

Asstasia Sweeney - KPMG Audit Report and Mi'kmaq Briefing Note

From: Lili Zwart
To: Duncan, Gary
Date: 5/3/2012 10:34 AM
Subject: KPMG Audit Report and Mi'kmaq Briefing Note
CC: Behar, Joe; Johnston, Odette; Murphy, Sheilagh
Attachments: NCR-4276566.DOC.DRF; NCR-4241831.DOCX.DRF; AMHERST-#413822-v1-MMFCS_TP_WG_MEETING__INDIAN_BROOK_OFFICE__AP__26__2012_1.DOC

Hi Gary;

As we discussed, attached are KPMG's final audit report of Mi'kmaq Agency and revised briefing note based on our latest meeting with Sheilagh. Thank you very much for taking the time to review KPMG working papers with Joel and I tomorrow afternoon. I appreciate how busy you are.

Sheilagh/Odette: brief synopsis of April 26th tripartite working group meeting:

- 1) The group agreed the Eskasoni office and operations crisis (lack of permanent supervisory staff) should be addressed first.
- 2) The group agreed to short term and long term strategies in a proposed work plan. Short term strategy is to identify immediate staffing requirements, cost for supervisors and do crosswalk between AANDC CIC definition with provincial/Agency definition. Long term strategy is cost/benefit analysis of operational processes.
- 3) Province is contemplating change effective October 2012 to their CFS Act whereby long term customary care guardianship arrangements will be funded similar to protective custody arrangements. Will impact Mi'kmaq Agency's reality and require further tripartite working group discussion.
- 4) Group agreed the next working group meeting will be first week of June.

Once we have found some clarity through working papers, we will have KPMG amend their final report if required, we will update the briefing note accordingly, and arrange a conference call with the province.

Thanks,
Lili

Lili Zwart
 Senior Policy Analyst
 Social Program Reform Branch
 Education and Social Development Programs and Partnerships Sector
 Aboriginal Affairs & Northern Development Canada
 Telephone: (613) 995-9013

Email: Lili.Zwart@ainc-inac.gc.ca

Pages 2 to / à 6
are withheld pursuant to sections
sont retenues en vertu des articles

13(1)(d), 20(1)

of the Access to Information Act
de la Loi sur l'accès à l'information

Asstasia Sweeney - Re: Briefing Note MFCS Recipient Audit

From: Joel Dei
To: Joe Behar
Date: 4/12/2012 2:55 PM
Subject: Re: Briefing Note MFCS Recipient Audit
CC: Barbara D'Amico; Gary Duncan; Lili Zwart
Attachments: NCR-#4248395-v3-BRIEFING_NOTE_-_DG_-_MI_KMAW_CFS_AUDIT_-_APRIL_04_2012.DOC

Hey Joe,

Thanks for your comments. They have been included in the note. The updated BN is attached for your reference.

Joel

>>> Joe Behar 4/12/2012 12:47 PM >>>

Folks, some comments on the note, which for the most part I have no issue with:

- Re: the discrepancy over #s of CIC (under Key Audit Findings): we should note that the definition of CIC being used by the agency at times seems to differ from our definition of children in court ordered out of home care. This would have an impact on the statements re: agency is not doing prevention work; they may in fact be including their prevention/intervention cases within the CIC count. When I asked Brenda for a count of children in institutional or kinship care as of March 31, 2012, her response indicated a figure of around 320 (?), which is consistent with our understanding of the numbers. This means that an additional 2-300 cases are in home/prevention type. Something on this should maybe be included in the note.

- Under Next Steps, could we include the notion that we'd like to release the auditor's report to the agency asap, so that they too can review it for the April 26 meeting?

Thanks.

Joe

>>> Joel Dei 4/12/2012 10:04 AM >>>

Hey Joe,

Attached for your reference is the briefing note to Sheilagh concerning the MFCS recipient audit and next steps.

The note is currently in Odette's office for review.

Thanks.

Joel

Update Regarding the Mi'kmaw Family and Children Services Agency
of Nova Scotia

Information and Approval for Director General

DATE

April 11, 2012

PURPOSE

To provide you with the key findings of the recipient audit conducted by KPMG; outline the additional analysis conducted by the Program; and seek your approval to proceed with suggested next steps.

SUMMARY

- The March 2012, KPMG recipient audit of the Mi'kmaw Family and Children Services Agency (MFCS) was conducted to determine the level of efficiency and effectiveness of MFCS's operations and compliance with program terms and conditions.
- The main conclusions of the report were that: there are significant challenges in providing services and managing operations effectively; opportunities exist to improve effectiveness of Operations; there is a shortfall in financial and human resources that forces crises management instead of planning, monitoring and improving operations; and MFCS is generally compliant with the terms and conditions of the funding agreement.
- The audit, however, raised a number of questions that require further analysis including why the reported CIC count is almost double the March 31, 2008 count used to calculate EPFA; why the EPFA funding is not sufficient?; what the actual maintenance expenditures are year over year versus what the agency is being funding?; and exactly how much is needed to support the agency over the short and long term?

BACKGROUND

- In April 2009, the Province of Nova Scotia audited MFCS to determine whether the Agency was compliant with Provincial standards and legislation. The audit determined MFCS was not meeting provincial standards; however, AANDC was not informed of the audit results until April 2011.

- Since that time, AANDC has been meeting with the agency and the province to understand why the agency is no longer fairing as well as stated during the EPFA discussions and subsequently a recipient audit was conducted to review fiscal years 2010/2011 and 2011/2012.
- From a financial perspective, AADNC has funded the agency in the amount of \$11.6M annually as per the regional allocation. However, the agency has been funded in two streams instead of three with the prevention money being flowed through the maintenance stream rather than the operations and prevention streams. It is not yet clear whether the agency has been spending all the maintenance money on maintenance. OQM will be running a query in FNITP to determine the actual maintenance expenditures.
- In 2010/2011 and 2011/2012 AANDC funded MCFD for an additional amount of \$0.9M(for maintenance deficits) and \$1.8M (for operations deficit) through an internal re-allocation to address the agency's pressures.

Key Audit Findings

- The following are key findings from the KPMG Mi'kmaw audit:
 - Variances in operational and maintenance expenditures-greater than 10% or \$50,000 between fiscal year 2010/11 and 2011/12 appeared reasonable;
 - The overall caseload has increased to 669(as at mid March 2012);
 - Of the 669 cases, 65 are Provincial cases;
 - Due to the high levels of case work, the agency isn't able to do any prevention work; and
 - Due to the geographical distribution of Mi'kmaw First Nations communities throughout the province, the agency's protection workers must travel significant distances from the two home offices (Eskasoni and Indian Brook) to provide the level of service required.

ISSUES

- The agency's current case load of 669 is significantly higher than the 372 established in the current EPFA costing formula and based on current regional office figures, the numbers do not correspond.
- The definition of CIC used by the agency seems to differ from the program definition of CIC. According to the program definition, the Atlantic region has verified with the agency that there is approximately 320 CIC and 200-300 in home prevention cases. The agency's definition of CIC may account for the high CIC count as stated in the audit report and why the audit concluded that the agency is not able to do any prevention work.
- The 65 provincial (off-reserve) cases figure is higher than the original 55 that was provided during the EPFA costing discussions in 2008. In 2008 it was agreed that the province would provide \$.25M for the original 55 cases. The 65 off-reserve cases would suggest that the province needs to increase the amount of money

provided for operations to address the new reality. But once again, it is not clear if the numbers are correct.

- As per the recipient audit, currently the agency is not conducting any prevention activities due to the high case load.
- When the costing model was developed it was understood the agency had reasonable representation in their communities to respond to protection work. The audit has confirmed that MFCS staff work solely out of the Indian Brook and Eskasoni offices. This has contributed to higher than expected travel costs as well as inadequate service delivery.

CONSIDERATIONS

- Based on preliminary calculations using non-validated CIC counts, the agency would need in the order of magnitude approximately \$2-4M in additional one time operations funding to pay for the number of staff required to manage the caseloads; meet provincial standards; pay for increased maintenance costs; and provide prevention services to help reduce the number of CIC. This will be confirmed upon further discussions with the agency and the province during the week of April 23, 2012.
- Further discussion with the province is also required to review and address the province's share of core operational funding to MFCS for services provided to off-reserve FN's children.
- Further discussion with both the province and MFCS is required to review the service delivery model with the agency in order to address areas where the agency could become more efficient with regards to expenditure management.

NEXT STEPS

- HQ will confirm the CIC and Family Enhancement counts to determine what is needed to move forward with the agency.
- HQ CFS, including Gary Duncan, will meet with the region April 24th, and 25th in order to analyze how funding is flowed from the region to the agency prior to the working group meeting and ensure that funding in 2012/2013 flows according to the EPFA principles.
- There is a working group meeting scheduled for April 26th, 2012 that will include the Province of Nova Scotia and the agency to review the audit findings and discuss how to address the major issues affecting the agency (i.e. operation structure; maintenance pressures, staffing and case loads, etc...)
- HQ would like to send the audit report to MFCS during the week of April 16th to allow the agency to review the report before the April 26th working group meeting.
- Based on the discussions with the working group and the regional office, HQ will be in a better position to understand the financial implication for FY 2012/2013 and ongoing. Therefore, it may be necessary to revise the CFS Annex L in May to seek additional funds.

- HQ will set up a bilateral meeting with the Province of Nova Scotia to discuss a cost sharing arrangement regarding the core operations component of the agency.

ORIGINATOR:

Joel Dei/HQ/ESDPP/SPPB/613 995-9091

Consultations:

Date created: April 11, 2012

Lili Zwart/ESDPP/SPPB/613 995-9013

Barb D'Amico/ESDPP/SPPB/613 995-9099

Annexes: Statement of Work
 Recipient Audit Mi'kmaw Children and Family Services Agency

Further updates on the progress of this file will be provided under separate cover.

**Anastasia Sweeney - Next Steps Re: Mi'kmaw FNCFS**

From: Barbara D'Amico
To: Gary Duncan; Joe Behar; Odette Johnston
Date: 4/3/2012 5:08 PM
Subject: Next Steps Re: Mi'kmaw FNCFS
CC: Chris Lok; Dougal MacDonald; Joel Dei; Lili Zwart; Pauline Cormier; ...

I just spoke to Joe to let him know what we are working on here at HQ and this was the gist of our conversation, so that everyone is up to speed on what we are doing:

1. HQ (CFS) is working on a BN for Sheilagh to outlines the results of the Recipient Audit; the additional analysis and identification of issues and impacts; and recommended next steps/approach to moving forward. Joel is working on this note and will have a preliminary draft to share with the region/OQM by COB tomorrow. I'd like to have the BN to Odette by April 11 and Sheilagh by April 13, so we'll be looking for comments/feedback very shortly after the long weekend.
2. Joe is organizing a Working Group meeting around the 26 of April and I have recommended that HQ (Gary, Barb, Joel) meet with the region prior (April 24-25), to solidify our recommended approach(s) that can then be brought forward to the Working Group for discussion (where HQ would also participate). This work will all be based on Sheilagh's approval of proposed next steps and confirmation of HQ participation is TBD.

Thanks,
Barb

Barbara D'Amico
Manager/Gestionnaire
Children and Family Services/Services à l'enfant et à la famille
Social Policy and Programs Branch/Direction réformes des programmes sociaux
AANDC/AADNC
Phone: 613-995-9099
Fax: 613-995-9410

s.19(1)

Antasia Sweeney - FW: Auditor's number

From: "Mostert, Philip J" <pjmostert@kpmg.ca>
To: "[REDACTED]hotmail.com" <[REDACTED]@hotmail.com>
Date: 3/15/2012 5:27 PM
Subject: FW: Auditor's number
CC: Joe Behar <Joe.Behar@aandc-aadnc.gc.ca>, "Mostert, Philip J" <pjmostert@...

Good afternoon Brenda, I am not sure if you have received my earlier email but I provide the following information in the event that you did.

As part of our audit we would like to meet individually with you and Arlene Johnson. We will discuss your history with the Agency, roles and responsibilities currently, strategic planning, resource allocation and reallocation between programs or budget line items, opportunities for improvement etc. I will have a more detailed questionnaire that we will follow and I could provide in advance as requested.

In addition we will want to meet with your managers. I understand from the 2011 financial statement package that there are two child welfare managers and an office manager. We would like to meet with them to discuss the same issues noted previously. We would also like to document the operational process of providing services to children to clearly understand this key area for the Agency. We have done this numerous times and expect to be able to do this in 1 to 2 hours with a validation once we have it on paper.

There are some documents we would like to obtain as well. At this point this includes the following:

1. Case load volumes April 1, 2010 through February 29, 2012 (quarterly?)
2. Staff levels April 1, 2010 through February 29, 2012 (quarterly?)
3. Total expenditures with detail transactions for Professional fees, Mentorship, Travel, Honoraria, and Conferences. (for fiscal 2010/11 and YTD 2011/12)
4. Most recent strategic plan (may be referred to as Business Plan), we received a dated one from 2008.

As I noted in my earlier email I would like to have a brief discussion with you tomorrow sometime if possible to discuss our plans for next week in addition to clarify our requests.

Finally, I do not have a correct email address for Arlene Johnson, perhaps you could forward to her and copy me for future reference.

Kind regards,
Philip

Philip J. Mostert CA

Senior Manager, Risk Consulting

KPMG LLP

160 Elgin Street
Suite 2000
Ottawa, ON, Canada K2P 2P8

T +1 613 212 2892
F +1 613 212 2896
M +1 ([REDACTED])
pjmostert@kpmg.ca

s.19(1)

From: Mostert, Philip J
Sent: Thursday, March 15, 2012 9:13 AM
To: Joe Behar; [REDACTED]@hotmail.com
Cc: Mostert, Philip J
Subject: FW: Auditor's number

Hi Joe, it appears my reply all did not reach Arlene. Brenda, perhaps you could confirm a time with Arlene for a conference call and let me know what time is preferred. I can provide a toll free conf call number we can use.

Best regards,
Philip

From: Postmaster
Sent: Thursday, March 15, 2012 9:10 AM
To: Mostert, Philip J
Subject: Undeliverable: Auditor's number

Delivery has failed to these recipients or groups:

johnsoam@gov.nc.ca

A problem occurred during the delivery of this message to this e-mail address. Try sending this message again. If the problem continues, please contact your helpdesk.

The following organization rejected your message: outbounds8.obsmtmp.com.

Diagnostic information for administrators:

Generating server: yyatlsrv83.kworld.kpmg.com

johnsoam@gov.nc.ca

outbounds8.obsmtmp.com # <outbounds8.obsmtmp.com #5.0.0 smtp; 550 Host not found for domain:gov.nc.ca - psmtp> #SMTP#

Original message headers:

Received: from ([10.196.80.67]) by yyatlsrv83.kworld.kpmg.com with ESMTP id 4P7BWH1.43261417; Thu, 15 Mar 2012 13:09:09 +0000

Received: from goatlexc42.kworld.kpmg.com ([10.196.80.66]) by goatlexc48.kworld.kpmg.com with Microsoft SMTPSVC(6.0.3790.4675); Thu, 15

Mar 2012 09:09:08 -0400

Received: from goatlexc201.kworld.kpmg.com ([10.196.2.123]) by goatlexc42.kworld.kpmg.com with Microsoft SMTPSVC(6.0.3790.4675); Thu, 15 Mar 2012 09:09:08 -0400

s.19(1)

Received: from CATOREXC900.ca.kworld.kpmg.com (10.132.30.85) by goatlexc201.kworld.kpmg.com (10.196.2.123) with Microsoft SMTP Server (TLS) id 14.1.355.2; Thu, 15 Mar 2012 09:09:09 -0400

Received: from CATOREXC301.ca.kworld.kpmg.com ([fe80::a8a2:5382:c0f5:1612]) by CATOREXC900.ca.kworld.kpmg.com ([fe80::747b:f0bc:2b7:efb5%13]) with mapi id 14.01.0355.003; Thu, 15 Mar 2012 09:09:07 -0400

From: "Mostert, Philip J" <pjmostert@kpmg.ca>

To: Joe Behar <Joe.Behar@aandc-aadnc.gc.ca>, "johnsoam@gov.nc.ca"

<johnsoam@gov.nc.ca>, @hotmail.com" <@hotmail.com>

CC: "Mostert, Philip J" <pjmostert@kpmg.ca>, "Bost, Brian" @kpmg.ca

Subject: RE: Auditor's number

Thread-Topic: Auditor's number

Thread-Index: AQHNAqpZt9UDO4WHQE+smGFznZmde5ZrURUw

Date: Thu, 15 Mar 2012 13:09:07 +0000

Message-ID: <5FE31CC3B40B0A4C9841BBDB344D1236057ED8@CATOREXC301.ca.kworld.kpmg.com>

References: <4F61BB8E020000BB00029E5A@SMXHQOKSMTP.inac.gc.ca>

In-Reply-To: <4F61BB8E020000BB00029E5A@SMXHQOKSMTP.inac.gc.ca>

Accept-Language: en-US

Content-Language: en-US

X-MS-Has-Attach:

X-MS-TNEF-Correlator:

x-originating-ip: [10.132.30.69]

MIME-Version: 1.0

Return-Path: pjmostert@kpmg.ca

X-OriginalArrivalTime: 15 Mar 2012 13:09:08.0745 (UTC) FILETIME=[CE9A1F90:01CD02AC]

Content-Type: text/plain

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Anastasia Sweeney - KPMG Audit Report and Mi'kmaq Briefing Note

From: Lili Zwart
To: Duncan, Gary
Date: 5/3/2012 10:34 AM
Subject: KPMG Audit Report and Mi'kmaq Briefing Note
CC: Behar, Joe; Johnston, Odette; Murphy, Sheilagh
Attachments: NCR-4276566.DOC.DRF; NCR-4241831.DOCX.DRF; AMHERST-#413822-v1-MMFCS_TP_WG_MEETING_INDIAN_BROOK_OFFICE_AP_26_2012_1.DOC

Hi Gary;

As we discussed, attached are KPMG's final audit report of Mi'kmaq Agency and revised briefing note based on our latest meeting with Sheilagh. Thank you very much for taking the time to review KPMG working papers with Joel and I tomorrow afternoon. I appreciate how busy you are.

Sheilagh/Odette: brief synopsis of April 26th tripartite working group meeting:

- 1) The group agreed the Eskasoni office and operations crisis (lack of permanent supervisory staff) should be addressed first.
- 2) The group agreed to short term and long term strategies in a proposed work plan. Short term strategy is to identify immediate staffing requirements, cost for supervisors and do crosswalk between AANDC CIC definition with provincial/Agency definition. Long term strategy is cost/benefit analysis of operational processes.
- 3) [REDACTED]
- 4) Group agreed the next working group meeting will be first week of June.

s.14

Once we have found some clarity through working papers, we will have KPMG amend their final report if required, we will update the briefing note accordingly, and arrange a conference call with the province.

Thanks,
Lili

Lili Zwart
Senior Policy Analyst
Social Program Reform Branch
Education and Social Development Programs and Partnerships Sector
Aboriginal Affairs & Northern Development Canada
Telephone: (613) 995-9013

Email: Lili.Zwart@ainc-inac.gc.ca

file://C:\TEMP\XPgrpwise\4FFC11B8ATRegion0110016E656D13348414FFC11B8ATRe... 7/10/2012

**Pages 3505 to / à 3553
are duplicates
sont des duplicatas**

**Pages 31 to / à 46
are not relevant
sont non pertinentes**

From: Edward Pottie
To: Baggley, Corinne; D'Amico, Barbara; Duncan, Gary; Turple, Karen
CC: Chartrand, Michèle; Ladouceur, Pauline; Lok, Chris
Date: Thursday, March 08, 2012 1:32 PM
Subject: Re: Mi'kmaq

The only time when everyone is free appears to be the Ottawa lunch hour. It's the same for tomorrow but I and Michele Chartrand aren't available.

>>> Gary Duncan 3/8/2012 12:50 PM >>>

I would just run a busy search, what it is, it is. coordinate on the phone with KPMG and we should have this nailed down.

>>> Edward Pottie 3/8/2012 11:46 AM >>>

What date and time is best for you and yours Gary

>>> Gary Duncan 3/8/2012 12:12 PM >>>

Karen/ED

per the attached email, we should have a conference call asap with KPMG to clarify this work. Can you set up the call and provide dial in instructions. thanks

gary

>>> Michèle Chartrand 3/8/2012 9:40 AM >>>

Hi Gary,

I have just received this from KPMG and it is related to the Mi'kmaq Recipient Audit.

Can you please respond to it and put me in c.c. or if you prefer I can reply but I need your help to do so.

Thank you

Michèle

From: Gary Duncan
To: Michèle Chartrand
CC: Barbara D'Amico; Chris Lok; Karen Turple; Pauline Ladouceur
Date: Friday, March 09, 2012 5:02 AM
Subject: Mi'kmaq

who is doing the kick off meeting and who is attending.

Region
SPPB
AES
TPCOE
KPMG

>>> Michèle Chartrand 3/8/2012 1:22 PM >>>

Hi Gary,

I have just received an appointment. They are doing the Kick off meeting Monday at 3h00.

Maybe you could do it at 2h30 just before the meeting.

I won't be able to make it because I'm schedule for a surgery tomorrow (nothing major). I should only be out of the office for about 2-3 days.

Michèle

>>> Gary Duncan 3/8/2012 11:50 AM >>>

I would just run a busy search, what it is, it is. coordinate on the phone with KPMG and we should have this nailed down.

>>> Edward Pottie 3/8/2012 11:46 AM >>>

What date and time is best for you and yours Gary

>>> Gary Duncan 3/8/2012 12:12 PM >>>

Karen/ED

per the attached email, we should have a conference call asap with KPMG to clarify this work. Can you set up the call and provide dial in instructions. thanks

gary

>>> Michèle Chartrand 3/8/2012 9:40 AM >>>

Hi Gary,

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Can you please respond to it and put me in c.c. or if you prefer I can reply but I need your help to do so.

Thank you

Michèle

From: Kyle Weir
Sent: 3/9/2012 8:34:19 AM
To: Pauline.Ladouceur@aadnc-aandc.gc.ca
CC: Gary.Duncan@aadnc-aandc.gc.ca
BCC:
Subject: Re: Kick-off Meeting - Recipient Audit of M'kmaq Family and Children Service Agency

Hi Pauline,

We have a dedicated conference line to use for the meeting. Please send me the names of the participants and I will update the meeting invitation accordingly.

Kyle
Kyle Weir, MFin
Senior Audit Officer
Audit and Assurance Services Branch
Audit and Evaluation Sector
Aboriginal Affairs and Northern Development Canada
Kyle.Weir@ainc-inac.gc.ca
W: 819.953.0798

>>> Pauline Ladouceur 3/9/2012 8:31:46 AM >>>Hi Kyle,

We will require regional participation to this kick-off meeting. Since you scheduled the meeting with KPMG, can you please provide conference call instructions for regional participants. We can send you the names on who should be invited. Tks Pauline

>>> Kyle Weir Mar/08/2012 11:45 AM >>>

The purpose of this meeting is to formally initiate the Recipient Audit of the Mi'kmaq Family and Children Service Agency. A copy of the Statement of Work for the audit has been attached below for your reference.

