



# Indigenous and Northern Affairs Canada

## Internal Audit Report

### Audit of the First Nations Child and Family Services Program

Prepared by:

Audit and Assurance Services Branch

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AANAC-INAC



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## ACRONYMS

CHRT	Canadian Human Rights Tribunal
ESDPP	Education and Social Development Programs and Partnerships
FNCFS	First Nations Child and Family Services Program
HQ	Headquarters
IMS	Information Management System
INAC	Indigenous and Northern Affairs Canada
MCF	Management Control Framework
T&C	Terms and Conditions

# EXECUTIVE SUMMARY

## ***Background***

The *Audit of the First Nations Child and Family Services Program* is included in Indigenous and Northern Affairs Canada's (INAC) 2016-2017 to 2018-2019 Risk-Based Audit Plan, approved by the Deputy Minister on March 4, 2016. The audit was identified as a very high priority on the basis that programming is material (\$652 million in 2014-15<sup>1</sup>), highly visible, and extremely sensitive. In addition, the delivery model is complex and includes a variety of participants, agreements, and frameworks.

The First Nations Child and Family Services (FNCFS) Program provides funding to assist in ensuring the safety and well-being of First Nations children ordinarily resident on reserve by supporting appropriate prevention and protection services for First Nations children and families. In most cases, First Nations have assumed the delivery of child welfare services; however, the provinces retain jurisdiction, and delegate the authority to FNCFS agencies.

In 2007, the Assembly of First Nations and First Nations Child and Family Caring Society of Canada filed a Canadian Human Rights Act complaint claiming INAC provides inequitable funding for child and family services on reserve. On January 26, 2016, the Canadian Human Rights Tribunal (CHRT) upheld the complaint ordering INAC to end its discriminatory practices and reform the FNCFS Program and related agreements. On September 15, 2016, the CHRT released a ruling to its order from January 2016, related to immediate relief. The Tribunal made additional orders on immediate relief and asked for further submissions on a number of issues.

Budget 2016 announced an investment of \$634.8 million over five years to support both the immediate needs of First Nation children on reserve and to begin a process of reform to strengthen the FNCFS Program.

The Government of Canada is committed to a full-scale reform of the FNCFS Program and will work closely with key partners to reform the Program, including First Nations Child and Family Services agencies, front-line service providers, communities, leaders, organizations, provincial and Yukon governments, as well as the CHRT and other relevant parties.

## ***Audit Objective and Scope***

The objective of this audit was to assess the adequacy and effectiveness of the governance, risk management and internal control practices supporting the overall management of the FNCFS Program.

The scope of the audit included the controls supporting: adequate and effective governance, risk management, stewardship, accountability, performance measurement, information for decision making and resource capacity and capability related to the FNCFS Program.

The audit scope excluded litigation management processes related to the CHRT decision and orders as these are part of current legal proceedings and, as such, INAC is still in the process of

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<sup>1</sup> INAC 2014-15 Departmental Performance Report

responding. In addition, processes relating to end-to-end departmental budgeting and forecasting activities were not in scope as this has been recently assessed in other internal audits. Finally, FNCFS activities relating to program reform (e.g. program redesign, engagement with stakeholders, etc.) were excluded from the scope.

The audit team conducted fieldwork primarily at INAC headquarters and three regional offices. The regional offices were selected as they reflect different program delivery models, namely: British Columbia, Ontario, and Atlantic.

The scope period for the audit was October 1, 2014 to September 30, 2016.

## ***Statement of Conformance***

The FNCFS audit conforms with the *Internal Auditing Standards for the Government of Canada*, as supported by the results of the quality assurance and improvement program.

## ***Positive observations***

The audit found several areas of strength within the FNCFS Program. For example, the Information Management System (IMS) is a comprehensive tool implemented nationally in 2013. It is able to accommodate varying information requirements with FNCFS partners (e.g. provinces, agencies) through various forms of data collection instruments in conjunction with regional tools. IMS has provided the foundation on which to build a good centralized base of information that can support further FNCFS analysis and reporting needs. In addition, the FNCFS funding allocation and payment processes are well-established including approval processes for budget amendments or notice of budget adjustments.

