



Indigenous and Northern Affairs Canada

Internal Audit Report

Audit of the Urban Aboriginal Strategy Programs

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Audit and Assurance Services Branch

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AANAC-INAC



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ACRONYMS

ESDPP	Education and Social Development Programs and Partnerships
FTE	Full-time Equivalent
GA	General Assessment
GoC	Government of Canada
HQ	Headquarters
INAC	Indigenous and Northern Affairs Canada
NAFC	National Association of Friendship Centres
UAS	Urban Aboriginal Strategy

EXECUTIVE SUMMARY

Background

The Audit of the Urban Aboriginal Strategy Programs is included in the Department's 2016-2017 to 2018-2019 Risk-Based Audit Plan. The audit was identified as a high priority due to the significance of the Strategy for indigenous peoples living off-reserve as they constitute the fastest growing segment of Canadian society. In addition, no audit activity has been conducted in this area since 2010-2011.

The Government of Canada (GoC) established the Urban Aboriginal Strategy (UAS) in 1997 to help address the challenge of the growing number of Indigenous people living in urban centres through improved Federal Government coordination and greater intergovernmental cooperation. The primary intent of the UAS is to promote self-reliance and increase life choices for indigenous people living in urban centres.

On February 6th, 2014 the Government of Canada committed to an improved, consolidated Urban Aboriginal Strategy (UAS), which took effect on April 1, 2014. Two new programs, Urban Partnerships program and Community Capacity Support program, replaced all previous urban Aboriginal programming within Indigenous and Northern Affairs Canada (INAC). The UAS has extensively evolved over time, in terms of responsibility for delivery from several GoC departments to INAC, the delivery model for the programs, and the objective of funding, as the current UAS programming is intended to provide a greater focus and coordination of GoC efforts to help urban off-reserve Indigenous people increase their participation in the Canadian economy.

The Community Capacity Support program is delivered by a third party delivery agent National Association of Friendship Centres (NAFC)) on behalf of the Department. The Urban Partnerships program is delivered in part by the delivery agent, with the remainder of the funding being administered by INAC, in part to develop Regional UAS Strategic Plans (regional plans). The regional plans are intended to be used to guide the project funding decisions of NAFC for funds administered by the delivery agent under both programs.

Combined funding for the two UAS programs was approximately \$49 million in 2014-2015 and \$53 million in 2015-2016. Budget 2016 confirmed the extension of \$23.7 million of funding set to expire at the end of fiscal 2015-16, and signaled the Government's intention to identify ways to strengthen the program to more effectively meet the needs of urban Indigenous peoples. The budget for the programs in 2016-17, initially approved at \$29.7 million and further supplemented with the additional \$23.7 million resulted in a total planned spending of approximately \$53M. Approximately 85% of vote 10 (\$43 million) funding is managed and distributed by the NAFC.

Audit Objective

The objective of the audit was to assess the adequacy and effectiveness of the management control framework in place to ensure that the Urban Aboriginal Strategy programs' objectives are met and that relevant authorities and policies are complied with.

Audit Scope

The scope of the audit included an assessment of the adequacy and effectiveness of the management control framework of the two programs under the UAS (i.e., Urban Partnerships and Community Capacity Support). The audit covered the period April 1, 2014 to March 31, 2016.

The scope of the audit included all relevant components under the Urban Partnerships and Community Capacity Support Programs. The audit scope did not include an examination of the management control frameworks of recipients of funding under the programs. Audit fieldwork was conducted at INAC Headquarters (HQ) and telephone interviews were completed with those responsible for program delivery in each region, excluding the North, as UAS programming for the North is administered from HQ.

Statement of Conformance

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

Positive Observations

During the audit fieldwork, the audit team observed examples of how controls are properly designed and are being applied effectively by INAC. This has resulted in some positive findings as follows:

- Through the UAS, the regions have conducted planning and engagement activities with numerous stakeholders involved in addressing the issues faced by urban Indigenous people.
- Regular teleconferences between HQ and regional staff responsible for the UAS occur as a means of ensuring open communication. A UAS National Managers Meeting was held in October 2015 that brought together at HQ staff working on the UAS from across the country to collaborate and discuss the challenges they have faced.
- Templates were developed by HQ staff to support the regional office staff and the delivery agent in the management of the UAS.