A meeting agenda will follow.

Regards,

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vérification
Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance
Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Développement du Nord Canada

Terrasses de la Chaudière

10 Wellington St, Room 1940 | 10, rue Wellington, Pièce 1940
Gatineau, Québec K1A 0H4
Telephone | Téléphone : (819) 953-0798
Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca
<<File: Text.htm>>

From: Kyle Weir
To: Barbara D'Amico; Chris Lok; Corinne Baggley; Edward Pottie; Gary Dun...
CC: Stephanie Barozzi
Date: Monday, March 12, 2012 4:52 PM
Subject: Re: Kick-off Meeting - Recipient Audit of M'kmaq Family and Children Service Agency

Good afternoon all,

As discussed, please see below for Philip Mostert's contact information. I would ask that for all communication with KPMG that I be cc: so AES can have continuity on the file. In addition, please be sure to copy all those on this list when providing the upfront documentation as discussed.

Philip J. Mostert CA

Senior Manager, Risk Consulting

KPMG LLP

160 Elgin Street
Suite 2000
Ottawa, ON, Canada K2P 2P8
T +1 613 212 2892
F +1 613 212 2896
M +1 613 866 8216
pjmostert@kpmg.ca

Regards,

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vérification
Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance
Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Développement du Nord
Canada

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Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca

>>> Kyle Weir 3/9/2012 3:28 PM >>>

****Participants added, new time, conference call instructions added***

The purpose of this meeting is to formally initiate the Recipient Audit of the Mi'kmaq Family and Children Service Agency. A copy of the Statement of Work for the audit and a meeting agenda have been attached below for your reference.

The conference call instructions are as follows:

INSTRUCTIONS IN ENGLISH

Participants

Number to dial: NCR: (819) 997-9167, Toll Free: 1-866-885-0884
Select 1 for French or 2 for English
Select 1 (To participate in an audio conference)
Enter the 4 digit Conference pass code: 5523#

INSTRUCTIONS EN FRANÇAIS

Participants

Le numéro à composer: RCN: (819) 997-9167, Sans frais: 1-866-885-0884
Appuyez sur le 1 pour les instructions en français ou sur le 2 pour les instructions en anglais
Appuyez sur le 1 (Pour participer à une conférence audio)
Entrez le code d'accès à 4 chiffres de la conférence: s.16(2)

Regards,

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vérification
Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance
Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Développement du Nord
Canada

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Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca

From: Kyle Weir
To: asmolarkiewicz@kpmg.ca; jbeaudet@kpmg.ca; pjmostert@kpmg.ca
CC: Barbara D'Amico; Chris Lok; Corinne Baggley; Edward Pottie; Gary Dun...
Date: Monday, March 12, 2012 5:19 PM
Subject: Re: 2011-12 Funding Agreement - Mi'kmaw Family & Children's Services of Nova Scotia
Attachments: ARFA_(OTHER)_-_1112-02-000020_-_2011-2012.PDF

Attached.

>>> Kyle Weir 3/12/2012 5:19 PM >>>
Hi Philip,

Please see attached the 2011-12 Funding Agreement.

Regards,

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vérification
Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance
Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Développement du Nord
Canada

Terrasses de la Chaudière

10 Wellington St, Room 1940 | 10, rue Wellington, Pièce 1940
Gatineau, Québec K1A 0H4
Telephone | Téléphone : (819) 953-0798
Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca

**Pages 54 to / à 84
are withheld pursuant to section
sont retenues en vertu de l'article**

20(1)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

From: Kyle Weir
To: asmolarkiewicz@kpmg.ca; jbeaudet@kpmg.ca; pjmostert@kpmg.ca
CC: Barbara D'Amico; Chris Lok; Corinne Baggley; Edward Pottie; Gary Dun...
Date: Monday, March 12, 2012 5:21 PM
Subject: 2010-11 Funding Agreement - Mi'kmaw Family & Children's Services of Nova Scotia
Attachments: CFA_-_1011-02-000008_-_2010-2011.PDF

2010-11 Funding Agreement.

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vérification
Audit and Assurance Services Branch / Direction générale des
services de vérification et d'assurance
Aboriginal Affairs and Northern Development Canada/ Affaires
autochtones et Développement du Nord Canada

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Kyle.Weir@aadnc-aandc.gc.ca

**Pages 86 to / à 112
are withheld pursuant to section
sont retenues en vertu de l'article**

20(1)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

From: Kyle Weir
To: asmolarkiewicz@kpmg.ca; jbeaudet@kpmg.ca; pjmostert@kpmg.ca
CC: Barbara D'Amico; Chris Lok; Corinne Baggley; Edward Pottie; Gary Dun...
Date: Monday, March 12, 2012 5:35 PM
Subject: 2010-11 & 2011-12 - Mi'kmaw Family & Children's Services of Nova Scotia
Attachments: Funding by program - 2010-11.xls; Funding by program - 2011-12.pdf; Funding by program - 2010-11.pdf; Funding by program - 2011-12.xls

Funding by program for 2010-11 & 2011-12 in .pdf and .xls.

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vérification
Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance
Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Développement du Nord
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Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca

Funding

PROGRAM/SERVICE DESCRIPTION	Code	Fund. Seq	P1 Auth	P2 RCM	P3 Auth.	P4 Apr	P5 May	P6 Jun	
G4103 BAND EMPLOYEE BENEFITS									
BAND EMPLOYEE BENEFIT PLANS - CANADA/QUEBEC PENSION PLAN AND PRIVATE PENSION PLAN EMPLOYER CONTRIBUTIONS	01015	001 383	0220	Cont	15,976.00	15,241.00	15,241.00	15,241.00	
PENSION PLAN ADMINISTRATION COSTS AND EMPLOYER CONTRIBUTIONS TO NON-STATUTORY BENEFITS	01016	001 383	0220	FTP	30,650.00	0.00	0.00	3,405.00	
P3201 CHILD AND FAMILY SERVICES									
CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES	02383	001 375	0230	FTP	622,142.00	622,142.00	622,142.00	622,142.00	
FNCFS AGENCY SELF EVALUATION	02369	001 375	0230	Cont	0.00	0.00	0.00	0.00	
OPERATIONS - CFS	02373	001 375	0230	FTP	313,886.00	344,486.00	344,486.00	344,486.00	
P3401 FAMILY VIOLENCE									
INAC FUNDED EMERGENCY SHELTERS	02422	001 375	0230	FTP	60,685.00	60,685.00	60,685.00	60,685.00	
PREVENTION PROJECTS	02420	001 375	0230	Cont	0.00	0.00	0.00	0.00	
Total			1,043,339.00	1,042,554.00	1,042,554.00	1,045,959.00	1,330,571.00	1,042,554.00	1,045,959.00

Where an instalment would be due on a Saturday, Sunday, or statutory holiday, the instalment will be made on the next following business day.

	P7 Jul	P8 Aug	P9 Sep	P10 Oct	P11 Nov	P12 Dec	Jan	Feb	Mar	Pool Holdback Total \$	Allocation
241.00	15,241.00	15,241.00	15,241.00	15,241.00	15,241.00	15,241.00	15,241.00		15,242.00	0.00	0.00183,628.00
405.00	0.00	0.00	3,405.00	0.00	0.00	3,406.00	0.00		0.00	0.00	0.00 40,866.00
142.00	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00		1,522,186.00	0.00	0.00365,748.00
0.00	30,600.00	0.00	0.00	0.00	0.00	0.00	0.00		(30,600.00)	0.00	0.00 0.00
486.00	344,486.00	344,486.00	344,486.00	344,486.00	344,486.00	344,486.00	344,486.00		344,654.00	0.00	0.00103,400.00
385.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00		60,717.90	0.00	0.00728,252.90
0.00	257,417.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00257,417.00
359.00	1,042,554.00	1,042,554.00	1,045,960.00	1,042,554.00	1,912,199.90	0.00	0.00		13,679,311.90		

Business day.

Funding Arrangement As Of 2012/03/12

Funding Arrangement Header

Recipient: 9006 - MIKMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA
Fiscal Year: 2011-2012
Arrangement Type: Aboriginal Recipient Funding Agreement (Others)
Master Arrangement #: 1112-02-000020
Intervention in progress: No
Status: Active
Responsible Officer: Nicholas, Pamela
Year #: 001
Currently Assigned To: Nicholas, Pamela

Programs and Budget

SCHEDULE "FED-1" - Federal Departments Consolidated Cash Flow Statement (consolidated)
1.0 - Program/Service Budgets, Authorities and Schedule of Monthly Payments Plan

Arrangement #: 1112-02-000020
Arrangement Type: ARFA (Other)
Recipient: 9006 - MIKMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA
 DEPARTMENT OF INDIAN AND NORTHERN AFFAIRS CANADA

PROGRAM / BUDGET / TRANSACTION ACTIVITIES	Code	Seq.	Auth.	RCM	Fund. Auth.	P1 Apr	P2 May	P3 Jun	P4 Jul	P5 Aug	P6 Sep	P7 Oct	P8 Nov	P9 Dec	P10 Jan	P11 Feb	P12 Mar	Foot	Holdback	Allocation Total \$
Fixed Contribution																				
Social Development																				
SOCIAL DEVELOPMENT - SP300																				
CHILD AND FAMILY SERVICES - P3201																				
OPERATIONS - CFG (Initial Allocation) (2012/03/31)	02373	001	375	0230	11	344,486.00	344,486.00	344,486.00	244,486.00	344,486.00	344,486.00	344,486.00	344,486.00	344,486.00	344,486.00	344,486.00	344,654.00	0.00	0.00	4,134,000.00
FAMILY VIOLENCE - P3401																				
INAC FUNDED EMERGENCY SHELTERS (2012/03/31)	02422	001	375	0230	11	0.00	0.00	182,050.00	60,655.00	60,655.00	60,685.00	60,655.00	60,685.00	60,685.00	60,635.00	60,655.00	60,717.90	0.00	0.00	728,252.90
Indian Government Support																				
GOVERNANCE AND INSTITUTIONS OF GOVERNMENT - BG400																				
BAND EMPLOYEE BENEFITS - G4103																				
PENSION PLAN ADMINISTRATION COSTS AND EMPLOYER CONTRIBUTIONS TO NON-STATUTORY BENEFITS (Initial Allocation) (2012/03/31)	01016	001	393	0220	11	30,650.00	0.00	0.00	3,405.00	0.00	0.00	3,405.00	0.00	0.00	3,406.00	0.00	0.00	0.00	0.00	40,966.00
Total Fixed Contribution						375,138.00	344,486.00	526,541.00	408,579.00	405,171.00	495,171.00	408,576.00	405,171.00	405,171.00	408,577.00	405,171.00	405,371.90	0.00	0.00	4,983,118.90
Set (Contribution)																				

DEPARTMENT OF INDIAN AND NORTHERN AFFAIRS CANADA

PROGRAM / BUDGET / TRANSACTION ACTIVITIES	Code	Seq.	Auth.	PCM	Fund. Auth.	P1 Apr	P2 May	P3 Jun	P4 Jul	P5 Aug	P6 Sep	P7 Oct	P8 Nov	P9 Dec	P10 Jan	P11 Feb	P12 Mar	Pool	Holdback	Allocation Total \$
Social Development																				
SOCIAL DEVELOPMENT - B9300																				
CHILD AND FAMILY SERVICES - P2201																				
CPS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES (Initial Allocation) (2012/03/31)	52383	001	375	0239	12	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	0.00	0.00	7,466,600.00
FAMILY VIOLENCE - P3401																				
PREVENTION PROJECTS (Amendment# 3) (2012/03/31)	02420	001	376	0230	12	0.00	0.00	0.00	0.00	124,999.00	24,999.00	24,999.00	24,999.00	24,999.00	24,999.00	24,999.00	25,000.00	0.00	0.00	300,000.00
Indian Government Support																				
GOVERNANCE AND INSTITUTIONS OF GOVERNMENT - B6400																				
BAND EMPLOYEE BENEFITS - G4103																				
CPFA/PPR AND PRIVATE PENSION PLANS - EMPLOYER CONTRIBUTIONS BY ORGANIZATIONS OTHER THAN FIRST NATIONS OR TRIBAL COUNCILS (Initial Allocation) (2012/03/31)	01010	001	383	0229	12	45,907.00	0.00	0.00	45,907.00	0.00	0.00	45,907.00	0.00	0.00	45,907.00	0.00	0.00	0.00	0.00	103,620.00
Total Set (Contribution)						668,049.00	622,142.00	622,142.00	668,049.00	747,149.00	647,141.00	668,048.00	647,141.00	647,141.00	693,948.00	647,141.00	647,448.00	0.00	0.00	7,949,828.00
Total DEPARTMENT OF INDIAN AND NORTHERN AFFAIRS CANADA						1,043,185.00	966,628.00	1,148,683.00	1,076,625.00	1,152,311.00	1,052,312.00	1,101,624.00	1,052,312.00	1,052,312.00	1,101,625.00	1,052,312.00	1,052,817.99	0.00	0.00	12,852,748.99
Total All Departments						1,043,185.00	966,628.00	1,148,683.00	1,076,625.00	1,152,311.00	1,052,312.00	1,101,624.00	1,052,312.00	1,052,312.00	1,101,625.00	1,052,312.00	1,052,817.99	0.00	0.00	12,852,748.99

SCHEDULE "FED-1" - Federal Departments Consolidated Cash Flow Statement (consolidated)
2.0 - Cash Flow by Fiscal Year by Department

Arrangement #: 1112-02-000020
Arrangement Type: ARFA (Other)
Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA
Current Year: 1 of 1

Budget	2011-2012
Department of Indian and Northern Affairs Canada	\$12,852,746.90
Total	\$12,852,746.90

SCHEDULE "FED-1" - Federal Departments Consolidated Cash Flow Statement (consolidated)
3.0 - Cash Flow by Month and Year - ALL FUNDING by type and month

Arrangement #: 1112-02-000020
 Arrangement Type: ARFA (Other)
 Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA
 Current Year: 1 of 1

	2011-2012
April	\$1,043,185.00
May	\$966,628.00
June	\$1,148,683.00
July	\$1,076,625.00
August	\$1,152,311.00
September	\$1,052,312.00
October	\$1,101,624.00
November	\$1,052,312.00
December	\$1,052,312.00
January	\$1,101,625.00
February	\$1,052,312.00
March	\$1,052,817.90
Pool	\$0.00
Holdback	\$0.00
Total	\$12,852,745.90

SCHEDULE "FED-1" - Federal Departments Consolidated Cash Flow Statement (consolidated)
4.0 - Cash Flow by Month - Current Year - All Funding by Month and Department

Arrangement #: 1112-02-00020
 Arrangement Type: ARFA (Other)
 Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA
 Current Year: 1 of 1

	Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Pool	Holdback
Department of Indian and Northern Affairs Canada	\$12,952,746.50	\$1,043,185.00	\$966,629.00	\$1,148,683.00	\$1,076,525.00	\$1,152,311.00	\$1,052,312.00	\$1,101,624.00	\$1,052,312.00	\$1,052,312.00	\$1,101,625.00	\$1,052,312.00	\$1,052,617.80	\$0.00	\$0.00
Total	\$12,952,746.50	\$1,043,185.00	\$966,629.00	\$1,148,683.00	\$1,076,525.00	\$1,152,311.00	\$1,052,312.00	\$1,101,624.00	\$1,052,312.00	\$1,052,312.00	\$1,101,625.00	\$1,052,312.00	\$1,052,617.80	\$0.00	\$0.00

Funding

PROGRAM/SERVICE DESCRIPTION	Code	Seq	Auth	RCM	Fund. Auth.	P1 Apr	P2 May	P3 Jun	P4 Jul	P5 Aug	P6 Sep	P7 Oct	P8 Nov	P9 Dec	P10 Jan	P11 Feb	P12 Mar	Pool	Holdback	Allocation Total \$
G4103 BAND EMPLOYEE BENEFITS																				
BAND EMPLOYEE BENEFIT PLANS - CANADA/QUEBEC PENSION PLAN AND PRIVATE PENSION PLAN EMPLOYER CONTRIBUTIONS	01015	001	383	0220	Cont	15,976.00	15,241.00	15,241.00	15,241.00	15,241.00	15,241.00	15,241.00	15,241.00	15,241.00	15,241.00	15,241.00	15,242.00	0.00	0.00	183,628.00
PENSION PLAN ADMINISTRATION COSTS AND EMPLOYER CONTRIBUTIONS TO NON-STATUTORY BENEFITS	01016	001	383	0220	FTP	30,850.00	0.00	0.00	3,405.00	0.00	0.00	3,405.00	0.00	0.00	3,405.00	0.00	0.00	0.00	0.00	40,866.00
P3201 CHILD AND FAMILY SERVICES																				
CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES	02383	001	375	0230	FTP	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	622,142.00	1,522,186.00	0.00	0.00	8,385,748.00
FNCFPS AGENCY SELF EVALUATION	02389	001	375	0230	Cont	0.00	0.00	0.00	0.00	30,600.00	0.00	0.00	0.00	0.00	0.00	0.00	(30,600.00)	0.00	0.00	0.00
OPERATIONS - CFS	02373	001	375	0230	FTP	313,890.00	344,488.00	344,488.00	344,488.00	344,488.00	344,488.00	344,488.00	344,488.00	344,488.00	344,488.00	344,488.00	344,488.00	0.00	0.00	4,103,409.00
P3401 FAMILY VIOLENCE																				
RIAC FUNDED EMERGENCY SHELTERS	02422	001	375	0230	FTP	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00	60,717.90	0.00	0.00	728,252.90
PREVENTION PROJECTS	02420	001	375	0230	Cont	0.00	0.00	0.00	0.00	257,417.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	257,417.00
Total						1,043,339.00	1,042,554.00	1,042,554.00	1,045,959.00	1,330,571.00	1,042,554.00	1,045,959.00	1,042,554.00	1,042,554.00	1,045,980.00	1,042,554.00	1,912,129.90	0.00	0.00	13,679,311.90

Where an instalment would be due on a Saturday, Sunday, or statutory holiday, the instalment will be made on the next following business day.

Funding Arrangement

As Of 2012/03/12

Funding Arrangement Header

Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA
 Fiscal Year: 2011-2012
 Arrangement Type: Aboriginal Recipient Funding Agreement (Others)
 Master Arrangement #: 1112-02-000020
 Intervention in progress: No

Status: Active
 Responsible Officer: Nicholas, Pamela
 Year #: 001
 Currently Assigned To: Nicholas, Pamela

Programs and Budget

SCHEDULE "FED-1" - Federal Departments Consolidated Cash Flow Statement (consolidated)

1.0 - Program/Service Budgets, Authorities and Schedule of Monthly Payments Plan

Arrangement #: 1112-02-000020
 Arrangement Type: ARFA (Other)
 Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA

DEPARTMENT OF INDIAN AND NORTHERN AFFAIRS CANADA

PROGRAM / BUDGET / TRANSACTION ACTIVITIES	Code	Seq.	Auth.	RC	Fun d. Auth	P1 Apr	P2 May	P3 Jun	P4 Jul	P5 Aug	P6 Sep	P7 Oct	P8 Nov	P9 Dec	P10 Jan	P11 Feb
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Fixed Contribution

Social Development

SOCIAL DEVELOPMENT - BP300

CHILD AND FAMILY SERVICES - P3201

OPERATIONS - CFS (Initial Allocation) (2012/03/31)	02373	001	375	0230	11	344,486.00	344,486.00	344,486.00	344,486.00	344,486.00	344,486.00	344,486.00	344,486.00	344,486.00	344,486.00	344,486.00
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FAMILY VIOLENCE - P3401

INAC FUNDED EMERGENCY SHELTERS (2012/03/31)	02422	001	375	0230	11	0.00	0.00	182,055.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00
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Indian Government Support

GOVERNANCE AND INSTITUTIONS OF GOVERNMENT - BG400

BAND EMPLOYEE BENEFITS - G4103

PENSION PLAN ADMINISTRATION COSTS AND EMPLOYER CONTRIBUTIONS TO NON-STATUTORY BENEFITS (Initial Allocation) (2012/03/31)	01016	001	383	0220	11	30,650.00	0.00	0.00	3,405.00	0.00	0.00	3,405.00	0.00	0.00	3,406.00	0.00
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Total Fixed Contribution

375,136.00 344,486.00 526,541.00 408,576.00 405,171.00 405,171.00 408,576.00 405,171.00 405,171.00 408,577.00 405,171.00

Set (Contribution)

9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA



Aboriginal Affairs and Northern Development Canada / Affaires autochtones et Développement du Nord Canada

First Nat

DEPARTMENT OF INDIAN AND NORTHERN AFFAIRS CANADA

Table with columns: PROGRAM / BUDGET / TRANSACTION ACTIVITIES, Code, Seq., Auth., RC, Fun d. Auth, P1 Apr, P2 May, P3 Jun, P4 Jul, P5 Aug, P6 Sep, P7 Oct, P8 Nov, P9 Dec, P10 Jan, P11 Feb. Rows include Social Development, Indian Government Support, and Total Set (Contribution).