## ***Conclusion***

The audit concluded that, while key management controls are in place to support funding allocation and payment processes for the FNCFS Program, opportunities were identified to improve the adequacy and effectiveness of the governance, risk management and internal control practices supporting the FNCFS Program. Areas where opportunities for improvement were identified include: developing and providing specific training and tools to support ongoing regional program operations; strengthening Information Management System user access and related change management processes; establishing a FNCFS risk management framework; and, establishing a formal compliance program specifically for the FNCFS Program.

The audit also noted some areas for consideration to inform program redesign that require broader consultation and are dependent on how the new program evolves and is implemented. Although there are no recommendations contained in this report to address these areas, program management may want to consider these as they work through program redesign.

## ***Recommendations***

The audit identified areas where the FNCFS could be strengthened, resulting in four recommendations, as follows:

1. The Assistant Deputy Minister, Education and Social Development Programs and Partnerships, in collaboration with the Senior Assistant Deputy Minister, Regional Operations and the Assistant Deputy Minister of the Northern Affairs Organization, should ensure that First Nations Child and Family Services specific training and tools be developed and provided to regions to support ongoing program operations. Further, it is recommended that Headquarters work with regions to prioritize the needs in these areas.
2. The Assistant Deputy Minister, Education and Social Development Programs and Partnerships should ensure a review of access to Information Management System is conducted periodically to ensure that access, including role assignments, remains appropriate. In addition, guidance should be provided around more formal change management processes relating to provincial rate changes, with consideration of enhancing segregation of duties by involving Headquarters in these changes.
3. The Assistant Deputy Minister, Education and Social Development Programs and Partnerships should ensure that an appropriate risk management framework is established specifically for the First Nations Child and Family Services Program and that a program risk assessment is finalized.
4. The Assistant Deputy Minister, Education and Social Development Programs and Partnerships, in collaboration with the Senior Assistant Deputy Minister of Regional Operations, the Assistant Deputy Minister of the Northern Affairs Organization and the Chief Financial Officer, should ensure that a formal compliance program be established specifically for the First Nations Child and Family Services Program.

## ***Management response***

Management is in agreement with the findings, has accepted the recommendations included in the report, and has developed a management action plan to address them. The management action plan has been integrated in this report.

# 1. BACKGROUND

The *Audit of the First Nations Child and Family Services Program* is included in Indigenous and Northern Affairs Canada's (INAC) 2016-2017 to 2018-2019 Risk-Based Audit Plan, approved by the Deputy Minister on March 4, 2016. The audit was identified as a very high priority on the basis that programming is material (\$652 million in 2014-15<sup>2</sup>), highly visible, and extremely sensitive. In addition, the delivery model is complex and includes a variety of participants, agreements, and frameworks.

The First Nations Child and Family Services (FNCFS) Program provides funding to assist in ensuring the safety and well-being of First Nations children ordinarily resident on reserve by supporting appropriate prevention and protection services for First Nations children and families. The overall framework for the delivery of child welfare services for First Nations children on reserve is governed by the constitutional arrangement whereby the provinces and the Yukon territory legislate and govern child welfare services. In most cases, First Nations have assumed the delivery of child welfare services; however, the provinces retain jurisdiction, and delegate the authority to FNCFS agencies. INAC's approach to funding child welfare services on reserve is guided by the general principle that federal funding is provided for social programs on reserve that are reasonably comparable to programs provided by provincial and territorial governments in communities in similar geographic areas and with similar circumstances.

In 2007, the Assembly of First Nations and First Nations Child and Family Caring Society of Canada filed a Canadian Human Rights Act complaint claiming INAC provides inequitable funding for child and family services on reserve. On January 26, 2016, the Canadian Human Rights Tribunal (CHRT) upheld the complaint ordering INAC to end its discriminatory practices and reform the FNCFS Program and related agreements. On September 15, 2016, the CHRT released a ruling to its order from January 2016, related to immediate relief. The Tribunal made additional orders on immediate relief and asked for further submissions on a number of issues.

Budget 2016 announced an investment of \$634.8 million over five years to support both the immediate needs of First Nation children on reserve and to begin a process of reform to strengthen the FNCFS Program. With these investments, INAC has moved to prevention-based funding in all jurisdictions.

The Government of Canada is committed to a full-scale reform of the FNCFS Program and will work closely with key partners to reform the program, including First Nations Child and Family Services agencies, front-line service providers, communities, leaders, organizations, provincial and Yukon governments, as well as the CHRT and other relevant parties.

