficulty providing a range of educational services.

### Parental involvement

Parenting skills are considered among the strongest predictors of early educational success. Many First Nations parents are unprepared for their roles and face significant challenges in the early years of their children's education. In addition, many parents who were educated in the 1960s, 1970s, and 1980s have negative perceptions of formal education. There is also a higher incidence of single-parent families on reserves (32 percent) than in the rest of Canada (17 percent).

### Health problems

Serious health problems exist on many reserves, including fetal alcohol syndrome, diabetes, tuberculosis, and HIV/AIDS. Some communities also lack basic services and amenities such as adequate housing and running water. These problems can lead to lower attendance rates and increased special education needs.

### Economic conditions

The average unemployment rate on reserves is significantly higher than the Canadian average. Poor economic conditions on reserves can be viewed as both a cause and an effect of lower educational outcomes. If economic opportunities following graduation are limited, the motivation of students to complete their education may be affected. At the same time, if fewer students graduate and enter the workforce, the existing economic situation may not improve.

### Racism

The Royal Commission on Aboriginal People and the report of the Minister's working group on education both noted that racism continues to be an obstacle for many First Nations students, especially those attending schools located off reserves. According to the working group, low expectations for First Nations students from their teachers are probably the most pervasive form of racism in education.

### Teacher recruitment and retention

Many First Nations have difficulty attracting and retaining qualified teachers. The causes are attributed to the difficulties in paying them a competitive salary; a lack of housing and other private and public services, especially in remote locations; and a lack of professional training and systemic support.

Source: Indian and Northern Affairs Canada and other publications; discussions with departmental officials and First Nations representatives (unaudited)

## Appendix B Key events since the start of assistance to First Nations post-secondary students

- 1977** Assistance to post-secondary students was formalized for the first time with a program to encourage registered Canadian Indians and Inuit to acquire university and professional qualifications. In 1977–78, \$9 million was provided to support 3,500 students. Funds were paid directly to post-secondary institutions (tuition fees) and to eligible students (living allowances).
- 1983** The Department introduced the University and College Entrance Preparation Program to recognize mature students and others who did not have secondary school education. Bill C-31, which reinstated people who had lost their Indian status, contributed to an increase in the number of First Nations student enrolments.
- 1988** First Nations and government engaged in major reviews of the initial program. The Auditor General of Canada reported that the program did not clearly define management roles and responsibilities, maintain program consistency, or provide adequate management information with which to measure program effectiveness.
- 1989** The Department was funding 15,000 students and providing \$130 million in fundings. Concern about the unpredictable and rapid growth of program expenditures prompted the Department to introduce a revised program, the Post-Secondary Student Support Program, on 20 March 1989. New rules were introduced. For example, funding would no longer be based on demand but on a fixed budget. If the number of eligible applicants were to exceed the budget, applications would be deferred. Program administration was transferred to First Nations and their organizations, and flexibility to modify program rules was confirmed.
- 1991** The government approved incremental funding of \$320 million for the program for 1991–92 to 1995–96. In 1991–92, \$193 million was provided to support 21,440 students.
- 1992** In 1992–93, the Department completed a strategic review of the program and found that resources were not being provided to meet all First Nations needs. It recommended that a system of block budgeting be used to enable First Nations to set their own student support priorities, control resources in their allocated budget, and optimize the use of educational and training funds from other sources.
- 1992** Funding for the program became part of block-funding multi-year arrangements with First Nations. This program was completed in 1997.
- 1994** The number of students funded under the program in 1993–1994 grew to 23,000. An additional \$20.3 million was provided in 1994–95, and \$20.0 million for each of the years 1995–96 to 1998–99. This increased the total program funding to \$247.3 million for 1994–95 and \$262.3 million for the remaining four years.
- 1997** Block-funding envelopes were capped with annual increases to be allotted according to Treasury Board directives.
- 2001** The Treasury Board approved renewed authorities for the program. One of the most notable changes was that maximum living allowances were to be tied to the Canada Student Loan Program. The Department intended to complete, in co-operation with First Nations, a review of the program by 2003.
- 2003** The Treasury Board approved an extension of the authorities until 31 March 2005, with slight revisions. The Department intends to implement these authorities in 2004–05.

Source: Departmental and non-departmental documents; discussions with departmental officials and First Nations representatives (unaudited)

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