9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA

 Aboriginal Affairs and Northern Development Canada Affaires autochtones et Développement du Nord Canada 

First Nat

SCHEDULE "FED-1" - Federal Departments Consolidated Cash Flow Statement (consolidated)

2.0 - Cash Flow by Fiscal Year by Department

Arrangement #: 1112-02-000020

Arrangement Type: ARFA (Other)

Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA

Current Year: 1 of 1

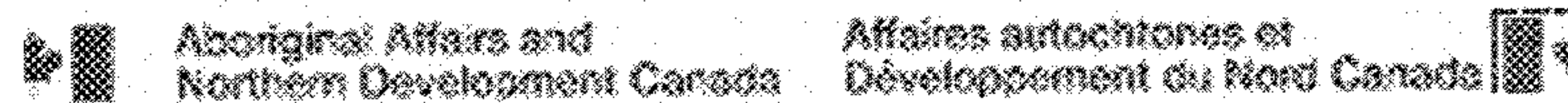
Budget

2011-2012

Total

\$12,852,746.90

9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA



First Nat

SCHEDULE "FED-1" - Federal Departments Consolidated Cash Flow Statement (consolidated)

3.0 - Cash Flow by Month and Year - ALL FUNDING by type and month

Arrangement #: 1112-02-000020

Arrangement Type: ARFA (Other)

Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA



Current Year: 1 of 1

2011-2012

000125

April	\$1,043,185.00
May	\$966,628.00
June	\$1,148,683.00
July	\$1,076,625.00
August	\$1,152,311.00
September	\$1,052,312.00
October	\$1,101,624.00
November	\$1,052,312.00
December	\$1,052,312.00
January	\$1,101,625.00
February	\$1,052,312.00
March	\$1,052,817.90
Pool	\$0.00
Holdback	\$0.00
Total	\$12,852,746.90

9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA


 Aboriginal Affairs and Northern Development Canada
 
 Affaires autochtones et Développement du Nord Canada

First Nat

SCHEDULE "FED-1" - Federal Departments Consolidated Cash Flow Statement (consolidated)

4.0 - Cash Flow by Month - Current Year - All Funding by Month and Department

Arrangement #: 1112-02-000020

Arrangement Type: FA (Other)

Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA

Current Year: 1 of 1

	Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Department of Indian and Northern Affairs Canada	\$12,852,746.90	\$1,043,185.00	\$966,628.00	\$1,148,683.00	\$1,076,625.00	\$1,152,311.00	\$1,052,312.00	\$1,101,624.00	\$1,052,312.00	\$1,052,312.00	\$1,101,625.00
Total	\$12,852,746.90	\$1,043,185.00	\$966,628.00	\$1,148,683.00	\$1,076,625.00	\$1,152,311.00	\$1,052,312.00	\$1,101,624.00	\$1,052,312.00	\$1,052,312.00	\$1,101,625.00

9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA

P11 Feb	P12 Mar	Pool	Holdback	Allocation Total \$
4,486.00	344,654.00	0.00	0.00	4,134,000.00
0,685.00	60,717.90	0.00	0.00	728,252.90
0.00	0.00	0.00	0.00	40,866.00

1,171.00 405,371.90 0.00 0.00 4,903,118.90

First Nations and Inuit Transfer Payment System
Protected - A

2011 Feb	2012 Mar	Pool	Holdback	Allocation Total \$
2,142.00	622,438.00	0.00	0.00	7,466,000.00
4,999.00	25,008.00	0.00	0.00	300,000.00
0.00	0.00	0.00	0.00	183,628.00
7,141.00	647,446.00	0.00	0.00	7,949,628.00
12,312.00	1,052,817.90	0.00	0.00	12,852,746.90
12,312.00	1,052,817.90	0.00	0.00	12,852,746.90

Page 2 of 5
2012/03/12 - 17:33:45

st Nations and Inuit Transfer Payment System
Protected - A

Page 3 of 5
2012/03/12 - 17:33:45

First Nations and Inuit Transfer Payment System
Protected - A

Page 4 of 5
2012/03/12 - 17:33:45

st Nations and Inuit Transfer Payment System
Protected - A

Feb	Mar	Pool	Holdback
\$1,052,312.00	\$1,052,817.90	\$0.00	\$0.00
\$1,052,312.00	\$1,052,817.90	\$0.00	\$0.00

From: Kyle Weir
To: asmolarkiewicz@kpmg.ca; jbeaudet@kpmg.ca; pjmostert@kpmg.ca
CC: Barbara D'Amico; Chris Lok; Corinne Baggley; Edward Pottie; Gary Dun...
Date: Monday, March 12, 2012 6:14 PM
Subject: Re: 2010-11 & 2011-12 - Mi'kmaw Family & Children's Services of Nova Scotia
Attachments: 2010-11 Expenditure Status Report.pdf; 2011-12 General Assessment.pdf; 2010-11 General Assessment.pdf; 2011-12 Expenditure Status Report.pdf

2010-11 & 2011-12 General Assessments and Expenditure Status Reports.

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vérification
Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance
Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Développement du Nord
Canada

Terrasses de la Chaudière

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Gatineau, Québec K1A 0H4
Telephone | Téléphone : (819) 953-0798
Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca

Budget Allocation / Expenditure Status Report

Display By: RCM

As Of 2012/03/12

Selected Criteria	
Fiscal Year: 2010-2011	Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA
Region: ATLANTIC	Recipient Type: All
RCM: All	Program Activity: All
Program Authority: All	Budget Activity: All
Include Individual Arrangements: No	Transaction Activity: All
Heritage: All	Funding Authority: All

Budget Activity Transaction Activity	Project Code	Seq #	Funding Authority	Program Authority	Recipient	Obligated Allocations	Actual	Balance
0220 - DIRECTOR FUNDING SERVICES								
G4103 - BAND EMPLOYEE BENEFITS								
01015 - BAND EMPLOYEE BENEFIT PLANS - CANADIAN/QUEBEC PENSION PLAN AND PRIVATE PENSION PLAN EMPLOYER CONTRIBUTIONS	0000	1	Cont	383	9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA	\$183,628.00	\$183,628.00	\$0.00
01016 - PENSION PLAN ADMINISTRATION COSTS AND EMPLOYER CONTRIBUTIONS TO NON-STATUTORY BENEFITS	0000	1	FTP	383	9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA	\$40,866.00	\$40,866.00	\$0.00
Total G4103 - BAND EMPLOYEE BENEFITS:						\$224,494.00	\$224,494.00	\$0.00
Total 0220 - DIRECTOR FUNDING SERVICES						\$224,494.00	\$224,494.00	\$0.00
0230 - DIRECTOR, EDUCATION, SOCIAL DEVELOPMENT PROGRAMS AND PARTNERSHIPS								
P3201 - CHILD AND FAMILY SERVICES								
02360 - FN/CFS AGENCY SELF EVALUATION	0000	1	Cont	375	9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA	\$0.00	\$0.00	\$0.00
02373 - OPERATIONS - CFS	0000	1	FTP	375	9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA	\$4,134,000.00	\$4,134,000.00	\$0.00
02383 - CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES	0000	1	FTP	375	9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA	\$7,466,000.00	\$7,466,000.00	\$0.00
Total P3201 - CHILD AND FAMILY SERVICES:						\$11,600,000.00	\$11,600,000.00	\$0.00
P3401 - FAMILY VIOLENCE								
02420 - PREVENTION PROJECTS	0000	1	Cont	375	9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA	\$257,417.00	\$257,417.00	\$0.00

Budget Allocation / Expenditure Status Report

Display By: RCM

As Of 2012/03/12

Budget Activity Transaction Activity	Project Code	Sec #	Funding Authority	Program Authority	Recipient	Obligated Allocations	Actual	Balance
02422 - INAC FUNDED EMERGENCY SHELTERS	0000	1	FTP	375	9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA	\$728,252.90	\$728,252.90	\$0.00
Total P2401 - FAMILY VIOLENCE:						\$985,669.90	\$985,669.90	\$0.00
Total 0230 - DIRECTOR, EDUCATION, SOCIAL DEVELOPMENT PROGRAMS AND PARTNERSHIPS						\$12,585,669.90	\$12,585,669.90	\$0.00
Grand Total						\$12,810,163.90	\$12,810,163.90	\$0.00



General Assessment Report

As Of 2012/03/12

Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA

Assessment #: 1112-02-000104

Approval Date: 2012/01/11

I-a) Project / Specific Service Risk Rating

Governance	
Performance History	
Financial Stability	
Planning and Project Complexity	
Overall	

Notice to Reader: This report has been prepared by the Department of Indian Affairs and Northern Development (DIAND) only for the purpose of communicating to an existing or potential recipient of DIAND transfer payments to which it is directed, DIAND's assessment of potential risks associated with any such transfer payments and DIAND's identification of potential risk mitigation activities. It is not intended to be relied upon for any other purpose or to be further disclosed, and is not intended for any other reader. It may contain information that the recipient or others may consider to be confidential or sensitive. DIAND disclaims any responsibility or liability associated with this report, any disclosure of its contents, and any loss caused by reliance on its contents. The preparation and release of this report does not indicate that any transfer payment will be made.

s.20(1)(b)
s.20(1)(c)
s.21(1)(a)

I-b) Project / Specific Service Risk Rating

Risk Factor	Consideration	Consideration Score
1. Governance	1.1 Governance	Medium
2. Performance History	2.1 Performance History	Medium
3. Financial Stability	3.1 Financial Stability	Medium
4. Planning and Project Complexity	4.1 Planning and Project Complexity	Medium



General Assessment Report

As Of 2012/03/12

Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA

Assessment #: 1112-02-000104

Approval Date: 2012/01/11

III) Key Findings and Recommendations

Risk Factor and Consideration	Rationale for Score	Recommendations to Mitigate Significant Risk
Form 1 (Organization Level)		
1.1 Governance		
2.1 Performance History		
3.1 Financial Stability		
4.1 Planning and Project Complexity		
Overall Recommendations		
No recommendations to make.		

s.20(1)(b)
s.20(1)(c)
s.21(1)(a)



General Assessment Report

As Of 2012/03/12

Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA

Assessment #: 1011-02-000036

Approval Date: 2011/03/08

I-a) Project / Specific Service Risk Rating

Governance	
Performance History	
Financial Stability	
Planning and Project Complexity	
Overall	

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s.20(1)(b)
s.20(1)(c)
s.21(1)(a)

I-b) Project / Specific Service Risk Rating

Risk Factor	Consideration	Consideration Score
1. Governance	1.1 Governance	
2. Performance History	2.1 Performance History	
3. Financial Stability	3.1 Financial Stability	
4. Planning and Project Complexity	4.1 Planning and Project Complexity	



General Assessment Report

As Of 2012/03/12

Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA

Assessment #: 1011-02-000036

Approval Date: 2011/03/03

III) Key Findings and Recommendations

Risk Factor and Consideration	Rationale for Score	Recommendations to Mitigate Significant Risk
Form 1 (Organization Level)		
1.1 Governance		
2.1 Performance History		
3.1 Financial Stability		
4.1 Planning and Project Complexity		

s.20(1)(b)
s.20(1)(c)
s.21(1)(a)



General Assessment Report

As Of 2012/03/12

Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA

Assessment #: 1011-02-000036

Approval Date: 2011/03/09

Overall Recommendations		
No recommendations to make.		

s.20(1)(b)
s.20(1)(c)
s.21(1)(a)

Budget Allocation / Expenditure Status Report

Display By: RCM

As Of 2012/03/12

Selected Criteria	
Fiscal Year: 2011-2012	Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA
Region: ATLANTIC	Recipient Type: All
RCM: All	Program Activity: All
Program Authority: All	Budget Activity: All
Include Individual Arrangements: No	Transaction Activity: All
Heritage: All	Funding Authority: All

Budget Activity Transaction Activity	Project Code	Seq #	Funding Authority	Program Authority	Recipient	Obligated Allocations	Actual	Balance
0220 - DIRECTOR FUNDING SERVICES								
G4103 - BAND EMPLOYEE BENEFITS								
01016 - PENSION PLAN ADMINISTRATION COSTS AND EMPLOYER CONTRIBUTIONS TO NON-STATUTORY BENEFITS (Initial Allocation)	0000	1	Fixed	383	9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA	\$40,866.00	\$40,866.00	\$0.00
01019 - CPP/QPP AND PRIVATE PENSION PLANS - EMPLOYER CONTRIBUTIONS BY ORGANIZATIONS OTHER THAN FIRST NATIONS OR TRIBAL COUNCILS (Initial Allocation)	0000	1	Set	383	9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA	\$183,628.00	\$183,628.00	\$0.00
Total G4103 - BAND EMPLOYEE BENEFITS:						\$224,494.00	\$224,494.00	\$0.00
Total 0220 - DIRECTOR FUNDING SERVICES						\$224,494.00	\$224,494.00	\$0.00
0230 - DIRECTOR, EDUCATION, SOCIAL DEVELOPMENT PROGRAMS AND PARTNERSHIPS								
P3201 - CHILD AND FAMILY SERVICES								
02373 - OPERATIONS - CFS (Initial Allocation)	0000	1	Fixed	375	9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA	\$4,134,000.00	\$4,134,000.00	\$0.00
02383 - CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES (Initial Allocation)	0000	1	Set	375	9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA	\$7,466,000.00	\$7,466,000.00	\$0.00
Total P3201 - CHILD AND FAMILY SERVICES:						\$11,600,000.00	\$11,600,000.00	\$0.00
P3401 - FAMILY VIOLENCE								
02420 - PREVENTION PROJECTS (Amendment# 3)	0000	1	Set	375	9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA	\$300,000.00	\$300,000.00	\$0.00
02422 - INAC FUNDED EMERGENCY SHELTERS	0000	1	Fixed	375	9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA	\$728,252.90	\$728,252.90	\$0.00

Budget Allocation / Expenditure Status Report

Display By: RCM

As Of 2012/03/12

Budget Activity Transaction Activity	Project Code	Seq #	Funding Authority	Program Authority	Recipient	Obligated Allocations	Actual	Balance
Total P3461 - FAMILY VIOLENCE:						\$1,028,252.90	\$1,028,252.90	\$0.00
Total 0230 - DIRECTOR, EDUCATION, SOCIAL DEVELOPMENT PROGRAMS AND PARTNERSHIPS						\$12,628,252.90	\$12,628,252.90	\$0.00
Grand Total						\$12,652,748.90	\$12,652,748.90	\$0.00

From: Edward Pottie
To: Baggle, Corinne; Chartrand, Michèle; D'Amico, Barbara; Duncan, Gary;...
CC: Barozzi, Stephanie
Date: Tuesday, March 13, 2012 7:52 AM
Subject: Re: Kick-off Meeting - Recipient Audit of M'kmaq Family and Children Service Agency
Attachments: AMHERST-#375257-v1-COMPLIANCE_CFS_9006_MMF&CS_FOLLOW_UP_LETTER_JAN__10-14__28TH_AND_FEB_8.DOC; AMHERST-#388117-v2-COMPLIANCE_REVIEW_MCFS_FINAL_LETTER.DOC; AMHERST-#372473-v1-COMPLIANCE_FILE_NOTES_MI_KMAW_FAMILY_AND_CHILDRENS_SERVICES_(MMF&CS)_2010_2011.DOC

Atlantic region compliance reports and administrative notes.

Ed Pottie
Senior Audit and Compliance Advisor
Indian & Northern Affairs, Atlantic Region
Tel: 902-661-6356
Edward.Pottie@INAC.gc.ca

This item will be saved to CIDM (ATL)
>>> Kyle Weir 3/12/2012 5:52 PM >>>
Good afternoon all,

As discussed, please see below for Philip Mostert's contact information. I would ask that for all communication with KPMG that I be cc: so AES can have continuity on the file. In addition, please be sure to copy all those on this list when providing the upfront documentation as discussed.

Philip J. Mostert CA

Senior Manager, Risk Consulting

KPMG LLP

160 Elgin Street
Suite 2000
Ottawa, ON, Canada K2P 2P8
T +1 613 212 2892
F +1 613 212 2896
M +1 613 866 8216
pjmostert@kpmg.ca

Regards,

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vérification
Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance
Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Développement du Nord
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Terrasses de la Chaudière

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Gatineau, Québec K1A 0H4
Telephone | Téléphone : (819) 953-0798
Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca

>>> Kyle Weir 3/9/2012 3:28 PM >>>

****Participants added, new time, conference call instructions added***

The purpose of this meeting is to formally initiate the Recipient Audit of the Mi'kmaq Family and Children Service Agency. A copy of the Statement of Work for the audit and a meeting agenda have been attached below for your reference.

The conference call instructions are as follows:

INSTRUCTIONS IN ENGLISH

Participants

Number to dial: NCR: (819) 997-9167, Toll Free: 1-866-885-0884
Select 1 for French or 2 for English
Select 1 (To participate in an audio conference)
Enter the 4 digit Conference pass code: 5523#

INSTRUCTIONS EN FRANÇAIS

Participants

Le numéro à composer: RCN: (819) 997-9167, Sans frais: 1-866-885-0884
Appuyez sur le 1 pour les instructions en français ou sur le 2 pour les instructions en anglais
Appuyez sur le 1 (Pour participer à une conférence audio)
Entrez le code d'accès à 4 chiffres de la conférence: 5523#

Regards,

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vérification
Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance
Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Développement du Nord
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Telephone | Téléphone : (819) 953-0798
Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca

**Pages 147 to / à 153
are withheld pursuant to section
sont retenues en vertu de l'article**

20(1)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

From: "Mostert, Philip J" <pjmostert@kpmg.ca>
To: Corinne.Baggley@aadnc-aadnc.gc.ca; Joe.Behar@aadnc-aadnc.gc.ca; Barbara...
CC: jbeaudet@kpmg.ca; asmolarkiewicz@kpmg.ca; Kyle.Weir@aadnc-aadnc.gc.ca
Date: Tuesday, March 13, 2012 9:42 AM
Subject: RE: Kick-off Meeting - Recipient Audit of M'kmaq Family and Children Service Agency

Further to my phone conversation with Ed Pottie this morning, I would like to arrange for an hour time slot tomorrow afternoon with Ed, Barbara D'Amico, Corinne Baggley, and Joe Behar.

The purpose of this meeting will be to permit some time for KPMG (Philip Mostert and Arthur Smolarkiewicz) to further understand the programs (CFS and FVPP), the reporting that the Agency provides and clarify any additional questions that arise as we review the material provided to date. This will help us as we plan for our audit field work that is planned for next week at the Mi'kmaq Family and Children Services Agency (Indian Brook/Shubenacadie).

We propose tomorrow Wednesday March 14, 2012 2pm Atlantic (1pm Eastern).

I will send an electronic invitation to each of you. We appreciate your time and assistance as we plan for this audit.

Kind regards,
Philip

Philip J. Mostert CA

Senior Manager, Risk Consulting

KPMG LLP

160 Elgin Street
Suite 2000
Ottawa, ON, Canada K2P 2P8
T +1 613 212 2892
F +1 613 212 2896
M +1 613 866 8216
pjmostert@kpmg.ca<mailto:pjmostert@kpmg.ca>

From: Edward Pottie [mailto:Edward.Pottie@aadnc-aadnc.gc.ca]
Sent: Tuesday, March 13, 2012 7:52 AM
To: Barbara D'Amico; Chris Lok; Corinne Baggley; Gary Duncan; Kyle Weir; Michle Chartrand; Pauline Ladouceur; Karen Turple; Smolarkiewicz, Arthur; Beaudet, Jules; Mostert, Philip J
Cc: Stephanie Barozzi
Subject: Re: Kick-off Meeting - Recipient Audit of M'kmaq Family and Children Service Agency

Atlantic region compliance reports and administrative notes.

Ed Pottie
Senior Audit and Compliance Advisor
Indian & Northern Affairs, Atlantic Region
Tel: 902-661-6356
Edward.Pottie@INAC.gc.ca<mailto:Edward.Pottie@INAC.gc.ca>

This item will be saved to CIDM (ATL)
>>> Kyle Weir 3/12/2012 5:52 PM >>>
Good afternoon all,

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Philip J. Mostert CA

Senior Manager, Risk Consulting

KPMG LLP

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Suite 2000
Ottawa, ON, Canada K2P 2P8
T +1 613 212 2892
F +1 613 212 2896
M +1 613 866 8216
pjmostert@kpmg.ca<mailto:pjmostert@kpmg.ca>

Regards,

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vrification
Audit and Assurance Services Branch / Direction gnrale des services de vrification et d'assurance
Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Dveloppement du Nord
Canada
Terrasses de la Chaudire
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Gatineau, Qubec K1A 0H4
Telephone | Tlphone : (819) 953-0798
Fax | Tl copieur : (819) 953-3734
Kyle.Weir@aadnc-aandc.gc.ca<mailto:Kyle.Weir@aadnc-aandc.gc.ca>
>>> Kyle Weir 3/9/2012 3:28 PM >>>
*Participants added, new time, conference call instructions added

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The conference call instructions are as follows:

INSTRUCTIONS IN ENGLISH

Participants

Number to dial: NCR: (819) 997-9167, Toll Free: 1-866-885-0884
Select 1 for French or 2 for English
Select 1 (To participate in an audio conference)
Enter the 4 digit Conference pass code: [REDACTED]

s.16(2)

INSTRUCTIONS EN FRANCAIS

Participants

Le numro composer: RCN: (819) 997-9167, Sans frais: 1-866-885-0884
Appuyez sur le 1 pour les instructions en franais ou sur le 2 pour les instructions en anglais
Appuyez sur le 1 (Pour participer une conference audio)
Entrez le code d'accs 4 chiffres de la conference: [REDACTED] s.16(2)

Regards,

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vrification
Audit and Assurance Services Branch / Direction gnrale des services de vrification et d'assurance
Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Dveloppement du Nord
Canada
Terrasses de la Chaudiere
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Gatineau, Qubec K1A 0H4
Telephone | Tlphone : (819) 953-0798
Fax | Tlcopieur : (819) 953-3734
Kyle.Weir@aadnc-aandc.gc.ca<mailto:Kyle.Weir@aadnc-aandc.gc.ca>

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From: Kyle Weir
To: asmolarkiewicz@kpmg.ca; jbeaudet@kpmg.ca; pjmostert@kpmg.ca
CC: Barbara D'Amico; Chris Lok; Corinne Baggley; Edward Pottie; Gary Dun...
Date: Tuesday, March 13, 2012 10:03 AM
Subject: Re: 2010-11 & 2011-12 - Mi'kmaw Family & Children's Services of Nova Scotia

Philip,

With the receipt of the secure file transfer you should now have information to support the following information requests:

Total funding by year by program

Funding by program 2011-12 (excel and pdf)

Funding by program 2010-11 (excel and pdf)

Funding Agreements (includes CFS, Family Violence and other funding provided to the recipient, namely, band support funding)

Funding agreement 2011-12

Funding agreement 2010-11

Previous audit reports (partial)

Province of Nova Scotia reports on Eskasoni and Indian Brook offices

Financial summary information

Audited financial statements 2010-11

Audited financial statements 2009-10

Details to base sample selection

Quarterly CFS reports - Q1 2010-11 to Q3 2011-12

Annual Family Violence report and amendment - 2010-11

Additional Information

General Assessment - 2011-12

General Assessment - 2010-11

Kind regards,

Kyle Weir, MFin

Senior Audit Officer | Agent principal de vérification

Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance

Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Développement du Nord

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Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca

From: Joel Dei
To: pjmostert@kpmg.ca
CC: Barbara D'Amico; Lili Zwart
Date: Tuesday, March 13, 2012 3:51 PM
Subject: Information Package FNCFS Program - HQ
Attachments: First Nation Funding From AANDC 2011-12- Joel.pdf; Annual Report_2.pdf; MiKmaq Raport to Board_3.pdf; NCR-#1316885-v2-FNCFS_-_AUTHORITIES_-_PUBLIC_VERSION_OF_2007_TREASURY_BOARD_APPROVED_FNC_2.DOC; 2005 National Program Manual.pdf; NCR-#3793881-v1-FNCFS-AUDITS-NOVA_SCOTIA-MI_KMAW_FAMILY_&_CHILDREN_S_SERVICES_-_ESKASONI_2.TIF; NCR-#3793876-v1-FNCFS-AUDITS-NOVA_SCOTIA-MI_KMAW_FAMILY_&_CHILDREN_S_SERVICES_INDIAN_BRO_2.TIF; FVPP 2010/11 SHELTER ALLOCATIONS ATL REGION; NCR-#4117279-v1-FNCFS_-_NOVA_SCOTIA_MI_KMAQ_EPFA_BUSINESS_PLAN_2008-2009_1.PDF; NCR-#3662468-v1-FNCFS_-_NOVA_SCOTIA_FRAMEWORK_1.PDF; NCR-#4203555-v1-FNCFS_-_NOVA_SCOTIA_-_PROVINCIAL_ALLOWABLE_EXPENDITURES_1.PDF; NCR-#4162725-v2-FNCFS_-_EPFA_FUNDING_FORMULA_-_COMPARISON_BETWEEN_MB_AND_NS.XLS

Hi Philip;

As we discussed on yesterday's call regarding the Recipient Audit of M'kmaq Family and Children Service (MFCS) Agency, attached you will find an information package that contains:

- 2007 FNCFS Terms and Conditions
- 2005 National Social Program Manual
- 2009 Provincial audit of both Eskasoni and Indian Brook (Shubenacadie) MFCS Offices
- 2011 Atlantic Regional AANDC Compliance Review
- 2010-2011 and 2011-2012 FVPP Shelter Allocations that flow to MFCS Agency
- 2008-2009 MFCS EPFA Business Plan
- 2007 Tripartite EPFA Framework
- 2011 Mi'kmaw Report to the Board
- 2009 Annual Report
- EPFA Formula and Background
- 2011 Year End Financial Statement
- EPFA Funding Formula Comparison between NS and MB

Phil, if you are not able to open any of the attached documents, please let us know and we will send them to you in a different format.