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<sup>2</sup> INAC 2014-15 Departmental Performance Report

## 2. AUDIT OBJECTIVE AND SCOPE

### 2.1 Audit Objective

The objective of this audit was to assess the adequacy and effectiveness of the governance, risk management and internal control practices supporting the overall management of the FNCFS Program.

### 2.2 Audit Scope

The scope of the audit included the controls supporting: adequate and effective governance, risk management, stewardship, accountability, performance measurement, information for decision making and resource capacity and capability related to the FNCFS Program.

The audit scope excluded litigation management processes related to the CHRT decision and orders as these are part of current legal proceedings and, as such, INAC is still in the process of responding. In addition, processes relating to end-to-end departmental budget and forecasting activities were not in scope as this has been recently assessed in another internal audit. Finally, FNCFS activities relating to program reform (e.g. relating to program design, engagement with stakeholders, etc.) were excluded from the scope.

The audit team conducted fieldwork primarily at INAC headquarters and three regional offices. The regional offices were selected as they reflect different program delivery models, namely: Atlantic, Ontario, and British Columbia.

The scope period for the audit was October 1, 2014 to September 30, 2016.

## 3. APPROACH AND METHODOLOGY

The audit was planned and conducted in accordance with the *Internal Auditing Standards for the Government of Canada* as set out in the *Treasury Board Policy on Internal Audit*. Sufficient and appropriate audit procedures have been conducted and evidence gathered to provide a reasonable level of assurance in support of the audit conclusion.

The planning phase of the audit involved various procedures, including a review of preliminary documentation including Treasury Board and INAC policies, directives, and guidelines related to FNCFS Program delivery and interviews with management and staff. Based on this information, a risk assessment was completed to determine the scope of the audit.

Audit criteria were developed to cover areas of higher risk. The criteria served as the basis for developing the detailed audit program for the conduct phase of the audit. A detailed listing of criteria is provided in Appendix A.

The audit team conducted fieldwork primarily at INAC headquarters and three regional offices. The regional offices were selected as they reflect different program delivery models, namely:

- British Columbia: has performed a significant amount of up-front work to roll-out the prevention model and has established an accountability framework;



- Ontario: follows a unique model where it is fully integrated with the Province in accordance with the 1965 Agreement<sup>3</sup> and,
- Atlantic: includes jurisdictions at various stages of adopting the prevention model.

The audit team engaged a variety of techniques including the direct testing of transactions and other controls, interviews and document review. Audit activities that were undertaken included the following:

- Interviews with FNCFS Program management and staff within the Education and Social Development Programs and Partnerships (ESDPP) Sector at HQ, including those responsible for the maintenance of INAC's Information Management System (IMS). In addition, through the regional visits, interviews were conducted with regional program staff and other regional personnel with responsibility and oversight related to program delivery.
- Audit testing of key controls relating to the approval of FNCFS funding agreements, payments issued to recipients, recipient assessments performed by Program Officers, and IMS user access; and,
- Documentation review.

## 4. CONCLUSION

The audit concluded that while key management controls are in place to support funding allocation and payment processes for the FNCFS Program, opportunities were identified to improve the adequacy and effectiveness of the governance, risk management and internal control practices supporting the FNCFS Program. Areas where opportunities for improvement were identified include: developing and providing specific training and tools to support ongoing regional program operations; strengthening Information Management System user access and related change management processes; establishing a FNCFS risk management framework; and, establishing a formal compliance program specifically for the FNCFS Program.

The audit also noted some areas for consideration to inform program redesign that require broader consultation and are dependent on how the new program evolves and is implemented. Although there are no recommendations contained in this report to address these areas, program management may want to consider these as they work through program redesign.

## 5. FINDINGS AND RECOMMENDATIONS

Based on the evidence gathered through a combination of documentation review, interviews and analysis, each audit criteria (detailed in Appendix A) was assessed by the audit and a conclusion for each audit criterion was determined. For instances where there was a difference between the audit criteria and the observed practice, the risk of the gap was evaluated and used to develop conclusions and corresponding recommendations for consideration by management.

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<sup>3</sup> Child welfare services are covered under the 1965 Canada-Ontario Welfare Agreement. INAC pays the province an agreed-on share of its costs to deliver child welfare services to on-reserve First Nations.