Conclusion

The audit identified gaps related to the management control framework of the Urban Aboriginal Strategy programs that put at risk the ability of the programs to meet their objectives. Opportunities for improvement were identified related to: governance, roles, and responsibilities; management of the delivery agent; and, performance and risk management.

Recommendations

The audit identified areas where management control practices and processes could be improved for UAS programs, resulting in the recommendations outlined below. Additional 'lessons learned' were identified that should be considered by INAC management in relation to the initiation of any future UAS-related programs.

1. The Assistant Deputy Minister Education and Social Development Programs and Partnerships Sector in collaboration with the Senior Assistant Deputy Minister Regional Operations should strengthen UAS governance structures and ensure communication mechanisms to support successful program implementation and alignment between HQ and the regions are respected.
2. The Senior Assistant Deputy Minister Regional Operations should ensure the UAS programs are adequately staffed. Any deviation from approved and funded levels should be identified, the risk of the deviation assessed, and appropriate mitigation measures implemented.
3. The Senior Assistant Deputy Minister Regional Operations should ensure that documentation is complete for approved projects and that recipient reporting requirements are adhered to.
4. The Assistant Deputy Minister Education and Social Development Programs and Partnerships Sector should review the current Regional UAS Strategic Plans and ensure that priorities for funding under UAS programs are appropriately identified and communicated to the NAFC. Furthermore, INAC should ensure the importance of the use of the regional plans by the NAFC in its funding decisions is communicated.
5. The Assistant Deputy Minister Education and Social Development Programs and Partnerships should:
 - confirm that the NAFC completes a Management Action Plan and a Recovery Plan for the funds inappropriately used in 2014-15, final reports for 2015-16 (due June 2016) and work plan for 2016-17 reflective of the requirements and expectations of INAC as articulated through the Management Action Plan and the Recovery Plan.
 - continue to work with the delivery agent as per the recommended actions within the General Assessment report regarding monitoring of the NAFC.
6. The Assistant Deputy Minister Education and Social Development Programs and Partnerships Sector should:
 - review the Performance Measurement Strategy for the UAS programs and determine those measurement activities that would be applicable and relevant to determine the performance of the programs and realistic in the ability to obtain meaningful data for FY 2016-17.
 - incorporate risk management activities into the governance and management activities of UAS programming, including the ongoing identification, prioritization, and mitigation of risks.

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 into this report.

1. INTRODUCTION AND CONTEXT

1.1. *Background*

The Audit of the Urban Aboriginal Strategy (UAS) is included in the Department's 2016-2017 to 2018-2019 Risk-Based Audit Plan. The audit was identified as a high priority due to the significance of the Strategy for Indigenous people living off-reserve as they constitute the fastest growing segment of Canadian society. In addition, no audit activity has been conducted in this area since 2010-2011.

The Government of Canada (GoC) established the Urban Aboriginal Strategy (UAS) in 1997 to help address the challenge of the growing number of Indigenous people living in urban centres through improved Federal Government coordination and greater intergovernmental cooperation. The primary intent of the UAS is to promote self-reliance and increase life choices for indigenous people living in urban centres.

The UAS has extensively evolved over time, in terms of responsibility. The Strategy was initially delivered by INAC's Office of the Federal Interlocutor for Métis and Non-Status Indians with its investments focused on three priority areas: improving life skills; promoting job training; and, supporting Indigenous women, children and families. In 2007, the federal government transformed the UAS into a horizontal initiative shared by Heritage Canada and Indigenous and Northern Affairs Canada (INAC or the Department). Before consolidation, the UAS consisted of four programs, namely: the Aboriginal Friendship Centre Program; the Cultural Connections for Aboriginal Youth Program; the Young Canada Works Program; and the Urban Aboriginal Strategy. In 2012, three of the four programming elements of the UAS administered by Canadian Heritage were transferred to INAC. All four programs were then consolidated into two as part of an effort to streamline administrative and spending efficiencies while maintaining the ability to collaborate with partners and stakeholders.