Sincerely,

Joel

Funding Arrangement

Recipient: 5006 - MIKMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA
 Fiscal Year: 2011-2012
 Master Arrangement #: 1112-02-000020
 Responsible Officer: Nicholas, Pamela
 Status: Active (Encumbered)
 Arrangement Type: ARFA (Other)
 Assigned To: Nicholas, Pamela

Financial History

Type: Period:

Payment Date	Priority	Type	Type	Period	Cheque #	Cheque Status	Invoice #	Arrangement \$	Cheque \$
2012/02/14	Regular Payments	Payment	12	70200008993	RECONCILED BY SPS	FNITP175039		\$1,052,817.90	\$1,052,817.90
MIKMAQ FAMILIES & CHILDREN'S SERVICES OF NOVA SCOTIA (PO BOX 179, SHUBENACADIE, NS, B0N 2H0, CA) 02373 - OPERATIONS - CFS (001) (Initial Allocation) \$344,486.00 02383 - CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES (001) (Initial Allocation) \$622,142.00 02420 - PREVENTION PROJECTS (001) (Amendment# 3) \$25,008.00 02422 - INAC FUNDED EMERGENCY SHELTERS (001) \$50,717.90									
2012/01/18	Regular Payments	Payment	11	70200008926	RECONCILED BY SPS	FNITP171995		\$1,052,312.00	\$1,021,712.00
MIKMAQ FAMILIES & CHILDREN'S SERVICES OF NOVA SCOTIA (PO BOX 179, SHUBENACADIE, NS, B0N 2H0, CA) 02373 - OPERATIONS - CFS (001) (Initial Allocation) \$344,486.00 02383 - CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES (001) (Initial Allocation) \$622,142.00 02420 - PREVENTION PROJECTS (001) (Amendment# 3) \$24,999.00 02422 - INAC FUNDED EMERGENCY SHELTERS (001) \$60,685.00 Recovery for Overpaid Arrangement 1011-02-000008, FY: 2010-2011, TX: 02373 (001) (Re: 239, 2011-2012) -\$30,600.00									
2011/12/16	Regular Payments	Payment	10	70200008854	RECONCILED BY SPS	FNITP169885		\$1,101,625.00	\$1,101,625.00
MIKMAQ FAMILIES & CHILDREN'S SERVICES OF NOVA SCOTIA (PO BOX 179, SHUBENACADIE, NS, B0N 2H0, CA) 01016 - PENSION PLAN ADMINISTRATION COSTS AND EMPLOYER CONTRIBUTIONS TO NON-STATUTORY BENEFITS (001) (Initial Allocation) \$3,408.00 01019 - CPP/QPP AND PRIVATE PENSION PLANS - EMPLOYER CONTRIBUTIONS BY ORGANIZATIONS OTHER THAN FIRST NATIONS OR TRIBAL COUNCILS (001) (Initial Allocation) \$45,907.00 02373 - OPERATIONS - CFS (001) (Initial Allocation) \$344,486.00 02383 - CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES (001) (Initial Allocation) \$622,142.00 02420 - PREVENTION PROJECTS (001) (Amendment# 3) \$24,999.00 02422 - INAC FUNDED EMERGENCY SHELTERS (001) \$60,685.00									
2011/11/18	Regular Payments	Payment	09	70200008776	RECONCILED BY SPS	FNITP165984		\$1,052,312.00	\$1,052,312.00
MIKMAQ FAMILIES & CHILDREN'S SERVICES OF NOVA SCOTIA (PO BOX 179, SHUBENACADIE, NS, B0N 2H0, CA) 02373 - OPERATIONS - CFS (001) (Initial Allocation) \$344,486.00 02383 - CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES (001) (Initial Allocation) \$622,142.00 02420 - PREVENTION PROJECTS (001) (Amendment# 3) \$24,999.00 02422 - INAC FUNDED EMERGENCY SHELTERS (001) \$60,685.00									
2011/10/17	Regular Payments	Payment	08	70200008711	RECONCILED BY SPS	FNITP162849		\$1,052,312.00	\$1,052,312.00
MIKMAQ FAMILIES & CHILDREN'S SERVICES OF NOVA SCOTIA (PO BOX 179, SHUBENACADIE, NS, B0N 2H0, CA) 02373 - OPERATIONS - CFS (001) (Initial Allocation) \$344,486.00 02383 - CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES (001) (Initial Allocation) \$622,142.00 02420 - PREVENTION PROJECTS (001) (Amendment# 3) \$24,999.00 02422 - INAC FUNDED EMERGENCY SHELTERS (001) \$60,685.00									
2011/08/19	Regular Payments	Payment	07	70200008628	RECONCILED BY SPS	FNITP159301		\$1,251,621.00	\$1,251,621.00
MIKMAQ FAMILIES & CHILDREN'S SERVICES OF NOVA SCOTIA (PO BOX 179, SHUBENACADIE, NS, B0N 2H0, CA) 01016 - PENSION PLAN ADMINISTRATION COSTS AND EMPLOYER CONTRIBUTIONS TO NON-STATUTORY BENEFITS (001) (Initial Allocation) \$3,405.00 01019 - CPP/QPP AND PRIVATE PENSION PLANS - EMPLOYER CONTRIBUTIONS BY ORGANIZATIONS OTHER THAN FIRST NATIONS OR TRIBAL COUNCILS (001) (Initial Allocation) \$45,907.00 02373 - OPERATIONS - CFS (001) (Initial Allocation) \$344,486.00 02383 - CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES (001) (Initial Allocation) \$622,142.00 02420 - PREVENTION PROJECTS (001) (Amendment# 3) \$174,995.00 02422 - INAC FUNDED EMERGENCY SHELTERS (001) \$60,685.00									
2011/08/18	Regular Payments	Payment	06	70200008568	RECONCILED BY SPS	FNITP156772		\$1,027,313.00	\$1,027,313.00
MIKMAQ FAMILIES & CHILDREN'S SERVICES OF NOVA SCOTIA (PO BOX 179, SHUBENACADIE, NS, B0N 2H0, CA) 02373 - OPERATIONS - CFS (001) (Initial Allocation) \$344,486.00 02383 - CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES (001) (Initial Allocation) \$622,142.00 02422 - INAC FUNDED EMERGENCY SHELTERS (001) \$60,685.00									
2011/07/18	Regular Payments	Payment	05	70200008510	RECONCILED BY SPS	FNITP153985		\$1,027,313.00	\$1,027,313.00
MIKMAQ FAMILIES & CHILDREN'S SERVICES OF NOVA SCOTIA (PO BOX 179, SHUBENACADIE, NS, B0N 2H0, CA) 02373 - OPERATIONS - CFS (001) (Initial Allocation) \$344,486.00 02383 - CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES (001) (Initial Allocation) \$622,142.00 02422 - INAC FUNDED EMERGENCY SHELTERS (001) \$60,685.00									
2011/07/11	Priority 1 - Supplementary	Payment	04	70200008481	RECONCILED BY SPS	FNITP152781		\$242,740.00	\$242,740.00
MIKMAQ FAMILIES & CHILDREN'S SERVICES OF NOVA SCOTIA (PO BOX 179, SHUBENACADIE, NS, B0N 2H0, CA) 02422 - INAC FUNDED EMERGENCY SHELTERS (001) \$242,740.00									
2011/06/20	Regular Payments	Payment	04	70200008424	RECONCILED BY SPS	FNITP151713		\$48,312.00	\$48,312.00
MIKMAQ FAMILIES & CHILDREN'S SERVICES OF NOVA SCOTIA (PO BOX 179, SHUBENACADIE, NS, B0N 2H0, CA) 01016 - PENSION PLAN ADMINISTRATION COSTS AND EMPLOYER CONTRIBUTIONS TO NON-STATUTORY BENEFITS (001) (Initial Allocation) \$3,405.00 01019 - CPP/QPP AND PRIVATE PENSION PLANS - EMPLOYER CONTRIBUTIONS BY ORGANIZATIONS OTHER THAN FIRST NATIONS OR TRIBAL COUNCILS (001) (Initial Allocation) \$45,907.00									

2011/06/17	Regular Payments	Payment	04	70200008385	RECONCILED BY FNITP151192	\$966,628.00	\$966,628.00
SPS							
MIKMAQ FAMILIES & CHILDREN'S SERVICES OF NOVA SCOTIA (PO BOX 179, SHUBENACADIE, NS, B0N 2H0, CA)							
02373 - OPERATIONS - CFS (001) (Initial Allocation)						\$344,486.00	
02383 - CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES (001) (Initial Allocation)						\$622,142.00	
2011/05/11	Regular Payments	Payment	03	70200008265	RECONCILED BY FNITP145827	\$966,628.00	\$966,628.00
SPS							
MIKMAQ FAMILIES & CHILDREN'S SERVICES OF NOVA SCOTIA (PO BOX 179, SHUBENACADIE, NS, B0N 2H0, CA)							
02373 - OPERATIONS - CFS (001) (Initial Allocation)						\$344,486.00	
02383 - CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES (001) (Initial Allocation)						\$622,142.00	
2011/04/14	Regular Payments	Payment	02	70200008244	RECONCILED BY FNITP144684	\$966,628.00	\$966,628.00
SPS							
MIKMAQ FAMILIES & CHILDREN'S SERVICES OF NOVA SCOTIA (PO BOX 179, SHUBENACADIE, NS, B0N 2H0, CA)							
02373 - OPERATIONS - CFS (001) (Initial Allocation)						\$344,486.00	
02383 - CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES (001) (Initial Allocation)						\$622,142.00	
2011/03/18	Regular Payments	Payment	01	70200008101	RECONCILED BY FNITP137711	\$1,043,185.00	\$1,043,185.00
SPS							
MIKMAQ FAMILIES & CHILDREN'S SERVICES OF NOVA SCOTIA (PO BOX 179, SHUBENACADIE, NS, B0N 2H0, CA)							
01016 - PENSION PLAN ADMINISTRATION COSTS AND EMPLOYER CONTRIBUTIONS TO NON-STATUTORY BENEFITS (001) (Initial Allocation)						\$30,850.00	
01019 - CPP/QPP AND PRIVATE PENSION PLANS - EMPLOYER CONTRIBUTIONS BY ORGANIZATIONS OTHER THAN FIRST NATIONS OR TRIBAL COUNCILS (001) (Initial Allocation)						\$45,907.00	
02373 - OPERATIONS - CFS (001) (Initial Allocation)						\$344,486.00	
02383 - CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES (001) (Initial Allocation)						\$622,142.00	
						\$12,852,746.99	\$12,822,145.99

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20(1)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

**Pages 234 to / à 274
are withheld pursuant to sections
sont retenues en vertu des articles**

69(1), 20(1)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

First Nations Child and Family Services

National Program Manual

Social Policy and Programs Branch
Headquarters

May 2005

Canada

As of May, 2005

For any additional information or if you have any questions on the First Nations Child and Family Services Program - National Standards and Guidelines Manual, you may contact us through any of the following:

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Please note:

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The Terms and Conditions of the program are the ultimate authority; the purpose of this manual is to explain those authorities.

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Table of Contents

Introduction	1
Chapter 1: Backgrounder	3
1.1 History	3
1.2 Legal Position	5
1.3 Program Objective and Principles	5
1.4 Current Authorities	6
1.5 Roles and Responsibilities	7
Chapter 2: Program Components	11
2.1 Development	11
2.2 Operations	13
2.3 Maintenance	15
2.4 Children's Special Allowance	18
2.5 Non-insured Health Benefits	18
2.6 Flexible Funding Option for Maintenance	19
Chapter 3: Costing of Components	21
3.1 Development	21
3.2 Operations	22
3.3 Maintenance	23
3.4 Flexible Funding Option for Maintenance	24
Chapter 4: Agreements	25
4.1 Requirement for Agreements	25
4.2 Tripartite Agreements	25
4.3 Dual Bilateral Agreements	26

4.4 Comprehensive Funding Arrangements (CFA)	26
4.5 Third-party Delivery	27
4.6 Provincial or Territorial Agreements	28
Chapter 5: Mandatory Financial Requirements	29
5.1 Introduction	29
5.2 General Overview of Funding Arrangements	29
5.3 Funding Authority	30
5.4 Allocations to Regions	31
5.5 Regional Exceptions	32
5.6 <i>Financial Administration Act</i>	33
5.7 Treasury Board Policy on Transfer Payments	34
5.8 Corporate Services Financial Management Manual	36
5.9 Implications for Social Services Including FNCFS	37
Chapter 6: Reporting and Compliance	39
6.1 Introduction	39
6.2 Operations	39
6.3 Maintenance (General Considerations)	41
6.4 Contribution Funding of Maintenance (In Office Reconciliation)	42
6.5 Contribution Funding of Maintenance (On-site Reconciliation)	44
6.6 Flexible Funding Option for Maintenance	46
Chapter 7: Definitions (Glossary of Terms)	47

APPENDICES

**APPENDIX A: Program Directive Chapter 5 - Social Development
PD 5.1 53**

 Annex A: General Terms and Conditions Applicable to Comprehensive Funding
 Arrangements 65

 Annex B: Specific Program Terms and Conditions 67

 Annex C: Annual Funding Levels 69

 Annex D: Specific Program Reporting for First Nations Child and Family Services 70

 Annex E: Flexible Funding Option (FFOM) for First Nations Child and Family
 Services (FNCFS) Maintenance - Methodology 72

**APPENDIX B: Summary of Prevention and Protective
Services – Contribution Authority 85**

**APPENDIX C: Child and Family Services Compliance Review
Process 97**

 Annex A: Risk Assessment Criteria 113

Introduction

This Manual is an overview of the First Nations Child and Family Services Program (FNCFS) of Indian and Northern Affairs Canada (INAC) at the time of writing. It reflects the current authorities as outlined in Appendix B and the policy as outlined in Appendix A. The Manual outlines the current Terms and Conditions and FNCFS policy. It is also recognized that the program is in the process of evolving and that changes will be required and are desirable from time to time.

There were a number of recommended changes put forward in the First Nations Child and Family Services Joint National Policy Review of 2000 (NPR). Some of these have received Treasury Board or Departmental approval and are included in this document. The majority of recommendations, however, have not yet been implemented, but may be in future following further developmental work by the National Advisory Committee on First Nations Child and Family Services (NAC). As changes to the current policy and practices are approved, this Manual will be amended accordingly.

First Nations have indicated that, although the services to be provided under the operational formula are clearly outlined in the authorities, there may, in some circumstances, not be enough resources to provide these services. For example, when the formula was conceived in the early 1980s, computers were not used to the same extent as they are today. As well, there was less emphasis on prevention services than there is now. These changes have put increased pressure on Recipients with limited resources to adapt to current trends.

Further, in recognition of First Nations aspirations as expressed in Recommendation 1 of the NPR, the policies presented in this document are considered interim steps in the process of moving toward self-government. Some First Nations groups are already moving in this direction. It is an expression of their desire to regain control over their children and families and to move toward First Nation designed programming.

This Manual presents the program from a national perspective. It outlines the national authorities within which the program is required to operate. The Manual also explains the implications of non-compliance

with these authorities. It is not intended to cover everything. Rather, the Manual presents a framework within which the program must operate in INAC regions (hereafter region or regions).

Because the program is driven by provincial legislation and standards, regional variations exist. While this is a vital component of the program, federal authorities must also be respected.

It is expected that all regions will develop their own manuals and that these manuals should complement this national one. Because this manual focusses primarily on national authorities, it is anticipated that the regional manuals will focus more on the application of the program and the implications of provincial or territorial legislation and standards. The final regional product should provide a clear picture of FNCFS and how the program intends to meet both national INAC authorities and provincial legislation and standards.

Finally, while this manual is a blueprint on how INAC will administer the FNCFS program from a national perspective, it is also intended to be a teaching document for new staff at both INAC Headquarters and Regions. The combination of the national manual and the regional manuals should create a clear picture of INAC's role in FNCFS in Canada.

1 Backgrounder

1.1 History

- 1.1.1 Traditionally, assistance to Indian children and their families was provided informally, by band custom, within the network of the extended family. Children were maintained, educated and protected by many adults including grandparents, aunts and uncles, as well as by their natural parents. When circumstances required they be separated from their natural parents, children were taken in by relatives to live with them in their homes. These informal patterns of child raising gradually became inadequate as outside pressures began to affect First Nations communities. Children were often removed for long periods of time for educational purposes and families were separated, at least seasonally, when cash income became necessary to sustain the family.
- 1.1.2 The Joint Committees of the Senate and the House of Commons in 1946-1948 and again in 1959-1961 urged provinces and territories to increase their involvement in providing services to First Nations people. Some provincial and territorial governments at that time began to make preliminary arrangements to extend some child and family services into communities in order to fill the gaps resulting from disruptions to traditional patterns of community care. Other provinces adopted a policy of intervention only in matters of life and death. It was in this climate that INAC, in the mid 1950s, adopted a policy of extending some basic social services on reserve, although not in the area of child and family services.
- 1.1.3 In 1965, Cabinet authorized Canada's entry into an agreement with the Province of Ontario to enable social services to be extended to First Nations communities on an equal basis to what was provided for other provincial residents. Under the *Memorandum of Agreement Respecting Welfare Programs for Indians*, the Government of Ontario extends services under the *Child and Family Services Act* and INAC reimburses a portion of the costs to Ontario in accordance with the provisions of the Agreement.
- 1.1.4 Other provinces entered into bilateral agreements whereby INAC would reimburse them for the delivery of child and family services. This practice continued through the 1970s. In some provinces, INAC entered into informal arrangements with bands and tribal councils and

reimbursed caregivers for the placement of children. This practice was, however, without authority.

- 1.1.5 A child's death in Manitoba in the late 1970s led to a judicial inquiry by Judge Kimmelman. First Nations leadership continued to demand a return of jurisdiction and control to First Nations. This led to the first tripartite process involving the Province of Manitoba, the Manitoba Indian Brotherhood and INAC. Cabinet and Treasury Board authority was obtained. This resulted in the creation of the Manitoba First Nations agencies, managed and operated by First Nations, mandated by the Province of Manitoba and funded by INAC.
- 1.1.6 First Nations services began to expand into other provinces and territories, mostly in an unregulated manner. As a result, in 1986, a moratorium was placed on the expansion of child and family services agencies. This moratorium remained in place until 1990 when INAC received Cabinet and Treasury Board authority for creating a national First Nations Child and Family Services Program (FNCFS). The authorities received were reflected in the National Program Directive 20-1 Chapter 5. Under these authorities, FNCFS agencies operate and manage child and family services on reserve. Provinces and territories mandate and regulate agencies according to provincial or territorial legislation and standards. INAC provides funding on behalf of First Nations children ordinarily resident on reserve. From 1990 to 2003, FNCFS expanded from 34 agencies in selected regions to 102 agencies in all provinces of Canada. As of 2003, there were no agencies in the territories.
- 1.1.7 As a result of concerns expressed by First Nations agencies across Canada, that the current policy was out of date and needed to be reviewed, a National Policy Review (NPR) was started in 1999. The Review was a joint venture of INAC and the Assembly of First Nations. The Review was completed with the release of the final report in June 2000. The report provided recommendations advocating significant changes to the current policy and to how FNCFS is funded.
- 1.1.8 Independent from the NPR, a government-wide policy renewal process slowed progress on the NPR recommendations from 2000 to September 2003. New interim authorities were issued in September 2003. While the new authorities contain some of the NPR recommendations, such as increased flexibility in Maintenance funding, other recommendations require more development before being considered.

1.2 Legal Position

- 1.2.1 Section 92 of the *Constitution Act* states that provincial governments are responsible for welfare services, which include protection and care of children including children resident on reserve.
- 1.2.2 Section 91 of the *Constitution Act* empowers Canada to enact legislation in respect to Indians and Indian lands. To date, Canada has chosen not to exercise this discretionary power in respect to legislation governing the protection and care of Indian children.
- 1.2.3 Section 88 of *The Indian Act* states that laws of general application apply on reserve unless and to the extent that such laws conflict with the *Indian Act* and its treaties. Accordingly, consistent with Section 88, First Nation peoples on reserve fall under the child and family services legislation of the reference province or territory. These are laws of general application. To date, no conflict of laws have been identified.

The above represents INAC's position in law for the delivery of programs and services.

1.3 Program Objective and Principles

- 1.3.1 Primary responsibility for the care and nurturing of First Nations children rests with the family and community where the child lives.
- 1.3.2 The primary objective of the FNCFS program is to support culturally appropriate child and family services for Indian children and families resident on reserve or Ordinarily Resident On Reserve, in the best interest of the child, in accordance with the legislation and standards of the reference province.
- 1.3.3 In recognition of the Inherent Right Policy of 2000 and, as recommended in the final report of the National Policy Review on FNCFS of 2000, the FNCFS policy will be compatible with First Nations aspirations for self-government. The FNCFS policy, as outlined in this manual, reflects the current Treasury Board authorities for the FNCFS program. This policy is an interim step in the process of moving toward self-government.
- 1.3.4 FNCFS will be managed and operated by provincially mandated First Nations organizations (Recipients), which provide services to First Nations children and families Ordinarily Resident On Reserve. FNCFS

Recipients will manage the program in accordance with provincial or territorial legislation and standards. INAC will provide funding in accordance with its authorities.