## 5.1 Regional Program Operations (Governance, Monitoring)

The audit expected to find that formalized training, guidance on processes and procedures (including key controls), and supporting tools would be established and operationalized to support ongoing regional program activities and to promote some level of consistency between the regions. The audit also expected to find that recipient assessments performed by Program Officers would be documented to provide evidence that related key controls were being performed.

For the FNCFS Program, INAC's role includes the provision of funding and there is reliance on Provinces and agencies to provide the required services to First Nations communities. Regions have the responsibility of funding the program and performing due diligence to ensure that funding requirements are met (i.e. recipients are receiving appropriate payments from INAC) and recipients are meeting the terms and conditions (T&C) of funding agreements (e.g. recipients are complying with reporting requirements, submitting eligible maintenance expenses for reimbursement, etc.).

Based on the audit work performed, a formalized FNCFS training regime has not been established to provide program personnel with common guidance regarding roles and responsibilities, processes, and procedures (including key controls). For example, during audit testing, it was noted that there was no on-boarding training for new program personnel, nor was there any formalized training around monitoring processes and procedures, approval levels for exceptions over certain thresholds, audit trail documentation requirements, etc. Through audit testing, several examples were noted where additional training was required to enforce the concept of segregation of duties (e.g. where there was no independent monitoring by management for higher cost expenditures processed and approved by Program Officers, independent review of reconciliations separate from the preparer, etc.). In addition, there was limited FNCFS training in regards to processes that Program Officers should follow to identify key issues relating to maintenance expenses and how IMS reports could be optimally leveraged to support analysis for decision making (e.g. between expense categories, time periods, other recipients, etc.). As a result, Program Officers may not have adequate information to assess the reasonableness of maintenance costs and whether they are eligible for reimbursement to the recipient prior to payment.

FNCFS-specific tools (job aids, procedures manuals) had not been developed to provide guidance to support ongoing work in areas where complexity or greater judgment is required. For example, there is limited clarification in some regions around eligibility of children registered in the Indian Registration System. Additionally, despite the fact that submitted maintenance expenses routinely exceed provincial guidelines, there was no formal national guidance or suggested processes for approvals or strategies to work with agencies to minimize excessive charges (such as long term contracts for care, etc.). In addition, through audit testing conducted during regional visits, it was noted that the level of documentation varied between regions (e.g. use of a formal checklist in one region although not consistently completed, limited adequate documentation retained in other regions, etc.). As a result, in some cases there was no audit trail evidence to demonstrate that Program Officers were performing key controls to ensure that recipients were complying with the T&C of their funding agreements and funds were being used as intended.

National calls existed at both the Director and Manager levels to provide communication between program personnel in regions and at HQ and were intended to be held monthly; however, during the audit period, it was noted that some of these meetings did not occur. In

addition, for these meetings, there was no specific standing agenda or forward agenda of topics, nor was there a formal mechanism to solicit input on topics of concern for the regions and facilitate regional engagement and consultation in support of continuous improvement of FNCFS. As a result, FNCFS issues were not always addressed on a timely basis and best practices and lessons learned were not shared regularly to promote effective FNCFS processes.

***Recommendation:***

1. The Assistant Deputy Minister, Education and Social Development Programs and Partnerships, in collaboration with the Senior Assistant Deputy Minister, Regional Operations and the Assistant Deputy Minister of the Northern Affairs Organization, should ensure that First Nations Child and Family Services Program specific training and tools as well as more formalized communication mechanisms, be developed to support ongoing program operations. Further, it is recommended that Headquarters work with regions to prioritize the needs in these areas.

## **5.2 Information Management System (IMS)**

The Information Management System (IMS) is an in-house developed system for FNCFS that was implemented nationally in 2013. IMS houses information related to maintenance expenses and is able to accommodate varying information requirements with FNCFS partners (e.g. provinces, agencies) through various forms of data collection instruments, working in conjunction with regional tools in some cases.

The application is used to track information received from recipients related to their monthly maintenance expense reports including the child's IRS number, start and end dates for payment, care costs, special needs, number of days in care, and total monthly maintenance costs. IMS maintains information used by the Program Officer to assess the eligibility of maintenance expenditures for reimbursement to recipients.