In April 2014, the UAS became part of the Education and Social Development Programs and Partnerships (ESDPP) Sector of INAC and was realigned into the following two programs:

- The **Urban Partnerships Program** is delivered primarily by a third party delivery agent (delivery agent). Through this program, the delivery agent, via a call for proposals, provides project funding for the delivery of services and programs to urban Indigenous peoples. Any organization that delivers programs and services that support the program's objectives can apply to the delivery agent for project funding. The small amount of program funding held by the Department is used to develop Regional UAS Strategic Plans (regional plans) and develop and maintain partnerships. The regional plans are to be used to guide delivery agent project funding decisions under both UAS programs, however, project proposals that are not aligned with these plans cannot be deemed ineligible.
- The **Community Capacity Support Program** is delivered by the delivery agent and its provincial/territorial associations. Through the delivery agent, funding is provided to Indigenous community organizations, and intended to establish a strong and stable base from which these organizations can attract public and private contributions, while also

assisting them in delivering programs and services that support the increased participation of urban Indigenous people in the economy. Any organization that delivers programs and services that support the program's objectives can apply to the delivery agent for project funding.

The Community Capacity Support Program and a large portion of the Urban Partnerships Program are now delivered by the National Association of Friendship Centres (NAFC), the delivery agent, and its provincial and territorial associations and local Friendship Centre affiliates through a contribution agreement with INAC. INAC Headquarters continues to deliver a portion of the Urban Partnerships program by supporting and funding regional and community planning activities, with a focus on coordinating and leveraging investments by stakeholders. The delivery model was designed with an objective to retain the collaborative approach of the previous iterations of the Strategy, while achieving improved efficiency by having the NAFC deliver funding to recipients.

Given the new delivery model, Full Time Equivalent (FTE) positions at INAC that were dedicated to UAS programs were reduced from 45 to 13 FTEs. Combined funding for the two UAS programs was approximately \$49 million in 2014-2015 and \$53 million in 2015-2016. Budget 2016 confirmed the extension of \$23.7 million of funding set to expire at the end of fiscal 2015-16, and signaled the Government's intention to identify ways to strengthen the program to more effectively meet the needs of urban Indigenous peoples. The budget for the programs in 2016-2017, initially approved at \$29.7 million and further supplemented with the additional \$23.7 million resulted in a total planned spending of approximately \$53M.

The UAS is aligned to the Government of Canada outcome area of "income security and employment for Canadians", as well as its priorities of supporting jobs and growth, and helping Indigenous people to realize their potential. The ultimate outcome of activities undertaken in the UAS is that urban indigenous individuals, families and communities participate more fully in the economy. The two programs seek to achieve this objective through their own unique set of activities.

2. AUDIT OBJECTIVE AND SCOPE

2.1 Audit Objective

The objective of the audit was to assess the adequacy and effectiveness of the management control framework in place to ensure that the Urban Aboriginal Strategy programs' objectives are met and that relevant authorities and policies are complied with.

2.2 Audit Scope

The scope of the audit included an assessment of the adequacy and effectiveness of the management control framework of the two programs under the UAS (i.e., Urban Partnerships and Community Capacity Support). The audit covered the period April 1, 2014 to March 31, 2016.

The scope of the audit included all relevant components under the Urban Partnerships and Community Capacity Support programs and included an assessment of:

- Program design and governance structures;
- Program implementation;
- The Performance Measurement Strategy and the Performance Management Framework;
- Risk management practices; and,
- Funding agreement development, approval, monitoring and reporting at both the program and agreement levels.

The audit scope did not include an examination of the management control frameworks of recipients of funding under the programs.

Audit fieldwork was conducted at INAC Headquarters (HQ) and telephone interviews were completed with those responsible for program delivery in each region, excluding the North, as UAS programming for the North is administered from HQ.

3. APPROACH AND METHODOLOGY

The audit was conducted in accordance with the requirements of the Treasury Board *Policy on Internal Audit* and followed the *Internal Auditing Standards for the Government of Canada*. The audit examined sufficient and relevant evidence, and obtained sufficient information to provide a reasonable level of assurance in support of the audit conclusion.