- 1.3.5 The child and family services offered by FNCFS on reserve are to be culturally relevant and comparable, but not necessarily identical, to those offered by the reference province or territory to residents living off reserve in similar circumstances.
- 1.3.6 Protecting children from neglect and abuse is the main objective of child and family services. FNCFS also provide services that increase the ability and capacity of First Nations families to remain together and to support the needs of First Nations children in their parental homes and communities.
- 1.3.7 First Nation agencies and other Recipients will ensure that all persons Ordinarily Resident On Reserve and within their Catchment Area receive a full range of child and family services reasonably comparable to those provided off reserve by the reference province or territory. Funding will be provided in accordance with INAC authorities.

1.4 Current Authorities

Process

- 1.4.1 General policy authorities are obtained from Cabinet through a Memorandum to Cabinet (MC). The Memorandum requests general permission to begin or continue certain practices. It also outlines the broad terms and conditions under which the program will operate. If Cabinet approves the MC, a record of decision will be issued outlining what has been authorized. This then becomes the **policy authority**.
- 1.4.2 Once agreement has been secured from Cabinet on the general framework of the program, a proposal is submitted to Treasury Board, if required. This submission will be more specific. It will outline how the policy will be implemented in terms of enhanced new programming and the terms and conditions under which the money is to be spent. It will seek new money from Treasury Board to begin or continue programming as approved by Cabinet. If Treasury Board approves, new money will be provided to support the program. If Treasury Board does not approve, authority will remain for that aspect of the program

previously approved by Cabinet, but it may not be implemented. The letter of decision from Treasury Board, then, becomes the **program authority**.

Authorities

- 1.4.3 The authorities issued by Treasury Board in September 2003, subject to renewal by March 31, 2006, were to be managed within current levels of funding.
- 1.4.4 INAC is also authorized to reimburse a portion of the Government of Ontario's costs under Ontario's *Child and Family Services Act*, in accordance with the 1965 *Indian Welfare Agreement*. This authority takes precedence over INAC's FNCFS policy as outlined in the Directive and in this manual.
- 1.4.5 The current authorities obtained from Cabinet and from Treasury Board are reflected in the redrafted and revised Program Directive (see Appendix A). It must be pointed out, however, that it is not the Program Directive that forms the authority. The authorities are contained in the Terms and Conditions (see Appendix B). The Program Directive interprets the authorities and places them into a useable context. The Directive is to be used as a guide along with the current program manual. The Directive is INAC's policy position.

1.5 Roles and Responsibilities

- 1.5.1 The management of the FNCFS program depends on a clear understanding of roles and responsibilities. Without transparency among the parties (Headquarters, Regions, First Nation Recipients and a province or territory), it would be difficult to maintain the program and to ensure the safety and well-being of children. For this reason, a functional tripartite process is essential to resolve differences and to understand the positions of the other parties.
- 1.5.2 The role of Headquarters is:
 - to provide, through the regions, funding for Recipients on behalf of children and families as authorized by the approved policy and program authorities;
 - to lead in the development of FNCFS policy;

- to move forward proposals for change coming from regional representatives and First Nations practitioners;
- to provide oversight on program issues related to the FNCFS policy and to assist regions and First Nations in finding solutions to problems arising in the regions;
- to provide leadership in collecting data and ensure that reporting takes place in an orderly fashion;
- to interpret FNCFS policy and to assist regions in providing policy clarification to Recipients, a province or territory; and
- to provide amendments to the National Program Manual as required and to ensure that regional manuals are consistent with approved policy and program authorities.

1.5.3 The role of INAC Regions is:

- to interact with Recipients, Chiefs and Councils, Headquarters, the reference province or territory (or their legal delegates where they exist);
- to manage the program and funding on behalf of Canada and to ensure that authorities are followed;
- to provide oversight activities, which includes the reconciliation of Maintenance invoices in a timely manner and periodic on-site compliance reviews;
- to assure Headquarters that the program is operating according to authorities and Canada's financial management requirements;
- to be responsible for maintaining an interaction with the reference province or territory and Recipients through tripartite processes;
- to establish, in cooperation with Recipients, a process for dealing with disputes over issues relating to the operation of FNCFS; and
- to keep Headquarters informed about any issues that could potentially affect national policy and advise it regarding changes to provincial or territorial legislation and programs.

1.5.4 The role of Recipients is:

- to deliver the FNCFS program in accordance with provincial legislation and standards while adhering to the terms and conditions of their funding agreements;
- to report in a timely fashion on Maintenance expenses and to adhere to the terms and conditions of tripartite or dual bilateral agreements;
- to maintain records on their operations as required in their agreements and to involve Regions and the reference province or territory on issues as they arise;
- to involve the communities within their respective Catchment Areas so that services are provided as transparently as possible within provincial or territorial legislation and standards;
- to establish, in cooperation with the Region, a process for dealing with disputes over issues relating to the operation of FNCFS; and
- to participate and take a lead in tripartite discussions with INAC and the province or territory.

1.5.5 Child and Family Services falls within provincial jurisdiction. It is the role of the province or territory:

- to mandate Recipients in accordance with provincial or territorial legislation and standards;
- to regulate Recipients in their activities as they relate to the legislation and standards;
- to provide ongoing oversight to Recipients and to take action if the requirements are not being met;
- to participate in tripartite activities; that is, negotiations, tables, dispute resolution and consultations as well as regional tables; and
- to apply the legislation and standards for child and family services equally to all residents of the province or territory, on and off reserve.

2 Program Components

2.1 Development

- 2.1.1 Before beginning the start-up phase for a new agency (Recipient) or the separation of one or more First Nations from an existing agency (Recipient), there must be agreement by the affected First Nation(s), the affected Recipient, if relevant, the reference province or territory, region and Headquarters to proceed or take action. Band Council Resolutions (BCRs) will be required from the affected First Nations indicating that they intend to pursue creating a new Recipient or realigning First Nations with other Recipients. As well, the reference province or territory must indicate that they are willing to support the process of mandating or continuing to mandate the new First Nation entity. Once this has been accomplished, the parties may then proceed to the first step.

(Recipients with fewer than 801 children in their Catchment Area may be approved at the discretion of the Regional Director General and Headquarters if there are geographic or cultural reasons why they cannot belong to a larger agency. They must, however, be made aware that their funding will be adjusted according to child population (see Section 3.2.a) and that this may place them in a tenuous position. The reference province or territory must also be made aware of the implications of these lower numbers and must agree that they are willing to mandate and create the Recipient despite these considerations.)

- 2.1.2 Funding for this process will be available only once to each entity. If a First Nation, which is currently a member of an existing Recipient agency, decides to separate and create a new Recipient agency or if a First Nation wishes to leave one Recipient agency and join another, they would not be eligible for startup funding. On the other hand, if a First Nation, which has never belonged to a FNCFS Recipient, wishes to join an existing entity, they would be eligible for the Developmental funding (see the paragraph above).
- 2.1.3 Once the above steps have been taken and the status of the First Nation group has been agreed upon, the new entity would be eligible to receive funding in the form of a Flexible Transfer Payment for the **pre-planning phase**. This phase could include community consultation and studies to determine whether or not it is feasible for the First

Nations to create a FNCFS Recipient. It could also cover the cost of meeting with the province or territory and the region to discuss the process and steps involved in creating a FNCFS Recipient.

- 2.1.4 At this point, there should be a clear understanding on the part of the First Nation about the commitments it will be undertaking and the responsibilities it will be expected to fulfill.
- 2.1.5 When the pre-planning phase has been completed, the Recipient is eligible to receive funding in the form of a Flexible Transfer Payment to begin the **planning phase**. At this point, the region will require a written commitment on the part of the reference province or territory that they are prepared to mandate the new Recipient when discussions about the agreements are finished. Funding for this phase may be used to develop an agreement in conjunction with the province or territory and INAC. These agreements may be dual bilateral or tripartite (see Chapter 4), but must be in place before proceeding to the start-up phase (see Appendix A, Program Directive, for further details).
- 2.1.6 The **start-up phase** will be funded in the form of a Flexible Transfer Payment and may proceed once the pre-planning and planning phases have been completed. As outlined in APPENDIX A, the start up will include hiring staff, establishing offices, purchasing equipment and furniture and training staff and board members in their roles and responsibilities as a FNCFS Recipient.
- 2.1.7 The FNCFS Recipient will begin operating on the date specified by the reference province or territory in their mandating of authority documentation. The mandating documentation may be a provincial Order In Council or a letter confirming the provincial mandate to an agency or specified FNCFS worker(s) who are members in good standing of the FNCFS Recipient. **Without a mandate from the reference province or territory, INAC does not have authority to provide funding to a FNCFS Recipient.**
- 2.1.8 In the Ontario region, the development of new agencies is handled by the Province in consultation with the First Nation(s). The region requires the province to consult in advance with the region. The region would reimburse the Province on the basis of pre-determined costs.

2.2 Operations

2.2.1 The Operations allocation (see Chapter 3) is provided annually to Recipients in the form of a formula-driven Flexible Transfer Payment to deliver services. It covers all aspects of the agency's operations that are not covered under Maintenance or Development.

2.2.2 Components included in and covered under Operations are, but not limited to, the following (see Appendix B):

- salaries and benefits for all staff including protection and prevention staff, which includes salaries for homemakers and all other auxiliary staff;
- all Board of Directors expenses including board meetings, travel, expenses and training;
- all travel and expenses for staff, which includes staff persons accompanying a child to a home visit or an appointment;
- professional development services including staff training, workshops, conferences etc.;
- fee for service including foster home assessment, adoption home assessment, etc.;
- all legal services (including the care and protection of children), which includes legal services related to agency business as well as court costs related to apprehension and custody hearings;
- para-professional, family support and prevention services, which includes in-home services intended to maintain the family and keep children at home;
- recipient administration, including rent and utilities; however, there is no provision for capital expenses in the authorities;
- office expenses including computer hardware and software;
- annual audits and, from time to time, evaluations (except in years 3 and 6 when authorities allow INAC to provide a fixed allocation for evaluations);

- non-medical counseling services not covered by other funding sources, including casework, assessment and monitoring active cases; and
- adoption services where this is one of the services given in the mandate to the Recipient by the reference province or territory.

2.2.3 Although the authorities are clear on what is to be included in the Operations formula, First Nations have expressed a concern that because the formula was developed in the late 1980s, legislation, standards and practices have changed significantly. Although the following items are included under Operations, First Nations have stated that Recipients are under increasing pressure due to changes over time with respect to:

- *Information Technology*: In the late 1980s, use of computers was limited. Today, however, they are vital to operating social programs and services.
- *Prevention (Least Disruptive Measures)*: Recent trends in provincial and territorial legislation have placed a greater emphasis on prevention. Although prevention resources were included in the current formula, the level of funding may not provide enough resources to meet current trends.
- *Liability Insurance*: As with prevention, the Operations formula includes funding for insurance. However, since September 11, 2001 (9/11) insurance costs have increased dramatically.
- *Legal Costs*: Although legal costs are included in the Operations formula, they have become a larger issue than planned for when the formula was developed. A higher incidence of contested cases plus changes in provincial practice requiring cases to be presented by legal representatives rather than social workers has resulted in higher costs. Further, litigation on behalf of injured children can be very expensive, even when adequate liability insurance is carried.

It is anticipated that the review of the Operational formula will address these issues. At the present time, however, the current authorities must be applied.

2.3 Maintenance

- 2.3.1 Maintenance costs are those that are directly related to maintaining a child in Alternate Care out of the parental home. Costs are reimbursed to Recipients on the basis of actual expenses made in accordance with provincially established rates and as verified by monthly reconciliations conducted by regional offices or according to a FFOM agreement.
- 2.3.2 Children may come into Alternate Care through an apprehension, which must be sanctioned by the relevant provincial court; a voluntary placement agreement, which is a legal agreement between the Recipient and the custodial parent/guardian; or if sanctioned under provincial or territorial legislation, a private care arrangement between the custodial parent/guardian and a third party. If sanctioned and regulated by the province, these placements may be supported financially by INAC within provincial and territorial rates. In all cases, however, the placements must be licensed and/or regulated within the relevant legislation and standards. Please refer to the regional manual for province or territory-specific details.
- 2.3.3 In order to be eligible for reimbursement in accordance with provincial rates, foster homes, group homes and institutions, whether on or off reserve, must be licensed or regulated and monitored in accordance with provincial legislation and standards. **Letters of equivalency or letters of recommendation alone will not be accepted.**
- 2.3.4 Costs that may be billed to INAC under the Maintenance category, on behalf of Eligible Children in Alternate Care out of the parental home, are as follows:
- The provincially or territorially approved per diem rate in foster, group or institutional care for children placed out of the parental home under the FNCFS program. Standard provincial or territorial per diems normally cover food, clothing and shelter. Regional staff need to be aware of the provincial chart of accounts for all categories and know what is covered within the per diem rates.
 - An activities allocation is usually included within the per diem, but, where this is not the case, recreational and other activity-related needs for children in care may be reimbursed according to provincial or territorial legislation, policy, practices and rates. Please refer to the regional manual for further details.

- In situations where other items are within INAC authorities and provincial and territorial legislation, but not included under the Chart of Accounts, they may be billed separately, provided they are properly documented.
- Non-medical specialized services to children with behavioural problems and specialized needs may also be covered provided the child has been diagnosed by a qualified professional as having a behavioural problem that is not caused by a medical condition (physical or mental). Examples of services are youth workers, parent aides and additional respite services.
- Psychological services for assessment and evaluation beyond that which is covered through the Health Canada Non-Insured Health Benefits (NIHB) program may also be provided in non-medical circumstances. Provincial standards will apply. This, however, does not include psychiatric services because they are insured services covered by the provinces and territories.
- Provincially or territorially approved purchases on behalf of children in Alternate Care not covered by other funding sources or other federal authorities. The authority for these charges would be provincial standards, although regional approval would be required in advance. An example of these would be school pictures, graduation costs, field trips from school not covered under the education program and counseling services beyond what is covered under the NIHB program.
- Provincial and territorial per diem rates for children in Alternate Care may be established to include professional services not covered through other sources of funding in accordance with provincial legislation and standards.
- Respite care to foster parents where not covered as part of the provincial or territorial per diem rate or not under the mandate of another federal authority. This is for social respite only. Medically oriented respite for children with complex medical problems are not eligible for reimbursement.
- Required non-medical travel for a child to parental visits, court appearances and other purposes not covered by other funding sources and as outlined in the legislation or policy of the reference province or territory. This does not include escorts who are agency staff persons because this is considered staff travel and is covered under Operations. If a foster parent is asked to be an escort in

these situations, these costs may be billed to INAC. Where the province or territory covers the cost of parental travel to visit a child in care, and where it is deemed to be in the best interest of the child to do so, payment is to be based on the actual cost of transportation or gas and should be the most economical or reasonable given the circumstances. Please refer to the regional manual for further details.

- For a child who is a permanent ward and reaches the age of majority as defined by the reference province or territory, a Recipient may continue to provide support beyond the age of majority provided the child is in the midst of an academic or other training program or is engaged in an age of majority plan. Such support may continue in accordance with the legislation and standards of the reference province or territory.
- When a Recipient is planning to return a child in Alternate Care to his or her custodial parents/guardians, the region may reimburse parent aide costs before the date the child is scheduled to return home in accordance with the legislation and standards of the reference province.
- Recipients who are managing the adoption program for permanent wards may continue foster care payments to the adoptive parents up to the date that the adoption becomes final. Payments must cease on that date. If the adoptive parents are on income assistance, the child will be included in their claim for assistance through the Income Assistance program. However, where an adopted child has a special need, support services may be continued in accordance with the legislation and standards of the reference province.
- Parents or guardians who are employed or who have income from sources other than Income Assistance will be expected to contribute to the support of children who have been taken into the care of a Recipient either as an apprehension or voluntary placement. Parental contributions will be in accordance with provincial legislation or regulations.
- Where it is established jointly by the Recipient and INAC that subsidized day care is not available from another federal, provincial or territorial funding source, the subsidy may be reimbursed in accordance with provincial or territorial legislation or standards.

- Expenses approved for special needs and items not included in the provincial Chart of Accounts may be made in accordance with the standards of the reference province or territory. They are to be approved on a case-by-case basis following the policy of the reference province or territory.

2.3.5 The following are not eligible for reimbursement:

- Insured health services, which are under the auspices of the provinces or territories.
- Where the mandate falls within the jurisdiction of another federal department or the provinces or territories, INAC will not be financially responsible. This would include costs related to medical requirements (Health Canada - see Section 2.5) and Young Offenders (Justice Canada and the provinces and territories).
- Costs related to children in the care of a Recipient, but who are incarcerated as a Young Offender.
- Where funding is being provided by another INAC program such as Education.
- Medical devices, or medically required renovations to houses, automobiles or other vehicles.

2.4 Children's Special Allowance

Children's Special Allowance is paid to a Recipient on behalf of a child where the child is in Alternate Care out of the parental home. Practices are different across Canada and in the different regions on how this is handled. Human Resources and Skills Development Canada (HRSDC) and Canada Revenue Agency (CRA) are currently reviewing this situation. A ruling will be communicated to INAC and Recipients in the near future. Adjustments may have to be made in the manner these payments are administered.

2.5 Non-insured Health Benefits (NIHB)

The Health Canada Non-insured Health Benefits (NIHB) program covers all Indians registered under the *Indian Act*, on and off reserve, for specified benefits not covered under provincially or territorially

insured health services. These benefits include dental, glasses, medical transportation, medical supplies and equipment, drugs and crisis intervention counselling. For further details on the NIHB program and coverage, please refer to Health Canada's Web page at <http://www.hc-sc.gc.ca/fnihb-dgs/pni/fnihb/nihb>. The NIHB program generally requires that all referrals be made by a medical practitioner, although there may be exceptions in some regions. Health Canada will generally not accept billings directly from Recipients. The correct procedure is for Recipients to refer the child to a medical practitioner who will then deal directly with the NIHB program. Under no circumstances will billings or referrals be accepted from Recipients directly. In situations where there are special circumstances and a proposal is required, these will have to be requested by a medical practitioner as well, not by the Recipient or a caseworker employed by the Recipient. In many cases, plans are rejected not because they are ineligible, but because the proper procedures were not followed.

2.6 Flexible Funding Option for Maintenance

- 2.6.1 Recipients may apply to enter a Flexible Funding Option provided they can meet the entry requirements as outlined in Annex E of Appendix A. Only those Recipients with a good management history will be eligible. Terms and conditions for entry and ongoing management are outlined in Annex E of Appendix A.
- 2.6.2 Flexible Funding Option for Maintenance (FFOM) provides increased flexibility in allocating Maintenance funding. While a standard Maintenance agreement is allocated in the form of Contribution funding (reimbursement of actual costs) for those children in Alternate Care out of the parental home, the FFOM is paid as a Flexible Transfer Payment. This allows the agency to reallocate savings in the Maintenance category into preventative services, thereby reducing the need to bring children into care.
- 2.6.3 Annex E of Appendix A outlines in detail the management regime to be followed in the initiation and ongoing management of FFOMs. It also outlines the procedures for annual adjustments and for renewal of the arrangements at the end of five years.
- 2.6.4 Agencies under the pilot programs on flexible funding must come under the new policy by April 1, 2005. To enter into an FFOM, the pilot agencies must follow the renewal process as outlined in Annex E of Appendix A.

3 Costing of Components

Note: In case of any discrepancy between this Chapter and the Program Directive 20-1, Chapter 5, Program Directive 20-1, Chapter 5 is to be used.

3.1 Development

3.1.1 PHASE 1: *Pre-planning*

- Funded at the rate of \$11,101.06 per Recipient.
- An additional \$1,665.16 per member band.

The funds are to be used for the purposes outlined in Section 2.1.3.

3.1.2 PHASE 2: *Planning*

- Funded at the rate of \$88,808.48 per Recipient.

Funds are to be used in the manner described in Section 2.1.5.

3.1.3 PHASE 3: *Start-up*

A fixed amount per Recipient will be provided according to the following on reserve 0 - 18 child population reported annually by INAC's Lands Revenues and Trusts:

- Child Pop of 801 + = \$185,387.70 per Recipient;
- Child Pop of 501 - 800 = \$92,693.85 per Recipient;
- Child Pop of 251 - 500 = \$46,346.92 per Recipient; and
- Child Pop of 0 - 250 = \$0.

Plus each Recipient will receive 25% of the first year of Operational funding so that they may begin gradually implementing the program.

Funds are to be used in the manner described in Section 2.1.6. Calculation of the start-up amount will be based on the methodology outlined in Section 3.2.

3.2 Operations

The Operational formula is based on the on reserve population of children from 0 - 18 as reported annually by INAC's Lands Revenues and Trusts. These figures come from the statistics reported annually by bands from across Canada. The calculation of the Operational formula is done annually by Headquarters Finance Branch based on the December 31 population data of the year immediately preceding the year being funded. (e.g. December 31, 2003 data would be used for fiscal 2004-2005 calculations.)

3.2.1 Calculation of Formula

An administrative allocation will be provided according to the following child populations:

- Child Pop of 801 + = \$143,158.84 per Recipient;
- Child Pop of 501 - 800 = \$71,579.43 per Recipient;
- Child Pop of 251 - 500 = \$35,789.10 per Recipient; and
- Child Pop of 0 - 250 = \$0.

3.2.2 In addition, Recipients will also receive:

- a fixed allocation of \$10,713.59 for each member band in its Catchment Area; and
- an allocation of \$726.91 for each child 0 - 18, as reflected in the Membership report each year.

3.2.3 An adjustment factor for remoteness is determined based on the same calculation for remoteness that is used for band support funding. The remoteness factor for each member band is averaged and a remoteness factor is arrived at for the Recipient. This is then used to adjust the funding as follows:

- the adjustment factor for remoteness is multiplied by \$9,235.23 for each Recipient;
- the remoteness factor is multiplied by \$8,865.90 times the number of bands within the Catchment Area; and

- the child population is multiplied by \$73.65 times the remoteness factor.

3.2.4 The annual Operational formula, then, is the total made up of the administrative allocation, plus the allocation per member band, plus the allocation per child, plus the adjustments for remoteness outlined in 3.2.3. The Operational allocation covers those expenses outlined in Section 2.2.2.

3.3 Maintenance

3.3.1 There is no formula for paying Maintenance. Maintenance is paid in the form of a Contribution, which for FNCFS means a reimbursement of allowable expenses on a dollar-for-dollar basis. The items, which are permissible expenses under Maintenance, are as outlined in Section 2.3.4. Rates to be paid are those currently authorized by the reference province or territory in their legislation and standards and as reflected in their Chart of Accounts up to the maximum allowed in the Terms and Conditions (Appendix B) which in 2003 was \$845.00 per child per day.

3.3.2 Maintenance expenses are to be reported to the regional offices on a monthly basis. Regions, in turn, are expected to conduct a reconciliation of these invoices to ensure that expenses comply with provincial rates and are permissible under current authorities. The reconciliation process will be discussed in greater detail in Chapter 6.