The audit expected to find that users would be assigned appropriate profiles and access based on their job duties and that a periodic review of user access would be performed to assess ongoing user access appropriateness. In addition, it was expected that formalized change management processes would be established to address changes made to system configured controls and parameters.

Through audit testing conducted during regional visits, access to IMS was found to be excessive in two of three regions where employees that have left the department continue to have access to IMS.

In one region, the same individual was granted incompatible user roles which included access to change provincial rates and thresholds for exceptions in IMS as well as assess and approve the eligibility of maintenance costs in the system exceeding the thresholds (i.e. the employee can adjust the exception level and also is the only employee approving exceptions). This type of incompatible access presents a segregation of duties risk and circumvents expected change management process controls.

***Recommendation:***

2. The Assistant Deputy Minister, Education and Social Development Programs and Partnerships should ensure a review of access to Information Management System is conducted periodically to ensure that IMS access, including role assignments, remains appropriate. In addition, guidance should be provided around more formal change management processes relating to provincial rate changes, with consideration of enhancing segregation of duties by involving Headquarters in these changes.

## **5.3 Risk Management**

The audit expected to find that, based on the requirements outlined in INAC's Management Control Framework (MCF) for Grants and Contributions (G&C), an appropriate risk management framework would be designed and implemented specifically for the FNCFS Program. The audit further expected to find that the framework would be updated periodically and include key elements such as: the identification of emerging risks, escalation processes to report significant risks to senior management; and, monitoring of action plans.

During audit testing, it was noted that both HQ and the regions have mapped their annual planning commitments to high-level risks identified in INAC's Corporate Risk Profile; however, a formalized risk management framework for the FNCFS Program has not been established or implemented. Without a formal risk management framework, FNCFS may not be able to identify or mitigate key risks on a timely basis that could adversely impact the achievement of the program's objectives.

In addition, no formalized risk assessment specifically related to the FNCFS Program had been conducted since 2013. It was noted that, at the time of audit fieldwork (and after the audit period), a risk assessment for the FNCFS Program was underway.

***Recommendation***

3. The Assistant Deputy Minister, Education and Social Development Programs and Partnerships should ensure that an appropriate risk management framework is established specifically for the First Nations Child and Family Services Program and that a program risk assessment is finalized.

## **5.4 Compliance Program**

The audit expected to find that, as required by the MCF for G&C, a formal compliance program would be implemented that addresses specific FNCFS requirements and that the compliance program would include reporting processes for the overall FNCFS Program.

Based on the audit activities conducted in the regions, it was noted that there is no formalized compliance program for FNCFS. Compliance activities were not conducted consistently for the three regions visited. In one region, compliance activities were performed with a defined approach and audit cycle although not on an annual basis as required by the MCF for G&C. In another region, compliance audits were conducted in 2015-16 but not always completed and no compliance activities were performed in 2016-17. In the remaining region, no compliance activities were performed during the audit period.

Further, it was noted that there was a National Community of Practice (CoP) for Practice Compliance Review Programs spearheaded by Regional Operations. The draft Terms of Reference indicated that the CoP would provide guidance, training to regions and HQ directorates pertaining to compliance activities; however, activity on this initiative does not appear to have happened since April 2016.

Without a formal compliance program, there is no mechanism in place to assess the recipients' compliance with funding agreement T&C and no mechanism to learn from program compliance activities and improve program performance.

***Recommendation:***

4. The Assistant Deputy Minister, Education and Social Development Programs and Partnerships, in collaboration with the Senior Assistant Deputy Minister of Regional Operations, the Assistant Deputy Minister of the Northern Affairs Organization and the Chief Financial Officer should ensure that a formal compliance program be established specifically for the First Nations Child and Family Services Program.

## **5.5 Program Redesign Considerations**

In response to the CHRT decision in 2016, INAC has committed to a full-scale reform of its FNCFS Program. INAC will be embarking on program redesign for the FNCFS Program through engagement with its provincial and territorial partners, agencies and FN communities. Based on audit work performed, some areas for consideration to inform program re-design were identified as they require broader consultation or are dependent on how the new program evolves and is implemented.