The principal audit techniques used for the audit included:

- Interviews were conducted with key individuals at INAC who have the appropriate expertise in the UAS programs, including those at HQ and with each region that administers the programs.
- Examination of a sample of UAS-related documentation including funding agreements and other project related documentation, program implementation and administration guides, and meeting agendas. This included an examination of the reports provided to INAC by the delivery agent, as well as the analysis of these reports conducted by the Department, and communications between INAC and the delivery agent.
- Audit testing of selected recipient funding files in order to provide assurance that the funding under the programs was approved and monitored by INAC in a manner that was controlled and followed established processes.

The approach used to address the audit objectives included the development of audit criteria against which observations and conclusions were drawn. The audit criteria developed for this audit are included in Appendix A.

4. CONCLUSION

The audit identified gaps related to the management control framework of the Urban Aboriginal Strategy programs that put at risk the ability of the programs to meet their objectives.

Opportunities for improvement were identified related to: governance, roles, and responsibilities; the management control framework; management of the delivery agent; and, performance and risk management.

5. FINDINGS AND RECOMMENDATIONS

5.1 Governance, Roles and Responsibilities

The audit expected to find that governance structures, and roles and responsibilities were defined and appropriately implemented for the UAS; and allowed for the change management activities to support implementation of the new programming. Furthermore, the audit expected to find that the human resource capacity required to deliver the UAS was defined and appropriately implemented.

Roles and responsibilities

The audit found that roles and responsibilities for the UAS at headquarters (HQ) and in the regions have been defined, for example, through the UAS Implementation Guide. Biweekly operational calls between HQ and the regions provide a forum for discussing roles and responsibilities, as well as broader program issues. While there was a standing agenda, HQ regularly polled regional staff regarding items that should be added to the agenda. Regional interviews indicated, however, that due to time constraints calls were held but not on a regular basis, and were not always well attended. They were not often used as a forum for sharing lessons learned - it was noted that more depth to the discussion could have helped make program implementation more effective. These calls have recently not included formal meeting minutes that could have been shared.

Informal bilateral calls have occurred between HQ and regions, as required, to discuss specific issues, although these have occurred more infrequently since January 2016 as a result of workload requirements of the UAS programs.

A UAS National Managers Meeting was held in October 2015 that brought together staff working on the UAS from across the country to collaborate, discuss the challenges related to program implementation, and hear from audit and evaluation on program evaluation and the Performance Measurement Strategy.

The significant changes resulting from the implementation of new programming increased the need for close collaboration and alignment between the regions and HQ. Although the mechanisms outlined above were available to facilitate discussion between HQ and the regions related to roles, responsibilities and expectations, there was not enough time or formal support to allow regional and HQ staff to smoothly transition to the new delivery model.

Human Resource Capacity

The audit found that in addition to the staff reductions as a result of the change in delivery models, some UAS positions were vacant or not staffed as intended. Within HQ, six positions were planned to be dedicated to the UAS; however, up to three of these positions were vacant at the same time over the last fiscal year. At the time the audit work was completed, two positions were still vacant. Given the shortfall in resources, interviews indicate that HQ program staff

focused on day-to-day administration of the UAS programs, including ongoing engagement with the NAFC. This resulted in less time available for other activities such as broader stakeholder engagement and detailed work with the regions.

In addition, each region was provided funding for a PM-6 position, or equivalent, to establish and maintain partnerships between stakeholders, and to facilitate the development of regional plans. Regions were given some discretion over the use of such salary dollars to reflect existing regional practices, and to account for the need for administrative and other staff to also play a role. In some regions, responsibility is distributed over a number of individuals, including a PM-6, who are working on UAS on a part-time basis. In other regions there are full-time staff members dedicated to UAS programs at a lower classification (i.e., PM-4 or PM-5). Given the significant number of stakeholders that should be consulted as part of UAS programming, resource levels may have contributed to challenges related to the effectiveness of partnership building and engagement activities undertaken by the regions, especially in light of the significant changes to the UAS programs beginning in 2014.

Historically, relationships with urban Indigenous groups were the strength of the program. The significant changes to the UAS programs beginning in 2014 changed the list of eligible recipients. Activities and projects that have been managed by regional staff were switched to management through the NAFC. In some cases this transition was challenging for staff and recipients alike.