3.3.3 Maintenance is adjustable depending on provincial or territorial rates. If provincial or territorial rates for foster homes, group home and institutions increase, the rates paid by INAC will also be adjusted effective on the date set by the province or territory. Alternately, if provincial or territorial rates decrease, rates will decrease effective on the date set by the by the province or territory.

3.3.4 Expenses over and above the base rate set by the province or territory may be paid provided:

- they fall within the categories outlined in Section 2.3.4.;
- they are permissible under the provincial legislation and standards;
- are within the financial range acceptable to the reference province or territory; and

- are within INAC authorities as set out in Appendix B, SUMMARY OF PREVENTION AND PROTECTION SERVICES — CONTRIBUTION AUTHORITY, otherwise referred to as the Treasury Board approved Terms and Conditions.

3.4 Flexible Funding Option for Maintenance

- 3.4.1 Appendix A to this document presents the FNCFS Program Directive. Annex E of Appendix A outlines the methodology used to assess the readiness of Recipients to opt for the Flexible Funding Option for Maintenance (FFOM).
- 3.4.2 The methodology for determining the initial allocations for Recipients entering an FFOM is contained in Annex E of Appendix A, Section 6. It specifies that a compliance review must be done by the Recipient and the region. From this, a projection of year-end requirements will be determined. The allocation for year one will be arrived at by taking the projected year-end requirement and adjusting by the historical growth or reductions over the past three fiscal years. For greater clarity, the base year upon which the compliance review was conducted, is the final year of the three years upon which the calculation will be made. For further detail, refer to the document.
- 3.4.3 FFOMs will be reviewed annually by the Recipient and the region to determine that the objectives outlined in the initial proposal are being met. When a Recipient has been in an FFOM for five years, a renewal will be required. The renewal process is outlined in Annex E of Appendix A, Section 9. Recipients who have been in Flexible Funding pilot programs will comply with the Policy Directive as contained in Annex E of Appendix A. Recipients who do not comply with the Directive will return to Contribution funding.

4 Agreements

4.1 Requirement for Agreements

- 4.1 Current authorities require that, before entering into a funding arrangement with a Recipient, an agreement is in place between the province or territory and the Recipient that meets the requirements of INAC's national FNCFS policy. INAC policy requires that a tripartite agreement or a dual bilateral agreement must be in place. Although the preferred option is tripartite, for reasons of transparency and clarity regarding roles and responsibilities, dual bilateral agreements are also an option.

4.2 Tripartite Agreements

- 4.3.1 Tripartite agreements are to be developed between INAC, the Recipient and the reference province or territory. These agreements will not specify levels of funding, but will outline roles and responsibilities of the parties; items for which INAC is responsible both financially and programmatically; matters for which the reference province or territory is responsible both financially and programmatically; and areas for which the agency accepts responsibility.
- 4.2.2 Tripartite agreements will also specify the conditions under which funding will be provided by INAC and the province or territory and, wherever possible, the limits on the items that may be funded. Agreements may only be entered into when the reference province or territory has provided evidence that delegation has taken place in accordance with the legislation or standards of the reference province or territory. Agreements must not commit to programs and services that are beyond INAC's authorities to fund or in the manner in which INAC is authorized to fund them. They will demonstrate that professional liability insurance is in place in the amount required by the reference province or territory in its legislation or standards or by the Region in its procedures.
- 4.2.3 Circumstances may vary from province and territory to province and territory due to variation in provincial or territorial legislation and standards. However, the fundamental INAC authorities, as reflected in the revised Program Directive and the Treasury Board approved Terms and Conditions, must be followed.

4.3 Dual Bilateral Agreements

- 4.3.1 **Dual bilateral** agreements require that an agreement be in place between the reference province or territory and the Recipient. These agreements will specify the roles and responsibilities for the two parties, the areas for which the province or territory is financially and programmatically responsible and for which the Recipient is responsible. The terms and conditions of the mandate from the province or territory to the Recipient will also be clearly stated. A copy of the bilateral agreement and the mandating documents will be provided to the regional office.
- 4.3.2 Where dual bilateral is the agreement of choice, it is desirable, but not essential, that a bilateral agreement exist between INAC and the reference province or territory. This agreement should clearly spell out the roles and responsibilities of the reference province or territory and of INAC in the operations of the Recipient. It should also outline the areas within which each is financially responsible. Without a bilateral agreement between the reference province or territory and INAC, it is difficult to maintain transparency and a clear understanding of the roles and responsibilities of the parties.

4.4 Comprehensive Funding Arrangements (CFA)

- 4.4.1 The Treasury Board Policy on Transfer Payments (see Section 5.7 of this manual) requires that a funding agreement be in place before funding may be moved to a Recipient. In FNCFS, money may be moved from INAC to a Recipient using the Comprehensive Funding Arrangement (CFA). The CFA is a program-budgeted funding agreement that INAC enters into with Recipients for a one-year period. It contains components funded by means of a Contribution, which is a reimbursement of eligible expenses and Flexible Transfer Payments, which are formula funded. Surpluses from the Flexible Transfer Payment may be retained by the Recipient provided the terms and conditions of the CFA have been fulfilled. The FNCFS program expects that all surplus money will be used for FNCFS. It is also expected that Recipients will absorb any deficits. It is under the CFA that the terms and conditions of funding and the required deliverables are to be clearly spelled out.

- 4.4.2 Where a bilateral agreement exists between the reference province or territory and the Recipient, INAC may enter a CFA with an Recipient as the second part of the dual bilateral arrangement. Because there is no other bilateral agreement in place, roles and responsibilities as well as the funding detail *must* be clearly spelled out. Further, the issue of liability must also be dealt with in a similar manner to that outlined in the section on tripartite agreements.
- 4.4.3 Where the CFA is being used as a bilateral agreement between INAC and the Recipient, INAC must possess a current copy of the bilateral agreement between the province or territory and the Recipient as a condition of funding.
- 4.4.4 Where tripartite agreements are in place between INAC, the Recipient and the reference province or territory, a CFA will still be needed because this is the only way money may be moved to a Recipient.
- 4.4.5 The CFA for FNCFS is divided into two sections. Although all funding for FNCFS is considered Contributions, the Operational portion of funding is paid in the form of a Flexible Transfer Payment (FTP). This allows agencies maximum flexibility within the Operational allocation and allows the Recipient to retain surpluses from the Operational allocation provided terms and conditions have been fulfilled.
- 4.4.6 The Maintenance portion of funding is in the form of a Contribution. This reimburses the Recipient for eligible costs related to children in Alternate Care out of the parental home for expenses outlined in Section 2.3.4. Recently acquired authority, however, permits INAC to enter agreements with selected Recipients whereby the Maintenance allocation may be allocated in the form of an FTP. The methodology for this authority is outlined in Annex E of Appendix A.
- 4.4.7 A CFA is a legal document. Therefore, payment against a CFA may not be made until both parties have signed the CFA. Retroactive payments may be made at the discretion of the region when delays in signing are as a result of departmental delays.

4.5 Third-party Delivery

- 4.5.1 In the majority of cases, the CFA is directly between INAC and the Recipient, which is mandated to provide service. In cases where the Recipient is a chief and council or other organization (Alternate Recipient) and where this Alternate Recipient transfers program

funding to a third party (a mandated service delivery agent), the Alternate Recipient still retains primary responsibility for spending federal funds and performing the obligations under the CFA.

- 4.5.2 An agreement in writing between the Alternate Recipient and the mandated agency will have to be established. This agreement will set out the responsibilities of the parties and indicate the reporting requirements (see Sub-sections 2.1.1 to 2.1.4 in part C of the CFA to ensure consistency). The Alternate Recipient must ensure that the terms and conditions of the agreement and the INAC policy are met, that the third-party agency complies with provincial legislation and standards and that program and financial reporting is provided in a timely fashion as outlined in the CFA. In cases where Alternate Recipients transfer program responsibilities to a mandated agency, the Alternate Recipient must ensure that 100% of INAC funds provided on behalf of the mandated agency will be transferred to the agency.

4.6 Provincial and Territorial Agreements

- 4.6.1 In the majority of regions, First Nations coverage is not yet 100%. Where a FNCFS Recipient does not exist, provinces and territories are responsible for providing service to the entire on-reserve population. INAC has agreed to reimburse those items that have been agreed to in a federal-provincial-territorial agreement.
- 4.6.2 Regardless of any service agreements that may exist between INAC and the reference province or territory, funding arrangements are required to transfer funding to a Recipient. INAC is required to enter into funding arrangements on an annual basis in Ontario, where services are governed by the 1965 *Indian Welfare Agreement* between the Government of Canada and the Province of Ontario and Alberta, where services are governed by the 1991 *Arrangement for the Funding and Administration of Social Services* between the Government of Canada and the Province of Alberta.
- 4.6.3 The INAC-provincial-territorial funding arrangements will follow provincial or territorial legislation and standards, but also must be within federal authorities provided under the *Financial Administration Act*, the Treasury Board Transfer Payment Policy and the authorities provided to INAC by Cabinet and Treasury Board.

5 Mandatory Financial Requirements

5.1 Introduction

- 5.1 In addition to the authorities received from Cabinet and Treasury Board, the operation of the FNCFS program is governed by the terms of the *Financial Administration Act* (FAA) and the Transfer Payment Policy (TPP) of Treasury Board. For the purpose of this manual, however, we will deal only with a summary of those aspects of the FAA and the TPP that have a direct impact on managing the FNCFS program. We will also review the requirements under Chapter 5, Section 16 of INAC's Financial Management Manual from Corporate Services to ensure that all financial requirements have been considered. An understanding of these impacts will help users appreciate the need for reporting and compliance mechanisms, which can satisfy these requirements.

5.2 General Overview of Funding Arrangements (Not Specific to FNCFS)

- 5.2.1 INAC has developed two types of generic funding arrangements to use with First Nations that have not entered into their own self-government agreements: Comprehensive Funding Arrangements (CFA) and Canada/First Nation Funding Agreements (CFNFA). *Any change to the text of the agreements must be approved by Transfer Payments Directorate, Finance Branch, Headquarters.*
- 5.2.2 All INAC programs are covered together under a single funding arrangement with a First Nation. Individual First Nations will have either one or the other type of arrangement in place.
- 5.2.3 **Comprehensive Funding Arrangement (CFA)** - This is a program-budgeted funding arrangement that INAC enters into with First Nations for one year. CFAs contain programs funded by:
- **Contribution** is a conditional transfer payment to an individual or organization for a specified purpose pursuant to a Contribution Agreement that is subject to being accounted for and audited. Contributions would also include Alternate Funding Arrangements and Flexible Transfer Payments, which represent types of

Contributions that were developed for INAC to meet its unique program objectives.

- **Flexible Transfer Payments (FTP)** are based on a formula (surpluses can be kept as long as the terms and conditions have been met).
- **Grants** are a transfer payment made to an individual or organization, which is not subject to being accounted for or audited, but for which eligibility and entitlement may be verified or for which the recipient may need to meet pre-conditions. The FNCFS program does not have a Grant authority.

5.2.4 **Canada/First Nation Funding Agreements (CFNFA)** is a block-funded agreement that INAC enters into with a First Nation or Tribal Council for up to five years. It can include funding from other federal departments. This type of agreement is also called an *Alternative Funding Arrangement* or *Financial Transfer Agreement*. The CFNFA agreement contains a common set of funding terms and conditions in the main body of the agreement. The terms and conditions specific to each federal department are attached as schedules to the CFNFA.

5.2.5 The CFNFA is more flexible than the CFA. It provides First Nations with the ability to redesign programs and apply funds according to community needs, as long as certain specified minimum program requirements are met to ensure that a guaranteed level of service is provided.

5.2.6 The CFNFA encourages creative and innovative ways of providing programming because First Nations can use any money saved on other priorities within the community.

5.2.7 It should be noted that FNCFS funding cannot be included in the multi year block section of a CFNFA, although general principles and agreements relating to FNCFS may be included. FNCFS funding must be renewed on an annual basis.

5.3 Funding Authority

5.3.1 A funding *arrangement* is the contractual agreement signed between INAC and the Recipient. A funding authority is the *rules* established by Treasury Board that INAC must follow when funding a program or service.

Eligible Recipients

- 5.3.2 INAC arranges for the administration of funding for FNCFS services with the chiefs and councils of Indian bands recognized by the Minister of Indian and Northern Affairs Canada. Various funding options are available to chiefs and councils. Bands in the Northwest Territories and Nunavut are not eligible FNCFS program Recipients because there are provisions for these services in the territorial formula financing agreements.
- 5.3.3 **Third-party Agreements** - In some cases, where services are not administered directly by a band's chief or council, INAC may enter into agreements for service delivery or cost-sharing with other government agencies, private businesses or non-governmental organizations.
- 5.3.4 **Self-governing First Nations** - First Nations that have included child and family services in their self-government agreements are not eligible recipients for the purpose of this manual.

Flexible Transfer Payment

- 5.3.5 A Flexible Transfer Payment is based on a fixed amount rather than the reimbursement of eligible expenses. Recipients are expected to manage their agency or program within the fixed amount. As long as Recipients meet the minimum program requirements, Recipients can keep any surpluses. Deficits must be absorbed if there are cost overruns. FNCFS surpluses must be used within the FNCFS program.
- 5.3.6 The Recipient is accountable for providing the products or services specified in the funding arrangement. Program-specific reports are required during the year and at year-end.

5.4 Allocations to Regions

- 5.4.1 Program funds are allocated to the regions based on the national methodology. Each region is responsible for managing this budget and prioritizing how funds are allocated. Headquarters maintains a small reserve to fund provincial rate increases, and planned devolution.

Funding Allocations

- 5.4.2 **Maximum Amounts** - The maximum amounts payable under a CFA are set out in Appendix B, SUMMARY OF PREVENTION AND PROTECTION SERVICES - CONTRIBUTION AUTHORITY, otherwise referred to as the Treasury Board approved Terms and Conditions.
- 5.4.3 **Due Diligence** - INAC must have procedures and resources in place for ensuring due diligence in:
- approving funding amounts
 - verifying eligibility and entitlement
 - managing and administering the program.
- 5.4.4 **Approval** - Authority to sign and amend funding agreements is delegated to directors responsible for these programs.
- 5.4.5 **Basis and Timing of Payments** - Payments will be made according to Appendix B, SUMMARY OF PREVENTION AND PROTECTION SERVICES - CONTRIBUTION AUTHORITY, otherwise referred to as the Treasury Board approved Terms and Conditions.

5.5 Regional Exceptions

- 5.5.1 The following areas have unique funding arrangements. Further information will be available in the regional manuals:
- 5.5.2 **Ontario** - In Ontario, INAC provides funding under the 1965 *Indian Welfare Agreement*. For FNCFS, the Province of Ontario administers the CFS program and determines agency budgets. INAC reimburses the Province based upon the provisions of the 1965 *Indian Welfare Agreement*. Any amendment of the agreement requires INAC to obtain an Order in Council authorizing the Minister of Indian Affairs and Northern Development to sign the amendment on behalf of Canada. INAC may be required to submit a Treasury Board Submission to obtain the Order in Council.

In 2003, the maximum amount of funding for a federal-provincial cost-sharing arrangement to provide services to First Nations in Ontario is \$240 million. Ontario invoices INAC for the provincial share following the agreement's provisions. Ontario must provide a cash flow forecast for the coming fiscal year. Once the estimated budget is approved,

INAC pays a one-month cash advance to cover immediate requirements at the beginning of the fiscal year, with monthly installments thereafter. Each advance includes a 10% holdback, which accumulates and is paid out after the annual provincial audit of the program is completed.

- 5.5.3 **Alberta** - In Alberta, under the 1991 *Arrangement for the Funding and Administration of Social Services*, INAC reimburses the Province for social services that Alberta delivers to First Nations individuals Ordinarily Resident on Reserve. Alberta's Deputy Minister is responsible for signing any amendments to the arrangement.

Alberta must provide a budget of projected expenses before the start of the fiscal year. Payments are made to the Province monthly, based on invoices submitted to INAC and in accordance with the funding provisions in the agreement.

- 5.5.4 **Yukon** - Yukon and INAC have entered into an agreement over funding of Status and non-Status Indians. INAC funds Status Indians and the Yukon funds non-Status Indians. Also, all residents in the Yukon are considered to be Ordinarily Resident on Reserve.

5.6 The *Financial Administration Act* (FAA)

For the purpose of this manual, the focus will be on Sections 32, 33 and 34 of the *Financial Administration Act* (FAA) because these have the most direct impact on the operation of FNCFS and other social programs. They reinforce the necessity of performing adequate compliance in a timely fashion.

- 5.6.1 **Section 32 of the FAA** requires that no contract or arrangement requiring a payment shall be entered into unless it is certified that there is an appropriation from Parliament to which the payment may be charged. Further, that there is a enough unencumbered balance available to cover the expense. A Responsibility Centre Manager (RCM) is designated and has the responsibility to ensure that these conditions are met and that an Approved Authority exists for the activity before a commitment is made to fund a program or service. Once the RCM has signed under Section 32, he or she may be held accountable in the event that enough funds are not available and/or that an authority does not exist.

- 5.6.2 **Section 34 of the FAA** requires that an expense is not authorized until it has been verified that goods and services have been received. An RCM will be required to sign as confirmation that, in fact, the terms of the agreements have been met and that verification has been done on the reported activities. For FNCFS, this requires that Maintenance invoices, which are reimbursable as a Contribution, have been reconciled and that the expenses being billed are in fact for an eligible child, within Approved Authorities and in line with provincial or territorial rates. For Operations, reports must be received semi-annually and be in good order. When the RCM places his or her signature on the document, he or she is certifying that, in fact, proper verification has been done and that goods and services have been received in accordance with the terms of the funding arrangement.
- 5.6.3 **Sections 32 and 34.** RCMs may be the same Director or they may be different depending on the organizational structure of the region.
- 5.6.4 **Section 33** provides for the authorization of payment to the client or client group. The Financial Officer will receive the requisition signed by the RCM(s) under Section 32 and Section 34 verifying that the money is available, the matter is within Approved Authorities and that goods and services have been received. The Financial Officer will then sign the requisition approving the release of funds and send it for payment.
- 5.6.5 The implications that emerge, particularly from Section 34, must be seriously considered. The only way the requirements of Section 34 can be met for FNCFS Maintenance is if regular compliance is done on a month-to-month basis. This is the only way that receipt of goods and services (reimbursement of expenses that are within INAC authorities) can be verified. Reimbursement simply on the basis of having received an invoice is contrary to Section 34 and could put the RCM, who signs under Section 34, at risk of breaching the FAA.

5.7 Treasury Board Policy on Transfer Payments (PTP)

For the purpose of this manual, the focus of this section will be on Section 7.6 of the Policy on Transfer Payments (PTP), "Cash Management Policy: Installments of Grants and Advance Payments of Contributions" and the Policy on Transfer Payments, Appendix B ii, "Advance payments of contributions". These are the most relevant sections because they outline the policy on advance payments for Contributions as practised in FNCFS.

- 5.7.1 CFAs, which include Contributions, are based on Treasury Board-approved terms and conditions for the program and reflect the principle that transfer payment assistance is provided for projects only at the minimum level to help reach the stated program objectives and expected results.
- 5.7.2 For FNCFS, Contributions are to be paid as a reimbursement of eligible costs incurred as in Maintenance or as an FTP for Operations and Developmental funding. However, where it is essential to the achievement of program objectives and specifically provided for in the agreement, advance payments of the government's share of allowable expenses may be made.
- 5.7.3 Under the PTP, departments must base any provision for advance payments of a Contribution on sensible cash management principles; that is the amount of each advance should be limited to the immediate cash requirements based on a monthly cash flow forecast from the Recipient that takes into account any outstanding advances.
- 5.7.4 In order to reduce the risk of over payments, a portion of a Contribution should only be paid following a satisfactory accounting for the Contribution by the Recipient. This would require that the department verify that the expenses were within authorities and the agreements.
- 5.7.5 Appendix B of the PTP places limits on the amount of funds that may be advanced under Contributions. Section 7.6.3 of the PTP requires departments to reduce the risk of overpayments by withholding a portion of the Contribution until the Recipient has done the final accounting of the Contribution.
- 5.7.6 INAC has received an exception from Treasury Board for the holdback provisions of Sections 7.6.3 and 7.6.4 of the PTP for the FNCFS program.
- 5.7.7 These exceptions were granted by Treasury Board on the understanding that Contribution funding would be based on information that had been verified to be within authorities; on behalf of Eligible Children and families; and for eligible expenses. Failure to meet these pre-conditions could place the exception in jeopardy. Should the exception be lost, it would force regions to implement holdbacks on all Contribution funding (including Flexible Transfer Payments). This could result in FNCFS agencies incurring interest charges to cover the expenses represented by the amount of the holdback. This could place some Recipients in a tenuous position because it would restrict their cash flow.

5.8 Corporate Services Financial Management Manual (FMM)

- 5.8.1 FMM Volume 3, Financial Policies and Procedures Manual, Transfer Payments Chapter 5, Section 16, "Funding Agreements - Management Control Framework for the Receipt of Reporting Requirements" outlines how INAC moves money to Recipients. This applies to all INAC programs and services including FNCFS. The requirements under the FMM are outlined in the following sections.
- 5.8.2 For Maintenance, which is funded as a Contribution, a budget is developed at the beginning of a fiscal year based on verified expenses from the previous fiscal year and anticipated expenses for the new fiscal year.
- 5.8.3 Maintenance funding would then be advanced on a monthly basis taking into consideration the level of expenses claimed in the reports received from the Recipients. Once reports have been verified, in accordance with the FMM, adjustments would be made to the subsequent month's advance to bring the total amount advanced in line with the year to date actual eligible expenses.
- 5.8.4 For Maintenance, it is a requirement of the FMM that the Recipient submit monthly invoices within 15 calendar days of month end. The region is then required to conduct an initial review of the invoice within 15 calendar days of receiving the invoice from the Recipient.
- 5.8.5 A final reconciliation is required within 30 calendar days of receiving the invoice. If received on time, this allows a total of 45 calendar days as the period of time within which a final reconciliation of Maintenance invoices will be completed.
- 5.8.6 For Operations, which is funded as a Flexible Transfer Payment, the cash flow does not require monthly verification because it is funded according to a formula (see Section 3.2). The Recipient is required to provide reports twice per year, effective September 30 and March 31 as outlined in Chapter 6, Section 6.2. These reports should clearly indicate that the terms and conditions of the agreement have been met and that the Recipient continues to provide the service for which it is mandated.

5.9 Implications for Social Services Including FNCFS

- 5.9.1 The Treasury Board PTP stipulates that in order to process payments, the department must have procedures in place to meet the requirements of Section 34 of the FAA. More specifically, regions must verify that goods and services have been received and that the terms and conditions of a funding agreement have been met before processing a payment.
- 5.9.2 Programs, including FNCFS, may advance more than one month's funding if it is felt that it is required by a Recipient for purposes related to ongoing programming. This is an exception, however. The failure to provide adequate compliance could place this exception in jeopardy.
- 5.9.3 The FMM requires that final reconciliation of Maintenance invoices must be done within 30 calendar days of receiving the month-end invoices. If received on time, this means a total of 45 calendar days from month end (see Section 5.6.e). Any required adjustments arising from the reconciliation of invoices from month one must be made on the month three payment. Failure to meet these time frames are a breach of the FMM and cannot meet the requirements of the Policy on Transfer Payments.