There are no audit recommendations for this section. However, program management may want to consider these areas as they work through program redesign. Specific opportunities to consider include:

People:

- Clarify roles and responsibilities of all stakeholders as this will be a key element of program redesign to ensure appropriate accountabilities and mechanisms for collaboration in program execution are optimized. Consideration should be made to clarify which stakeholders, both internal to INAC and well as external, are responsible, accountable, consulted or informed for the various aspects of the new FNCFS Program.
- Collaborate with Provinces and agencies to perform compliance activities in an integrated manner. Regions noted that compliance activities would be best executed in collaboration with the Provinces, Government of Yukon and agencies because INAC does not have the Provinces' and Yukon territory technical case knowledge of children in care to assess whether the associated costs are valid and reasonable. Currently, there is no formal mechanism in place for INAC to work jointly with the Provinces to implement a unified recipient compliance program given the complexity and challenges associated with multiple levels of government and various jurisdictions.
- Clarify communication for the FNCFS Program at the regional level. It was noted during the audit that there were no formal mechanisms to ensure that FNCFS information was discussed or presented within the regional reporting structures for the regions visited as accountabilities to communicate the information was not clearly defined (e.g. no FNCFS standing agenda item on regional committees). There would be benefit in ensuring that

information relating to the program be shared at the regional level to inform integrate service delivery to FN communities.

- Consider the types of resource capability and capacity that will be needed to support new program activities. The program has typically been administrative in nature; however, different skill sets will likely be required under the new program (e.g. strategic-thinking capabilities, ability to support engagement activities with FNCFS partners, ability to perform data and trend analysis). Job descriptions should be updated to reflect the new program requirements.
- Explore various organizational structures that could be implemented for the new program to promote effective and efficient program delivery in the regions. In two of three regions visited during the audit, organizational restructuring was being considered or was in the process of being implemented to improve regional program delivery. In addition, consider which common elements for regional delivery should be required by the program to enhance program management and accountability. Further analysis will be required to determine which organizational structures would be optimal and provide adequate flexibility for the regions as the program requirements evolve as part of program redesign.

#### Process:

- Develop a program control framework (PCF), as required by the MCF for Grants and Contributions, which should consider FNCFS policies and procedures based on program risks and approved T&C as applicable for the new program.
- Consider the types of funding approaches that are more needs-based and ensure that program T&C or any accountability framework support INAC requirements, including ensuring adequate reporting from provinces and Yukon territory to allow for more transparency on the use of funds. The formula-based funding approach currently used by the program has been identified by the CHRT as discriminatory. INAC should collaborate with its program personnel, and FNCFS partners (e.g. provinces, agencies and FN communities), as well as other related INAC program areas (e.g. Infrastructure, etc.) to develop appropriate options.
- Develop FNCFS performance indicators focused on program outcomes which differs from the current focus on program outputs. Consultation with program personnel, FNCFS partners as well as other related INAC program areas will be required to determine meaningful performance outcomes and associated measures.

#### Technology:

- Finally, consider how information captured in IMS can be leveraged to support enhanced trend analysis, exception reporting, etc. as IMS has a good base of information for the FNCFS Program. As the program redesign evolves, there is an opportunity to consider how to improve information for decision making purposes. This will also enhance program performance reporting.