Recommendation:

1. The Assistant Deputy Minister, Education and Social Development Programs and Partnerships Sector, in collaboration with the Senior Assistant Deputy Minister, Regional Operations, should strengthen UAS governance structures and ensure communication mechanisms to support successful program implementation and alignment between HQ and the regions are respected.
2. The Senior Assistant Deputy Minister, Regional Operations, should ensure the UAS programs are adequately staffed. Any deviation from approved and funded levels should be identified, the risk of the deviation assessed, and appropriate mitigation measures implemented.

5.2 Management Control Framework

The audit expected to find that procedures, guidelines, templates, tools, and training were developed and documented to support the UAS programs. The audit also expected to find that funding under the Urban Partnerships Program that was administered directly by INAC, was approved and monitored by the Department in a manner that was controlled and followed established processes. (Findings related to the Community Capacity Support program are discussed in *Section 5.3 – Delivery Agent Management*.)

The new UAS programs were announced on February 6th, 2014 and took effect on April 1, 2014. There was limited time available for the full development of UAS program-related procedures, guidelines, and templates. There was also insufficient time to socialize the new program with the regions before the commencement of program delivery. As programming

continued, HQ did develop materials to assist staff in program delivery, including an implementation guide and an application assessment template, used by the regions to assess applications for funding.

Despite this, the audit noted that there has been inconsistent interpretation on the implementation of the program between HQ and the regions, in terms of the development of the regional plans, the priorities informing these plans, and the activities that were permitted to be funded by INAC in relation to the development of these regional plans. The majority of these issues were as a result of the significant changes to the UAS programs beginning in 2014.

In 2014, regional staff became accountable for the development of the new Regional Strategic Plans. (As described in the Background section, INAC delivers a portion of the Urban Partnerships Program by providing funding to support the development of the regional plans). Previously, Community Plans had been developed and owned by all stakeholders in the process, in order that the priorities of the urban community (which were not necessarily INAC priorities) could be advocated and promoted with other stakeholders. However, the transition between the former Community Plans and the new Regional Strategic Plans was not always well understood. Regional staff believe that the guidance received for the new Regional Strategic Plans was insufficient and resulted in some misinterpretation of the implementation of the renewed UAS in 2014.

Interviews and file testing indicated that HQ and the regions did not have a consistent understanding of the nature and intent of these regional plans. For a number of reasons, including misunderstandings of the purpose and intent of the regional plans and the timeline associated with establishing partnership tables, the regional plans were not completed until the Fall of 2015, and at the time of audit testing, some were not sufficient to develop actionable implementation plans.

It is to be noted that some regional plans were more comprehensive and went beyond areas that were aligned with the objectives of the UAS or that could be funded under the Program Terms and Conditions. This broadening of the regional plans was often at the request of partners (e.g., provincial and municipal governments and other stakeholders) who intended to use the regional plans for their own funding activities. There is no indication that the summary of the regional plans that were provided by INAC to the NAFC in the Fall of 2015 have been considered by the NAFC as it made its funding decisions.

The NAFC delivers a portion of the Urban Partnerships program, and provides funding to organizations that deliver programs and services that support the Urban Partnerships program's objectives. One set of terms and conditions was developed for the Urban Partnerships Program and relate to the broader scope of activities allowed under the funding provided through the NAFC. Although they were being used, they were too broad in relation to the development of the regional plans by INAC and they caused confusion with the regions regarding the activities that could be funded by INAC under the Urban Partnerships Program.

Audit testing noted that funding administered directly by INAC to recipients under the Urban Partnerships Program was appropriately reviewed and approved; however, several minor

deficiencies were noted in the regional documentation of some funding agreements files, such as:

- Recipient incorporation documentation, or proof of registration was not on file
- Required reports from the recipient were past due (e.g., interim and final activity and expenditure reports); and
- Supporting documentation was not uploaded to the Grants and Contributions Information Management System.

It was also noted that the approval of the funding agreements took a significant amount of time. HQ and regions noted this was often due to time consuming back and forth communications between HQ and the regions to clarify what activities were permitted or eligible under the Urban Partnerships Program. Recipients were required to spend their entire allocation during the fiscal year, yet some projects were not approved until well into the fiscal year. For example, one recipient work plan indicated the first milestone activity to be completed would be November 1, 2014; however, approval of the funding agreement was not until January 25, 2015.