6 Reporting and Compliance

6.1 Introduction

As indicated in previous chapters, reporting and compliance is a major component of effective program management. Without measures taken to demonstrate that the terms and conditions of agreements have been met and that INAC is paying for services that are within its authorities, it would be difficult to present a case for ongoing funding. The requirements outlined in this manual, are the minimum requirements. Regions may have other conditions that are regionally specific and essential to the successful operation of the program.

- 6.1.1 FNCFS Recipients must submit annual financial statements as set out in Chapter 5.17 of the FMM. These statements must be submitted within 120 calendar days of the end of the fiscal year. These financial statements must be conducted by an independent auditor.

6.2 Operations

As indicated in Chapters 2 and 3, the Operations portion of INAC's FNCFS funding is provided in the form of a Flexible Transfer Payment, which allows the Recipient to retain surpluses provided that the terms and conditions of their agreements have been met. It is also expected that Recipients will absorb any deficits.

- 6.2.1 **Protection Services:** The Recipient shall provide a report on September 30 and March 31, which shall be submitted to a regional office by the 15th day of the following month of each fiscal year. **The report, which will follow the Program Directive, shall contain the information as outlined in the First Nations Reporting Guide.**
- 6.2.2 It has been suggested that the information requested in the Reporting Guide is outdated and needs to be revised. One of the tasks that may be undertaken by the National Advisory Committee on First Nations Child and Family Services is to recommend revisions to the Directive that would make the information gathered more relevant to FNCFS. Some information that may be considered is:

- a list of services provided;
- the number of families for whom protection services have been provided without having to bring the children into Alternate Care;
- the number of families in which child protection intervention resulted in the placement of children in Alternate Care;
- the number of families in which parent aide services were used for child protection purposes;
- the average length of stay for children in Alternate Care by age;
- reasons for children coming into care (neglect or abuse);
- the current number of trained or approved foster homes;
- the number of children placed in off-reserve resource; and
- the number of approved adoption homes (if relevant in the reference province or territory).

6.2.3 **Prevention Services:** As with Protection Services, the Recipient shall provide a report on September 30 and March 31, which shall be submitted to the respective regional office by the 15th day of the following month in each fiscal year. **Reporting, as is done in Protection Services, shall follow the First Nations Reporting Guide.**

6.2.4 As with Protection Services, the Reporting Guide needs to be reviewed and may be discussed with the National Advisory Committee. Some of the points for inclusion, which may be considered, are:

- a list of services provided;
- legislated or discretionary services;
- the amount being spent on prevention compared to protection;
- number of families receiving service for each of the service areas provided;
- the number of children included in the families served (for each of the services provided);

- the number of community-based child and family services committees currently active;
- the number of Elders committees currently operating;
- the number of public information, education-related sessions and workshops held during the period; and
- the types of workshops held and the number of people attending.

6.3 Maintenance (General Considerations)

6.3.1 As indicated in Chapters 2 and 3, Maintenance is provided as follows:

- for standard Contribution funding, it is a reimbursement of eligible expenses for an Eligible Child taken into Alternate Care whose Custodial Parent is Ordinarily Resident On Reserve;
- for Recipients who are approved for entry into a Flexible Funding Option, it is in the form of a Flexible Transfer Payment, as is the Operational allocation.

6.3.2 For Contribution funding, Recipients are required to submit a monthly invoice for expenses for an Eligible Child in Alternate Care out of the parental home. Regions will then do a reconciliation of these invoices as outlined in Section 6.4. Timely completion of these reconciliations (within 45 calendar days as outlined in Section 5.8.5) will enable regions to accurately forecast their Maintenance requirements and to fulfill the requirements of Section 34 of the FAA.

6.3.3 For Recipients in a Flexible Funding Option (FFOM), the levels of funding are pre-determined in accordance with the methodology outlined in Annex E of Appendix A. There is still a requirement, however, for FFOM Recipients to submit quarterly reports outlining the numbers of children in Alternate Care and the activities funded through reinvestment (see Annex E of Appendix A).

6.3.4 For all Recipients, there is also a requirement for on-site reviews. These reviews must be conducted at least once every three years. If Recipients show large variances in their Maintenance reporting, an on-site review will become essential at more frequent intervals.

6.4 Contribution Funding of Maintenance (In-office Reconciliation)

Recipients whose Maintenance is funded by a Contribution are required to submit monthly invoices within 15 calendar days of the end of the month. These are reimbursed on the basis of allowable expenses for each Eligible Child in Alternate Care out of the parental home. The required components of the process for reconciling Maintenance Contributions is outlined below.

6.4.1 Upon taking a child into Alternate Care out of the parental home, the Recipient will submit to the region a notification of their action in accordance with established regional practice. This notification will identify:

- the child and his or her parents along with the relevant status number(s);
- whether or not the custodial parent/guardian was Ordinarily Resident On Reserve at the time of placement;
- the birth date and gender of the child;
- whether the placement is an apprehension, a voluntary placement or a private placement under provincial or territorial legislation and standards and the level of care which the child is deemed to require; and
- if the rate is above the basic provincial or territorial rate, a statement signed by a qualified social worker in the employ of the Recipient confirming the level and rate required.

The form of notification may vary from region to region. In some regions it may be a copy of the provincial or territorial notification form and in others, it may be a separate form or included in the first month invoice. It may be hard copy or electronic.

6.4.2 Regional staff review the notification and determine whether or not the child in question is a federal responsibility. The child is a federal financial responsibility if:

- the child is registered or eligible to be registered;

- the custodial parent/guardian was Ordinarily Resident On Reserve at the time of coming into care; and
- the child is under the age of majority in the reference province or territory.

6.4.3 The process for reconciliation will differ from region to region, but the basic requirements are:

- The Recipient will submit an invoice to the region by the 15th calendar day following the end of the month. The invoice will be in accordance with the First Nations Reporting Guide.
- The invoice will identify the child for whom the region is being billed and will itemize the charges on behalf of the child.
- Regional staff will verify the child's name with the approved notification forms and verify that the child is a federal financial responsibility.
- If the invoice appears to be in order, the region will, within 15 calendar days of receiving the invoice, advise the Recipient of its acceptance.
- The claim will then be verified. The charges will be examined and, if in line with the provincial or territorial per-diem rates for the level of care for which the child has been assessed, approval will be given.
- Where charges exceed the approved per-diem rate, the Recipient must itemize the additional charges and justify them.
- The region will then determine if these additional costs are in line with INAC authorities for Maintenance (see Chapter 2, Section 2.3).
- If they exceed INAC authorities or are felt by the regional officer to be excessive, the regional officer must reject that portion of the claim that is in dispute and advise the Recipient accordingly, including the reasons for rejection.
- If there are outstanding questions regarding some of the charges, the Recipient may resubmit in future monthly billings.

- Verification is to be completed within 30 calendar days of receiving the invoice or 45 calendar days from the end of the month if the report has been submitted on time (see Section 5.8.5).
- The region will have a process for sign off under Section 34 of the FAA for the approved amount.

6.4.4 For provinces and territories, which are delivering services on reserve, the same process applies. If the provincial or territorial practice is to bill on a monthly basis, the reconciliations must be done monthly. If the province or territory bills on a quarterly basis, the reconciliation would be done quarterly.

6.4.5 For the Province of Ontario, which provides direct funding to FNCFS Recipients, reconciliations are regularly done by the Province. Ontario will share the results of their reconciliation activities with the Ontario regional office.

6.5 Contribution Funding of Maintenance (On-site Reconciliation)

6.5.1 Periodic on-site reviews are an essential component in effective compliance. Although not conducted on a regular basis, each Recipient must be reviewed once every three years to ensure that proper records are being kept and that information contained in the monthly invoices are, in fact, accurate. Wherever possible, joint on-site reviews should be conducted with the province.

6.5.2 For Recipients experiencing difficulties, reviews may be required on a more regular basis. (See Appendix C, Child and Family Services Compliance Review Process and the First Nation National Reporting Guide.)

6.5.3 The purpose of the on-site review is to:

- confirm client eligibility;
- enable INAC to meet its accountability responsibilities to Parliament for spending public funds under Section 34 of the FAA (see chapter 5);
- determine and ensure compliance with provincial rates subject to Treasury Board-approved maximum amounts; and

- provide support to the Recipient and to the region for the effective and efficient operation of FNCFS.
- 6.5.4 The review team may be composed of INAC employees in partnership with the Recipient and provincial or territorial authorities, a third-party consultant, Consulting and Audit Canada or other suitable persons. The review should try to be inclusive wherever possible to ensure that the Recipient is fully involved. Wherever possible, the reference province or territory should be involved in the process.
- 6.5.5 The review will ensure consistency in the invoicing process and will involve four distinct activities:
- **Review of case files:** This is to be done by taking (as a minimum) a sample of case files in line with the options outlined in Section 8.2 of Appendix C. The sample must be large enough to give a clear picture of the operation. The list of items that should be included in the case files is outlined in the review process described in Section 8.2 of Appendix C. Likewise, the focus of the case file review and the intended outcomes are included in that section.
 - **Review of foster parent files:** The sample should be selected as above. There is also a description in Section 8.2 of Appendix C of the components that should be contained in a foster parent file. The intended focus and outcome of the foster parent file review are outlined.
 - **An administrative review** of the office practices of the Recipient and the accounting for payments made on behalf of eligible clients. Section 8.2.c of Appendix C outlines the components to be evaluated in an administrative review. The components may not be all-encompassing and the region may wish to add to this list of requirements.
 - **A review of group homes and institutions** to ensure that the facilities are licensed/regulated in accordance with provincial or territorial standards and rates. The outline of items to be evaluated are contained in Section 8.2.d of Appendix C.

Note of clarification: For case and foster parent files, individual provincial practices may vary; however, INAC staff should only require access to those files (or information from them) required to verify the eligibility of the child and or the caregiver for reimbursement following the Treasury Board approved program Terms and Conditions. If INAC staff cannot certify that the child or caregiver are eligible under the

Treasury Board approved Terms and Conditions, INAC will not be able to authorize payment under Section 34 of the *Financial Administration Act*.

- 6.5.6 Once the review has been completed, there will be an on-site debriefing of the Recipient and chief and council, if appropriate. Where possible, the province or territory should also be included in the debriefing. Written confirmation of the findings will be provided to the Recipient within a reasonable time frame (not to exceed 60 days) following completion. Wherever possible, Recipients will correct the findings immediately.
- 6.5.7 If the Recipient cannot rectify the findings at time of the on-site review, a plan should be jointly developed to address the issues raised in the review. A second joint review may be required using the same methodology, but covering only the unresolved areas identified in the first review.
- 6.5.8 In the Province of Ontario, which directly funds FNCFS Recipients, on-site reviews will be done in accordance with the Province's terms and conditions. The results of such reviews will be shared with INAC's Ontario regional office.

6.6 Flexible Funding Option for Maintenance (FFOM)

Recipients, which have been approved for the FFOM option of Maintenance, will be subject to the terms and conditions outlined in Annex E of Appendix A. These Recipients will report quarterly.

FFOM Recipients will continue reporting on the number of children in care each month and the cost for each child. In addition, they will report on the use and the amount of re-investment money; money that has been successfully re-profiled from supporting children in Alternate Care to prevention services.

7 Definitions (Glossary of Terms)

The definitions contained in this glossary apply only to First Nations Child and Family Services

Alternative Funding Authority (AFA): – An authority whereby an Eligible Recipient receives multi-year funding in the form of a fixed allocation. Although FNCFS is excluded from AFA arrangements, it may be included as a targeted, non-core item under an AFA arrangement provided it is renewed annually.

Age of Majority – The age at which a person is considered to be an adult under the law of the relevant province or territory.

Age of Majority Services – Where a child is in the care of a FNCFS Recipient and is engaged in an educational or treatment plan at the time of reaching the age of majority, the child may remain in care until the plan is completed.

Alternate Care – Placement of a child out of the parental home in a foster home, group home, institution or in an independent living arrangement. This does not include children under the Children Out of Parental Home (COPH) program of Income Assistance.

Alternate Recipient – An Eligible Recipient that does not hold the mandate for the delivery of FNCFS, but receives INAC funding for this purpose and subsequently provides the funding to a mandated service deliverer. See Section 4.5.

Approved Authorities – INAC policy authorities received from Cabinet and the funding and program authorities received from Treasury Board as reflected in the revised Program Directive (APPENDIX A).

Band Council Resolution (BCR) – A resolution passed by a quorum of a Council confirming a decision.

Case Plan – A plan developed by a Recipient when a child needs protective services.

Catchment Area – The geographic area for which the reference province or territory grants a mandate to a FNCFS agency or other Eligible Recipient.

Chart of Accounts – The goods and services included in the per diem being charged by a province or territory for providing Maintenance.

Chief and Council – The leadership of a band as defined in the *Indian Act*.

Child at Risk – A child who is deemed to be at risk of neglect and/or abuse in accordance with the legislation and standards of the reference province or territory.

Child in Care – A child taken into care in accordance with provincial or territorial legislation and standards. This includes children in Alternate Care or children in care, but remaining in their own homes.

Children out of the Parental Home (COPH) – A short-term private arrangement between the parent of a child and a third party (usually a relative) for the care of a child. Where the parent does not have the resources to provide support on behalf of the child, an allowance may be paid to the third party out of Income Assistance in order to help pay the child's expenses. COPH is not to be seen as a mechanism to address protection concerns. **COPH falls under the Income Assistance program.**

Compliance Review – A review of the administration, operation and expenses of the FNCFS program administered by the Recipient to ensure that the program is being delivered in accordance with INAC's policies, which reflect Treasury Board and Cabinet authorities.

Contribution Funding – Contribution funding for FNCFS applies to Maintenance billings. These are paid in the form of a Contribution, which means a reimbursement of allowable expenses on a dollar-for-dollar basis.

Comprehensive Funding Arrangement (CFA) – A one-year funding arrangement with an eligible recipient containing programs funded by contributions, flexible transfer payments or grants, where applicable.

Custodial Parent – The mother of a child if she has sole custody. The father of a child if he has sole custody. If the parents have joint custody, the parent with whom the child resides most often.

Dual Bilateral Agreements – These are agreements between INAC and the Eligible Recipient and/or between the Eligible Recipient and the reference province or territory. These agreements outline the roles and responsibilities of the parties and clearly define the services offered.

Eligible Child – A child who is registered in accordance with the *Indian Act* or who is eligible to be registered according to the *Indian Act* and whose custodial parent is Ordinarily Resident On Reserve. In circumstances where the reference province or territory does not pay for Indians on reserve, only the Ordinarily Resident clause will apply.

Eligible Recipient (Recipient) – Organizations that have been mandated by the reference province or territory to provide FNCFS to on-reserve residents. Recipients may include FNCFS agencies, chiefs and councils or other organizations created to deliver mandated FNCFS services. This includes all provinces and the Yukon Territory, except Ontario, which is under the 1965 agreement, and the Northwest Territory and Nunavut, where provisions for these services are included in the territorial financing agreements.

Financial Administration Act (FAA) – Federal legislation covering the financial administration of the Government of Canada, establishment and maintenance of the accounts of Canada, and the control of Crown corporations.

First Nations Child – In terms of the FNCFS program, a First Nations Child refers to an Indian Child. See definition for “Indian”.

First Nations Child and Family Services (FNCFS) – The program designed to support culturally appropriate prevention and protection services for Indian children and families resident on reserve, in accordance with the legislation and standards of the province or territory of residence as outlined in the Program Directive (Appendix A) and this manual.

Flexible Funding Option for Maintenance (FFOM) – An option that allows Maintenance to be funded as a Flexible Transfer Payment. The methodology for entry into an FFOM is contained in Annex E of Appendix A.

Flexible Transfer Payment (FTP) – A conditional transfer payment made for a specified purpose where a fixed amount of funds is allocated to a Recipient, usually on the basis of a pre-determined formula. Recipients are expected to manage within the fixed amount. Recipients

may keep unspent balances as long as the program terms and conditions have been fulfilled. Surpluses must be spent in an approved manner. Deficits are the responsibility of the recipient.

Foster Home – An alternate family residence, regulated in accordance with the standards of the reference province or territory, where a First Nations Child may be placed when it is determined he or she needs protection and requires an alternate care arrangement as determined by the Case Plan developed by the Recipient.

Group Home – An alternate residence, regulated in accordance with the standards of the reference province or territory, which may accommodate several children in a setting that is more formal and structured than a foster home and where it is felt the child may need more intensive care as determined by the Case Plan.

Guardian – The guardian of a child as defined under the legislation of the reference province or territory.

Indian – “Indian” means a person who, pursuant to the *Indian Act* (R.S., 1985, c. I-5, s. 2), is registered as an Indian or is entitled to be registered as an Indian.

Institution – An alternate residence, regulated in accordance with the standards of the reference province or territory, which may accommodate larger numbers of children in a setting that is designed to provide more intensive intervention for children who need more intensive care as determined by the Case Plan.

Maintenance Funding – Funding provided to a Recipient either as a reimbursement for the actual costs of children in Alternate Care (Contribution) or in the form of a Flexible Transfer Payment for Recipients who have applied for and been approved to enter into an FFOM. See Section 2.3 on Maintenance.

Mandate – Authority granted by a province or territory for a Recipient to deliver FNCFS services in accordance with the relevant provincial legislation.

Memorandum to Cabinet (MC) – A proposal addressed to Cabinet seeking to obtain or change policy authorities for the operation of programs or services.

National Advisory Committee on FNCFS (NAC) – Following completion of the report of the Joint National Policy Review on FNCFS (NPR) in 2000, a National Advisory Committee, made up of First Nations and INAC representatives, was created to follow up on the NPR recommendations and make recommendations on their implementation.

Operations Funding – Funding provided to a Recipient in the form of an FTP for the purposes of service delivery as outlined in Section 2.2.

Ordinarily Resident on Reserve – Refers to children whose custodial parent/guardian, although they may be absent for a period of time for purposes related to education, health or other services that are unavailable in the reserve community where the child lives, maintain their primary residence on reserve. See Terms and Conditions, Application Requirements (Appendix B) for a full description.

Prevention Services – Services designed to reduce the incidence of family dysfunction and breakdown and to reduce the need to take children into Alternate Care.

Program Directive 20-1 CHAPTER 5 (Program Directive) – The INAC national policy statement on FNCFS (see Appendix A).

Program Authorities – Treasury Board decisions that govern a program. This authority is reflected in the Program Directive (see Appendix A) and in this manual.

Protection Services – Legislated services designed to protect children from neglect and abuse as provided by a provincially mandated FNCFS Recipient.

Reference Province or Territory – The province or territory within which a specified Recipient is located.

Reserve – A tract of land, the legal title to which is vested in Her Majesty, that has been set apart for the use and benefit of a band, as defined in the Indian Act.

Responsibility Centre Manager (RCM) – The manager who has authority delegated by the Minister of the relevant department of the Government of Canada to ensure that the requirements of the *Financial Administration Act* have been met.

Tripartite Agreements – Agreements between INAC, Recipients and the reference province or territory. These agreements outline roles and responsibilities of the parties and clearly define the nature of services to be provided. These agreements may be for a specific term or be open ended provided adequate provision is included for termination with reasonable notice. For a sample, please refer to APPENDIX D (to be added at a later date).

Appendix A: Program Directive Chapter 5 Social Development PD 5.1

First Nations Child and Family Services (FNCFS)

1.0 Purpose

This Directive states Indian and Northern Affairs Canada's (INAC) policy regarding the administration of the First Nations Child and Family Services Program.

2.0 Authority

This Directive is issued as a follow-up to Cabinet and Treasury Board authorities granted in 2003.

3.0 Issuing Authority

This Directive is issued under the authority of the Assistant Deputy Minister of Socio-Economic Programs and Policy.

4.0 Scope

This Directive applies to all employees, both at INAC Headquarters (hereafter, Headquarters) and in the INAC regions (hereafter, region or regions), in the carrying out of the department's functions regarding the funding and support of child and family services on reserves.

5.0 Responsibilities

5.1 Except where otherwise indicated, this Directive will be implemented by the Regional Director General.

5.2 The responsibility for approving developmental plans and new funding lies with Headquarters Finance Branch in cooperation with the Social Policy and Programs Branch at Headquarters.

5.3 The Social Policy and Programs Branch is responsible for interpreting this Directive and for inserting any necessary changes.

6.0 Principles

- 6.1 The department (INAC) is committed to expanding First Nations Child and Family Services on reserve to a level comparable to the services provided off reserve in similar circumstances. This commitment is independent of and without prejudice to any related right that may or may not exist under treaties.
- 6.2 INAC will support the creation of First Nations designed, controlled and managed services. It is committed to working toward ensuring that every First Nations person resident on reserve has access to services that are designed, controlled and managed by First Nations.
- 6.3 INAC is committed to ensuring that this policy will be consistent with First Nations aspirations toward self-government. INAC views this policy as a step toward realizing these aspirations.
- 6.4 INAC will support the development of First Nation standards for those services. It will work with First Nations organizations to encourage their adoption by provinces and territories.
- 6.5 This expansion of First Nations Child and Family Services (FNCFS) will be gradual as funds become available and First Nations are prepared to negotiate the establishment of new services or the take-over of existing services
- 6.6 Provincial child and family services legislation is applicable on reserves and will form the basis for this continued expansion. It is expected that the provinces will be a party to agreements.
- 6.7 INAC will only fund child and family services service providers that have been mandated by the reference province. INAC will also fund a First Nation recipient that is not mandated by the reference province provided that the First Nation has a service agreement for child and family services with a service provider mandated by the reference province or the province, and transfers 100% of INAC funding for child and family services to the mandated service provider.

7.0 Developmental Activities

- 7.1 INAC will fund the development of new FNCFS organizations as follows:

- (a) *Pre-planning*: This activity will support community consultation, data collection and information gathering enough to prepare an initial community proposal and preliminary discussions with the province or territory and INAC. It should produce a detailed plan (direction and services wanted and how they intend to achieve this), and Band Council Resolutions indicating community support for developing FNCFS.
- (b) *Planning*: This activity will support all the work leading up to and including a formal agreement between the parties (province or territory, INAC and First Nations groups) for the start up of a new organization. It will include needs assessment, identification of respective roles and responsibilities, description of services and delivery mode, elaboration of personnel policies (that is, organization chart, job descriptions, etc.) and financial policies (that is, accounting system, etc.), description of an implementation plan, funding arrangements, etc.
- (c) *Start-up*: This phase will include hiring staff, establishing the office(s), purchasing equipment and furniture, setting up, orienting and training local committees and board of directors as well as initial staff training.