## 6. MANAGEMENT ACTION PLAN

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>1. The Assistant Deputy Minister, Education and Social Development Programs and Partnerships, in collaboration with the Senior Assistant Deputy Minister, Regional Operations and the Assistant Deputy Minister of the Northern Affairs Organization, should ensure that First Nations Child and Family Services specific training and tools be developed and provided to regions to support ongoing program operations. Further, it is recommended that Headquarters work with regions to prioritize the needs in these areas.</p>	<p>Education and Social Development Programs and Partnerships is collaborating with regional operations staff to establish common procedures and guidance tools, identify and develop training modules, and identify and prioritize training needs for the First Nations Child and Family Services Program.</p>	<p>Assistant Deputy Minister, Education and Social Development Programs and Partnerships</p>	<p>Q4 2017/18</p>
<p>2. The Assistant Deputy Minister, Education and Social Development Programs and Partnerships should ensure a review of access to Information Management System is conducted periodically to ensure that access, including role assignments, remains appropriate. In addition, guidance should be provided around more formal change management processes relating to provincial rate changes, with consideration of enhancing segregation of duties by involving Headquarters in these changes.</p>	<p>Education and Social Development Programs and Partnerships will perform a review of the First Nations Child and Family Services Information Management System (IMS) users and roles to ensure clearly defined roles and user assignments, develop a joint plan of action with regions, and formalize a First Nations Child and Family Services IMS regional change management process in each of the regions.</p>	<p>Assistant Deputy Minister, Education and Social Development Programs and Partnerships</p>	<p>Q4 2017/18</p>
<p>3. The Assistant Deputy Minister, Education and Social Development Programs and Partnerships should ensure that an appropriate risk management framework is established specifically for the First Nations Child and Family Services Program and that a program risk assessment is finalized.</p>	<p>Education and Social Development Programs and Partnerships is establishing a governance structure in order to manage and guide the activities of Education and Social Development Programs and Partnerships. Each Education and</p>	<p>Assistant Deputy Minister, Education and Social Development Programs and Partnerships</p>	<p>Q4 2017/18</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	<p>Social Development Programs and Partnerships program – including First Nations Child and Family Services - will establish an appropriate Integrated Management Framework (IMF) based on the requirements of the INAC Management Control Framework for Grants and Contributions. It will be established based on existing sector-level IMF.</p> <p>Education and Social Development Programs and Partnerships is completing a risk assessment for the Children and Families Branch.</p>		Q4 2017/18
<p>4. The Assistant Deputy Minister, Education and Social Development Programs and Partnerships, in collaboration with the Senior Assistant Deputy Minister of Regional Operations, the Assistant Deputy Minister of the Northern Affairs Organization and the Chief Financial Officer, should ensure that a formal compliance program be established specifically for the First Nations Child and Family Services Program.</p>	<p>The Assistant Deputy Minister of Education and Social Development Programs and Partnerships will work with the Chief Financial Officer and Senior Assistant Deputy Minister Regional Operations to establish an action plan to realign and finalize the Education and Social Development Programs and Partnerships Recipient Program Monitoring and Oversight Directive which will need to consider the specific First Nations Child and Family Services areas of risks, regional capacity and departmental risk based approach (compliance activities requirement for all programs).</p>	<p>Assistant Deputy Minister, Education and Social Development Programs and Partnerships</p>	Q4 2017/18



## Appendix A: Audit Criteria

To ensure an appropriate level of assurance to meet the audit objective, the following criteria were developed to address the objective as follows:

<b>Audit Criteria and Control Objectives</b>	
<b>1. Governance</b>	
1.1	An effective governance framework is in place, which includes clearly defined roles and responsibilities within INAC, regular meetings and updates, and consistent monitoring and oversight activities.
<b>2. Stewardship</b>	
2.1	A risk management strategy has been established for the FNCFS Program.
2.2	Allocation of INAC funding includes steps taken to demonstrate how related program objectives will be achieved by the funded activity.
2.3	FNCFS Agencies (or provinces, Yukon Territory, or First Nations) are eligible for funding, in compliance with funding agreements, and used for their intended purposes.
2.4	Monitoring practices specific to FNCFS Agencies (or Provinces, Yukon Territories, or First Nations) are adequate to ensure: risks are identified and managed; funds are spent as intended; and, reporting of activities and performance results is accurate.
2.5	Compliance activities for the FNCFS Program are conducted on a regular and structured basis to assess whether program officers, and regional INAC officers are complying with program policies and procedures
2.6	A periodic assessment is performed to identify lessons learned, training requirements for FNCFS personnel, and opportunities to perform continuous improvement of existing FNCFS processes and procedures.
<b>3. Results and Performance</b>	
3.1	A performance management framework is adequate in measuring and reporting on the achievement of objectives and results related to FNCFS Program activities.
3.2	Information systems and processes track, accumulate and report FNCFS-related information in a consistent, efficient, effective and timely manner for decision making purposes.
<b>4. People</b>	
4.1	There is sufficient INAC resource capacity and capabilities to effectively deliver and manage the FNCFS Program.

## Appendix B: Relevant Policies, Directives and Guidelines

Below is a list of documentation that was referenced in the development of this report. It should be noted that this list is not exhaustive.

- Treasury Board Policy and Directive on Transfer Payments
- Treasury Board Directive on Delegation of Financial Authorities for Disbursements
- *Financial Administration Act*
- INAC Management Control Framework for Grants and Contributions
- INAC Directive on Recipient Audit
- INAC Education and Social Development Programs and Partnerships Program Compliance Directive
- INAC Delegation of Financial Signing Authorities