Recommendation:

3. The Senior Assistant Deputy Minister, Regional Operations, should ensure that documentation is complete for approved projects and that recipient reporting requirements are adhered to.
4. The Assistant Deputy Minister, Education and Social Development Programs and Partnerships Sector, should review the current Regional UAS Strategic Plans and ensure that priorities for funding under UAS programs are appropriately identified and communicated to the NAFC. Furthermore, INAC should ensure that the importance of the use of the regional plans by the NAFC in its funding decisions is communicated.

5.3 Delivery Agent Management

The audit expected to find that INAC had implemented appropriate governance mechanisms and controls to effectively manage the delivery agent, including agreements, reporting requirements, and performance monitoring.

The audit found that a Master Contribution Agreement had been signed between INAC and the delivery agent, the National Association of Friendship Centres (NAFC), in 2014. The agreement outlined terms and conditions for funding as well as reporting requirements; however, given the ambiguous nature of some of the terms and conditions, these were not always interpreted in the same way between INAC and the NAFC.

INAC attempted to further clarify the terms and conditions through the development of a program administration guide that was provided to the NAFC; however, the NAFC created their own guide, and some of the terms and conditions outlined in this guide are not consistent with those of the contribution agreement it signed with INAC. An accountability framework developed by INAC that further outlined the delivery agent's responsibilities was not signed by the NAFC.

The audit also noted that an ongoing and formal governance mechanism for regular discussions between INAC and the NAFC did not exist; however, regular discussions had taken place between INAC and the NAFC senior management to discuss specific operational issues.

The organizational risk rating score for the NAFC for 2014-2015 was assessed through INAC's General Assessment (GA) report as "low". The GA supports the management of funding agreements that have been negotiated between INAC and funding recipients. Information about recipients is compared to a series of benchmarks that describe different risk levels and the recipient is assigned an overall risk level of either "low", "medium" or "high". Depending on the results of the GA, INAC can adjust how it manages its transfer payments to recipients; for example, recipients with higher risk profiles are managed more closely (i.e., additional reporting requirements). The 2014-2015 GA report for the NAFC was approved in March 2015 and indicated that INAC would work closely with the NAFC to:

- Support the transition from the previous programs to the new programs;
- Interpret program terms and conditions;
- Conduct ultimate recipient site monitors/ compliance reviews; and,
- Report on how funding is being used to achieve the UAS objectives.

For 2014-2015, the NAFC was required to provide quarterly Activity and Expenditure Reports for the Community Capacity Support Program, Final (Annual) Activity Report for the Urban Partnerships Program, and audited financial statements. The NAFC did not provide any reports related to the first year (2014-2015) of its funding until July 2015. INAC identified concerns in August 2015 that the NAFC used some funds for purposes that were outside of the terms and conditions of its funding agreement, including the use of funds for costs related to the administration of the organization not directly related to the administration of UAS programming. In November 2015, INAC confirmed it was withholding a portion of the NAFC's funding until the identified issues were rectified. In March 2016 the holdback was released to the delivery agent on the condition that a Management Action Plan and a recovery plan for the funds inappropriately used be developed by the NAFC. These plans had not been submitted to the Department by the end of the conduct phase of the audit but were later received, during the reporting phase.

In 2015-2016 the GA risk rating score for the NAFC was "medium" (approved October 2015), and in 2016-2017 it was "high", although this GA had not yet been approved at the time of the conduct of the audit. The recommended actions in these GA reports to monitor the NAFC are similar to those outlined in the GA report for 2014-2015, as well as the need to implement an accountability framework.

Recommendation:

5. The Assistant Deputy Minister, Education and Social Development Programs and Partnerships, should:
 - confirm that the NAFC completes a Management Action Plan and a Recovery Plan for the funds inappropriately used in 2014-2015, final reports for 2015-2016 (due June 2016) and work plan for 2016-2017 reflective of the requirements and

expectations of INAC as articulated through the Management Action Plan and the Recovery Plan.

- continue to work with the delivery agent as per the recommended actions within the General Assessment report regarding monitoring of the NAFC.

5.4 Performance and Risk Management

The audit expected to find that a Performance Measurement Strategy was developed for the UAS, which would include the annual reporting of the performance of the UAS against its objectives. The audit expected to find that a risk management strategy was developed and implemented to ensure the UAS was identifying, prioritizing and mitigating risks on an ongoing basis.

The audit found that a Performance Measurement Strategy for the UAS was approved at the February 6, 2014 meeting of the Evaluation, Performance, Measurement, and Review Committee. The Performance Measurement Strategy outlined a number of performance indicators, including:

- Number of projects funded through community/regional planning process;
- Number of partnerships created or sustained with one or more of the four key stakeholders (Province, Federal, Indigenous and Municipal); and,
- Number of service delivery organizations receiving core-like funding.

The performance indicators included targets, methodology for collecting performing data, frequency of reporting, and responsibility for the tracking/reporting of the indicator. The Performance Measurement Strategy noted that many of the targets for the performance indicators would need to be determined after the development of the regional plans. The Performance Measurement Strategy also indicated that, given the current stage of development of the UAS programs, ESDPP would return to the Evaluation, Performance Measurement and Review Committee by February 2015 with revised performance measures and a progress report on implementation. At the time of the audit, this had not yet occurred. Consultations at HQ on updates to the Performance Measurement Strategy and related risk assessment had taken place since 2014 and will continue as the program continues to evolve.

Program-specific measures such as those outlined in the Performance Measurement Strategy have not been tracked and reported. The information required for reporting on the performance measures has not been available, given challenges with the development of the regional plans, data collection in the regions, capacity challenges, and the lack of detailed reporting from the NAFC. However, the participation rate and the employment rate for urban Indigenous people are being reported through the Departmental Performance Report.

In February 2016, a draft risk assessment document outlining risks related to the implementation of the UAS programs, was developed as a result of risk workshops held with HQ and the regions. At the time of the audit, the draft risk assessment had not been finalized and mitigation strategies for the identified risks had not been fully developed or were not complete to the degree needed to effectively mitigate the risks. For example, the draft risk assessment indicated a risk source: "Regional progress on completion and approval of regional plans is uneven between the Regions", yet no mitigating actions were developed to address the risk.

Recommendation:

6. The Assistant Deputy Minister, Education and Social Development Programs and Partnerships Sector, should:
 - review the Performance Measurement Strategy for the UAS programs and determine those measurement activities that would be applicable and relevant to determine the performance of the programs and realistic in the ability to obtain meaningful data for 2016-2017.
 - incorporate risk management activities into the governance and management activities of UAS programming, including the ongoing identification, prioritization, and mitigation of risks.

5.5 Lessons Learned

Additional 'lessons learned' were identified that should be considered by INAC management in relation to the renewal and redesign of UAS-related programs. These lessons learned include:

- A fully defined Performance Measurement Strategy that can be implemented by a delivery agent should be developed and available at the start of the program, and should be included as a component of a contribution or accountability agreement with the delivery agent. A program and recipient risk assessment should be conducted and the results incorporated into the program control framework prior to the initiation of the program, and be used to inform the reporting requirements for delivery agents.
- An appropriate program governance between HQ and regions should be developed for the program as it is essential for efficient and effective program management.
- An accountability framework should be developed and implemented for delivery agents that consider the results of the risk assessment and the Performance Measurement Strategy.
- Enough lead time for program initiation is required so that documents to guide program implementation (program guides, templates etc.) are developed and communicated to stakeholders prior to programs taking effect

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 Sector in collaboration with the Senior Assistant Deputy Minister Regional Operations should strengthen UAS governance structures and ensure communication mechanisms to support successful program implementation and alignment between HQ and the regions are respected.</p>	<ul style="list-style-type: none"> ESDPP and SADM RO will further expand the use of ROSM calls as a formalized communication mechanism to provide more regular updates on the UAS program and strengthen the governance structure. 	<p>ADM ESDPP and SADM RO</p>	<p>September 30, 2016</p>
<p>2. The Senior Assistant Deputy Minister Regional Operations should ensure the UAS programs are adequately staffed. Any deviation from approved and funded levels should be identified, risk of the deviation assessed, and appropriate mitigation measures implemented.</p>	<ul style="list-style-type: none"> Regional Operations Sector will review regional staffing specific to UAS programs, in order to align resources with program needs. Where appropriate, staffing will be augmented, and / or appropriate mitigation measures will be implemented. 	<p>SADM RO</p>	<p>March 31, 2017</p>
<p>3. The Senior Assistant Deputy Minister Regional Operations should ensure that documentation is complete for approved projects and that recipient reporting requirements are adhered to.</p>	<ul style="list-style-type: none"> Regional Operations Sector will ensure that documentation is appropriately reviewed and approved where funding is administered directly by INAC to recipients under the Urban Partnerships Program. 	<p>SADM RO</p>	<p>March 31, 2017</p>
<p>4. The Assistant Deputy Minister Education and Social Development Programs and Partnerships Sector should review the current Regional UAS Strategic Plans and ensure that priorities for funding under UAS programs are appropriately identified and communicated to the NAFC. Furthermore, INAC should ensure the importance of the use of the plans by the NAFC in its funding decisions is</p>	<ul style="list-style-type: none"> ESDPP provided the Regional Strategic Plans and a summary of the common priorities to the NAFC in February 2016. ESDPP will continue to work with the NAFC to ensure that their program investments are guided by the priorities identified in the Regional 	<p>ADM ESDPP</p>	<p>March 31, 2017</p>

Recommendations	Management Response/Actions	Responsible Manager (Title)	Planned Implementation Date
communicated.	Strategic Plans.		
5. The Assistant Deputy Minister Education and Social Development Programs and Partnerships should: <ul style="list-style-type: none"> • confirm that the NAFC completes a Management Action Plan and a Recovery Plan for the funds inappropriately used in FY 2014-2015, final reports for FY 2015-2016 (due June 2016) and work plan for FY 2016-2017 reflective of the requirements and expectations of INAC as articulated through the Management Action Plan and the Recovery Plan. • continue to work with the NAFC as per the recommended actions within the General Assessment report regarding monitoring of the NAFC. 	<ul style="list-style-type: none"> • ESDPP will provide support to the NAFC to complete their outstanding reporting requirements in order to finalize the funding agreement for 2016-2017. • ESDPP will actively monitor the NAFC's accountability mechanisms to ensure program expenditures are in line with the terms and conditions of the program. 	ADM ESDPP	September 30, 2016 September 30, 2016
6. The Assistant Deputy Minister Education and Social Development Programs and Partnerships Sector should: <ul style="list-style-type: none"> • review the Performance Measurement Strategy for the UAS programs and determine those measurement activities that would be applicable and relevant to determine the performance of the programs and realistic in the ability to obtain meaningful data for FY 2016-2017. • incorporate risk management activities into the governance and management activities of UAS programming, including the ongoing identification, prioritization, and mitigation of risks. 	<ul style="list-style-type: none"> • ESDPP will continue to review and monitor risks to ensure that they are clearly identified and part of a risk-based administrative regime which supports the collection of meaningful and timely data. • The current redesign of the UAS program will include revising the Performance Measurement Strategy. 	ADM ESDPP	September 30, 2016 March 31, 2017

Appendix A: Audit Criteria

To ensure an appropriate level of assurance to meet the audit objectives, the following audit criteria were developed:

Governance and Roles & Responsibilities	
1.1	Adequate governance and oversight exists, and roles and responsibilities have been defined and documented.
Management Control Framework	
2.1	Documented procedures, guidelines, templates, tools, and training exist to support the UAS programs.
2.2	Controls exist over the funding INAC provides to organizations through the Urban Partnerships Program.
Oversight of Delivery Agent	
3.1	Appropriate controls; including agreements, reporting, monitoring, and follow-up have been established by INAC with the primary delivery agent for the UAS programs, including any formally documented performance assessments/reviews of the delivery agent on a predetermined basis.
People	
4.1	INAC has determined and implemented the human resource capacity and capabilities requirements to effectively deliver and manage the UAS programs.
Performance and Risk Management	
5.1	INAC has identified the objectives, planned results and performance measures for the UAS programs and these are monitored and reported on regularly.
5.2	INAC has developed and implemented a risk management strategy and plan for the UAS programs.