7.2 *A pre-condition for moving from one developmental phase to another, is completing the previous phase.* This funding will be provided only once for each phase to each group and or band. Funding for the pre-planning and planning phases can be incorporated in the Comprehensive Funding Arrangement (CFA) of the band, the tribal council, or agency and will be considered to be a Flexible Transfer Payment (FTP). The start-up funding will form part of a separate contribution agreement, as well the ongoing operating budget.

8.0 Scale of Organizations

- 8.1 Each organization should serve at least 1,000 children (0-18 years of age). It is realized that in certain circumstances this may be impossible. INAC is ready to consider exceptions to help potential organizations that would serve less than 1,000 children.

(a) *Grounds for Exceptions:*

- (1) *isolation and remoteness*: the distance between bands that would otherwise work in cooperation is so great that efficiency would not be achieved by following the policy;
- (2) *cultural contrast*: extreme cultural differences would not lead to effective working relationships; or
- (3) *existing groupings*: some bands are already cooperating in administering and delivering other programs. It would be essential to acknowledge the same grouping in order to create an efficient FNCFS organization.

9.0 Delivery Options

The funding level proposed in Section 19 covers providing a full range of child and family services (protection and prevention). When it comes to the delivery of these services, the First Nation groups that will be setting up a new organization could decide to deliver only part of the services (that is, prevention) and decide to have someone else deliver the balance of services (that is, the province, another Indian organization or a private group that has the delegated authority). The group may also decide to start delivering the services on a gradual basis: for example, prevention in the first year, protection in the second year and adoption in the third year of operation. In this case, the province or one of its agencies would continue to provide the other services until the new FNCFS organization has assumed them, and would be paid from the total allocation. All of these options and other variations are acceptable so long as the agreement clearly indicates who will do what at any given time and so long as all services are provided within the allocated budget (according to the funding formula).

10.0 Evaluation

10.1 INAC believes that any new FNCFS organization needs to review its progress as it matures. For this reason, INAC will provide a contribution (FTP) of \$30,600 to each new organization in its third and sixth year of operation to complete an internal review of its operation in order to identify weaknesses and strengths and to plan any desired improvements to the quality of its services. The report of this review is for the organization's benefit and does not have to be released to INAC. Reviews or evaluations after the sixth year of operation will be the financial responsibility of the FNCFS organization. Over and above these internal reviews, an organization may be required to complete an evaluation in

relation to its mandate regarding the protection of children from abuse and neglect; the provinces or territory would need to address this matter with the First Nation organization.

10.2 INAC evaluations will cover the entire child welfare program rather than specific organizations or agreements. As part of its periodic review of the results being achieved by the total program, INAC's Audit and Evaluation Directorate will analyze the information submitted by the provinces and territory and organizations, to ensure that objectives are being met and agreements are being fulfilled.

11.0 Agreements in Principle

Agreement(s) will be in place reflecting a comprehensive range of child and family services, service delivery mode, respective roles and responsibility of parties (FNCFS organization, INAC, province or territory). These agreements will follow INAC authorities and will ensure that there is not a duplication of services and/or cost. These agreements, which are agreements in principle, are separate from funding arrangements (see Section 13.0) and can be tripartite in nature or complementary bilateral (that is, INAC-First Nations and First Nations-province or -territory). These agreements may have an open term provided there are provisions for termination on six months notification.

11.1 INAC shall confirm that an agreement is in place between the province or territory and the eligible Recipient, which complies with INAC authorities as outlined in the national FNCFS manual.

11.2 In the case of a FNCFS agency, it must be mandated in accordance with the relevant provincial or territorial legislation and incorporated following provincial, territorial or federal legislation as verified by a copy of their incorporation documents.

11.3 Where it is agreed that INAC will fund a chief and council for FNCFS, the chief and council must demonstrate that they have an agreement in place with a mandated FNCFS agency or the host province or territory. They must use 100% of operational funds provided to purchase FNCFS.

12.0 Contribution Funding Agreements

First Nations Child and Family Services (FNCFS) are excluded from core funding of multi-year agreements with bands and tribal councils. The terms and conditions applicable to Comprehensive Funding Arrangements (CFAs), which may include Flexible Transfer Payments (FTPs), must be included in FNCFS CFA agreements as contained in the national generic model as amended from time to time (Annex A). CFAs must be renewed annually and cannot be multi-year. The Cash Management Policy also applies. Specific program terms and conditions (Annex B) will be kept to a minimum.

13.0 Liability Insurance

Recipients must maintain liability and general insurance as may be required under provincial or territorial legislation or as may be required by INAC for the provision of child and family services. Recipients will provide a copy of such policies when an annual CFA begins.

14.0 First Nations Standards

14.1 First Nation standards may be developed in each region in cooperation with the host province. These standards, when adopted by the province or territory, can be implemented provided they do not imply additional costs for Canada over and above the funding level described in Sections 18 to 20 inclusive.

14.2 Once these standards have been adopted, they should be made available to INAC and any other First Nation group in Canada that asks for a copy.

15.0 Tripartite Mechanism

Each region will initiate a regional tripartite panel or committee, composed of representatives from INAC, FNCFS organizations and the province, to review program objectives, the development of First Nation standards, and to be a vehicle for ongoing discussions on issues of regional concern.

16.0 Effective Date

This Directive has been implemented as of April 1, 2004.

17.0 Amendment

Based on input by First Nations and/or provincial or territorial governments, this Directive will be amended as required.

18.0 Developmental Activity Funding

18.1 Pre-planning will be funded at a rate of \$11,101.06 per group and \$1,665.16 per member band.

18.2 Planning will be funded at a rate of \$88,808.48 per group and \$3,330.32 per member band.

18.3 Start-up will be funded at a flat rate of \$185,387.70 per organization plus 25% of the first year's operational funding as described in Section 19.

18.4 The above-mentioned flat rate of \$185,387.70 may be adjusted as described in Section 20.1.

19.0 Operational Funding

19.1 Funding for Operational Allocations:

For the provision of comprehensive child and family services (both prevention and protection), the Operational allocation is intended to cover, but not be limited to, salaries, travel and benefits for agency staff (for example, agency director, senior management staff, supervisory staff, support staff, protection and prevention workers and resource workers); expenses related to board or committee operations; professional development services; special needs assessment and testing; legal services fees and costs; para-professional services; family support services; and agency administration including non-medical staff travel to accompany children, rent, office expenditures including computer hardware and software, audits, monitoring and evaluation.

Eligible expenditures may also include non-medical services designed to keep families together and children in their own homes (for example, homemaker and parent aid service, mentoring services for children, home management, non-medical counselling not covered by other funding sources, and group and individual activities designed to promote better parenting skills). Payment under this activity will be in the form of a Flexible

Transfer Payment. Operational funding will be provided to FNCFS organizations as follows:

- (a) A fixed amount of \$143,158.84 per organization + \$10,713.59 per member band + \$726.91 per child (0-18 years) + \$9,235.23 x average remoteness factor + \$8,865.90 per member band x average remoteness factor + \$73.65 per child x average remoteness factor + actual cost of the per-diem rates of foster homes, group homes and institutions established by the province or territory.
- (b) The above-mentioned fixed amount of \$143,158.84 may be adjusted as described in Section 19.2.
- (c) In its first year of operation, a new organization will receive 75% of the formula, 85% in its second year, 95% in its third year and 100% in its fourth year. These adjustments will reflect a gradual implementation of the formula over a four year period.
- (d) The remoteness factors are the same as used for band support activities. The child population of 0 to 18 years on reserve is the same as reported by INAC's Lands and Trust Services. When calculating the funding formula in a given fiscal year, the child population counted in December of the previous year will be used.
- (e) In the Quebec Region, Child and Family Services form part of a network of comprehensive social services. The proposed funding levels are for child and family services only. Existing funding for other social services will not be affected by introducing the above funding formula.
- (f) The Operational budget (including developmental activities) has been authorized as a Flexible Transfer Payment (FTP) where the organization will have full authority to set the priorities to be funded (within the sphere of the Child and Family Services Program) so long as the mandate to protect children from neglect and abuse is met. The province or territory responsible for child protection that has delegated this responsibility to Indian organizations will need to address this matter with Indian organizations.

19.2 Funding Adjustment for Proposed Organizations Serving less than 1,000 Children:

For agencies with less than the suggested optimum number of children, adjustments will be made as follows:

- a) *Start-up Costs*: If the number of children to be served is between 801 and 1,000, no adjustment. If the number of children to be served is between 501 and 800, the flat rate for start-up as described in Section 18.3 will be \$92,693,85 rather than \$185,387,70. If the number of children to be served is between 251 and 500, the flat rate for start-up will be \$46,346,92 rather than \$185,387,70. If the number of children to be served is less than 251, the flat rate for start-up will not be available.
- b) *Operational Costs*: If the number of children to be served is between 501 and 800, the fixed amount per organization of \$143,158,84 as described in Section 19.1 will be reduced to \$71,579,43. This amount will be further reduced to \$35,789,10 for organizations serving between 251 to 500 children. If the number of children to be served is less than 251, the fixed amount will not be available.
- c) All other funding levels and future year adjustments remain as previously described.

20.0 Maintenance Funding

20.1 Standard Contribution Funding:

Maintenance consists of child maintenance in a foster home, group home or institution. Child Maintenance is the actual cost of maintaining First Nation children ordinarily resident on reserve in alternate care out of the parental home. Children must be taken into care in accordance with provincially or territorially approved legislation, standards and rates for foster home, group home and institutional care. This includes non-medical services to children with behavioural problems and specialized needs; non-medical travel for purposes related to court, parental visitations, education; purchases on behalf of children in care and other provincially approved expenses not covered by other funding sources. Foster, group and institutional per-diem costs, as set and approved by the reference province or territory, may include

professional services not covered through other sources of funding where the child has established eligibility. Maintenance payments are a Contribution and reimbursable on the basis of actual expenditures. Further considerations are as follow:

- a) Reimbursement on behalf of eligible children will be made only when the foster, group home or institution has been approved or licensed in accordance with the legislation and standards of the reference province or territory. Letters of equivalency will not be accepted in lieu of this process.
- b) INAC may reimburse agencies, subject to the legislation and standards of the reference province or territory, for assistance to children above the age of majority until the child has completed a course of education or treatment plan that was underway at the time of attaining majority.
- c) Recipients will be required to submit monthly invoices for children in alternate care out of the parental home. Regions will ensure that the reconciliation of these invoices takes place in a timely fashion. The reconciliation of these invoices should never fall more than three months behind.
- d) Recipients and regions will ensure that on-site compliance reviews take place at regular intervals. On-site compliance should occur with each Recipient once every three fiscal years following the INAC Child and Family Services Compliance Review Process Directive.
- e) Upon bringing a child into alternate care, the Recipient shall, within 30 days, apply for the Children's Special Allowance (CSA).
- f) The CSA will be applied against the eligible expenses under the *Children's Special Allowances Act* in accordance with Section 3(2) of the Act. In those cases, the Recipient shall document the use of these funds and shall be prepared to furnish copies to INAC as required.

20.2 Flexible Funding of Maintenance:

Recipients may apply by submitting a proposal or plan to regional offices to start the process for entering into a Flexible Funding Option (FFOM) for child and family services Maintenance. The

arrangement will provide increased flexibility for agencies to reprofile Maintenance funding under a Flexible Transfer Payment in order to provide increased resources for prevention. Following an assessment by the region, final approval of all FFAs must have the agreement of the Recipient in question, the region and Headquarters.

- a) Entry into a FFOM is voluntary. A Recipient will not be required to enter such an arrangement.
- b) The management regime for FFOMs is attached as Annex E. It will be dealt with in detail in the FNCFS program manual.
- c) Funding provided through the FFOM will be used for child and family services as defined under the legislation and standards of the reference province.

21.0 Administrative Process

Regions are required to submit expansion plans (creation of new agencies) requiring additional funding to the Director General of Social Policy and Programs Branch and the Director General of Finance Branch in Headquarters for their approval. Plans will be assessed according to the availability of funding and on the basis of the policy of this Directive being respected.

Headquarters Finance has the responsibility for the budgetary allocations necessary for these activities. Regions must live within these budgets. The contents of the agreements to be negotiated pursuant to this Directive should be closely scrutinized by Legal Services to ensure that the respective roles and responsibilities of the parties are clearly spelled out.

22.0 Effective Date April 1, 2004

The financial components of the Directive will be implemented as funds become available. All monetary amounts reflect 1995-1996 values. These amounts will be increased by 2% every year subject to the availability of resources.

23.0 Enquiries

- 23.1 Anyone wishing further information or clarification regarding this Directive should contact the Regional Director General or the Director of Social Policy and Programs Branch at Headquarters.

24.0 Annexes

- A - General Terms and Conditions Applicable to Comprehensive Funding Arrangements (CFA)
- B - Specific Program Terms and Conditions
- C - Annual Funding Levels
- D - Specific Program Reporting for First Nations Child and Family Services
- E - Flexible Funding Option for First Nations Child and Family Services Maintenance - Methodology

Annex A: General Terms and Conditions Applicable to Comprehensive Funding Arrangements (CFA)

The following items must be included in ICFS funding arrangements:

1. Recipient clearly identified
2. Purpose clearly stated
3. Definitions
 - (a) Flexible Transfer Payment
 - (b) Contribution
 - (c) Surplus/Deficit
 - (d) Action Plan/Remedial action
 - (e) Expenditure Plan
 - (f) Indian resident on reserve
 - (g) Maintenance
4. Duration specified
5. Signing date
6. Effective
7. Roles and responsibilities of INAC and of the Recipient clearly described
8. Surplus/Deficit administration
9. Reporting requirements
 - (a) Audit
 - (b) Financial reports

10. Provisions for amendments and termination of agreement
11. Non-performance
 - (a) Request for additional information required
 - (b) action plan negotiated
 - (c) remedial action if necessary
12. Schedule of funding levels (Annex C)
13. Expenditure plan/cash flow need
14. Cash disbursement schedule
15. Signature block for financial certification
16. Signature block for the Regional Director General and the Recipient

It is essential that regional practices are followed. Please consult the INAC regional officers responsible for transfer payments for a detailed explanation of the above-noted items and for the wording to be used.

Annex B: Specific Program Terms and Conditions

The following items must be included in the ICFS arrangements:

1. Budget

- (a) Operations:(administration and services)
- (b) Maintenance: monthly reimbursement of actual costs (an estimate amount must be stated in the funding arrangements)

2. Definitions

- (a) Indian ordinarily resident on reserve means:
 - (1) that the final Recipients usually live at a civic address on reserve, or are children in joint custody who live on reserve most of the time; or
 - (2) Students continue to be considered ordinarily resident on reserve if they return to live on reserve with their parents, guardians or maintainers during the year, even if they live elsewhere while attending school. The residence of a child who comes into the care of a mandated child welfare authority is derived from the residency of the child's parent or guardian at the time the child is taken into care. Such children shall be deemed to be ordinarily resident on reserve for as long as such care is required and continues to be unavailable on reserve.
- (b) Maintenance means: the actual cost of maintaining Indian children ordinarily resident on reserve who are taken into care according to provincially approved legislation, standards and placed in a foster home, a group home, or institutional care. This includes non-medical services to children with behavioural problems and specialized needs; purchases on behalf of children in care; and other provincially approved purchases not covered by other funding sources.

3. List of services to be provided

4. **Specific program reporting:**

- (a) for operations: twice a year on September 30 and March 31
- (b) for maintenance on a monthly basis
- (c) an annual report

The information required is described in Annex D.

Annex C: Annual Funding Levels

This arrangement is to provide funding for fiscal year _____. In the amounts described below for the purposes as set out in Section _____.

1. Flexible Transfer Payments
Funding for Operations:
(administration and services)

\$ _____

2. Contribution Funding for Maintenance

\$ _____

3. Total Funding

\$ _____

Annex D: Specific Program Reporting for First Nations Child and Family Services

The required information falls in two major categories:

Information related to services provided (operations)

Information required for the actual reimbursement of maintenance

1. Operations

(a) prevention services (to prevent children from coming into care)

- (1) list of services provided
- (2) number of families served (by service)
- (3) number of children included in families served (by service)
- (4) number of local child and family services' committees
- (5) number of Elders' committees
- (6) number of public information or education-related sessions or workshop

(b) protection services (for children in care including children under supervision order in their own homes)

- (1) list of services provided
- (2) number of families served (by service)
- (3) number of foster homes
- (4) number of adoption homes

2. **Maintenance of Children in Care**

- (a) number of children in care at the end of each month by type of placement (foster home, group home, institution)
- (b) number of care days, unit cost and total cost for each type of placement

Annex E: Flexible Funding Option (FFOM) for First Nations Child and Family Services (FNCFS) Maintenance – Methodology

1.0 Current Authority

Agencies may apply by submitting a plan to the INAC regional office to enter into a FFOM for child and family services maintenance. The purpose of this arrangement is to provide increased flexibility for agencies to reprofile Maintenance funding in order to provide increased resources for prevention. Following an assessment by the region, final approval of all Flexible Funding Options must have the agreement of the agency in question, the region and Headquarters.

2.0 Introduction

- 2.1 This policy statement, because it deals with a new methodology, is viewed as a work in progress. A review of the policy should be undertaken within one year or at the point when a new Operational funding formula becomes operational, whichever occurs first. This policy statement relates to the flexible funding option of FNCFS maintenance only. Any procedures or methodologies outlined in this paper are not transferable to other programs or even to other aspects of the FNCFS program.
- 2.2 FFOMs are to be viewed as an option for agencies wishing to receive increased flexibility in the way they may use their Maintenance funding. It is intended to enable agencies to reinvest resources, normally available only for children out of the parental home, into alternate services. These alternate services are targeted prevention initiatives focussing on least disruptive measures. Alternate services are to be holistic and preventative in nature and designed to keep families together.
- 2.3 In his report on Flexible Funding, Dr. Brad McKenzie indicated that; "There are indications— that block funding has been successful in facilitating alternative forms of intervention for children and families. These efforts are consistent with a growing body of evidence that more investment in family support services, including Aboriginal approaches based on the concept of holism, can help to prevent more intrusive and costly forms of intervention."

- 2.4 FFOMs are to be cost neutral in that they are not intended to provide increased resources but are intended to provide increased flexibility. They are a mechanism an agency may use to provide a better quality of service within current reference levels of funding.
- 2.5 When the Operational formula is revised, this policy will need to be reviewed in light of a revised formula.

3.0 Alternate Services

- 3.1 The alternate services, referred to above, may be provided from the savings accumulated by providing alternate responses to protecting children at risk of neglect and abuse. For example, moving children from high-cost placements out of the home and community to their own homes or, at least, less expensive placements in the community. These savings may be reinvested into alternate services designed to keep children at risk, as defined by the reference province in its legislation and standards, and their families together and to reintegrate families that have been separated in the past.
- 3.2 These reinvestment resources may be applied to a broad range of services in the home or the development of programs and services designed to help children at risk and their families. These alternate services must be for the benefit of children and families and within the overall mandate of FNCFS as defined by the reference province in its legislation and standards.

4.0 Process for Entry into a FFOM

- 4.1 An agency applies to a regional office to enter into a FFOM by submitting a proposal or business plan outlining how it will manage the allocation and how it will shift focus from children in care to a more preventative approach. It must present a five year plan on how it will change the profile of service from primarily protection to a more prevention-oriented program. The agency will indicate how it plans to evaluate progress on an ongoing basis in order to track the transition process.
- 4.2 The plan will clearly outline the nature of services currently being offered, including numbers of children out of the home in alternate care and the numbers of children at risk in their communities. Also, agencies will identify the number of high-needs children and the costs related to these.

- 4.3 In order to ensure that the transition to the FFOM is successful, the First Nations agencies, regions and the provinces must agree with the business plan because provincial delegation and approval in the redesign of services is essential. The best interest of the child, however, must remain the overriding principle.
- 4.4 The region will advise Headquarters about the intent of a First Nations agency to begin the process leading to the agency entering such an arrangement.
- 4.5 The agency and the region will ensure that all of the preconditions for entry into such an agreement have been met (see Section 5 on Preconditions). This plan will be shared with Headquarters.
- 4.6 The agency and the region will then conduct a compliance review of the current fiscal year to verify the Maintenance base. The compliance review will be conducted following the national compliance Directive and as outlined in the FNCFS national manual. The average increase or decrease over the previous three fiscal years will then be determined. This information is to be shared with Headquarters.
- 4.7 Upon completing the compliance review and agreement on the part of all parties to a mutually acceptable level of authorized Maintenance expenditures, the parties will then develop the entry level allocation for flexible funding based on the methodology outlined in Section 6 on Determining Initial Allocations.
- 4.8 A Peer Review Committee (PRC) will consist of three First Nations representatives experienced in FNCFS and the concept of Flexible Funding appointed by the National Advisory Committee (NAC) along with the INAC National Manager of First Nations Child and Family Services and a representative from INAC Finance Branch. The PRC will discuss each application as it comes into Headquarters from the region.
- 4.9 The PRC will provide feedback to the applicant agency and region, suggest changes or improvements to the proposal and make recommendations on whether or not the application should be approved.
- 4.10 The recommendation will be presented to the Director General of Social Policy and Programs. Once the Director General has given final approval, the agreement will be put into effect.

- 4.11 Agencies must provide detailed reporting for children out of the parental home in alternate care as well as for reinvestment activities. Reports on children in alternate care will be submitted quarterly to the region along with reports on reinvestment activities. The reporting activities will reflect the proposal or business plan.
- 4.12 The agreement may be renewed annually for a period of five years at which time program funding levels will be reviewed and the arrangement may be renewed for a further five year period, See Section 9 on Renewals.
- 4.13 Annual adjustments will be provided in accordance with the methodology outlined in Section 7 on Annual Adjustments.
- 4.14 If large numbers of children come into care for reasons that cannot be controlled by the agency, or a small number of children result in a dramatic increase in expenditures, the agency may, at its discretion, invoke a special circumstance review. This process is described in the Section 8 on Special Circumstance Review.

5.0 Preconditions for Entry into a FFOM

An assessment of agency readiness will be conducted jointly by the region and the agency. This assessment will take into account the following factors:

- 5.1 FFOMs are designed for agencies that provide a full range of services and are fully delegated. Agencies that provide prevention services only would not benefit from a FFOM agreement. Delegated agencies that purchase protection services from the host province or another agency would, in their proposals, have to involve the reference province or external agency in the submission because the province has control of children coming into care. The agency and the province would have to provide details about how they plan to reprofile Maintenance dollars in order to change the focus of the service.
- 5.2 The financial and administrative "track record" of the agency and/or First Nations child and family services organization applying for a FFOM. This will include any surpluses or deficits the agency is experiencing; the consistency of financial records;

the case management records being in good order; and the concurrence of the province that the agency is in fact a good candidate for increased flexibility.

- 5.3 The degree to which the applicant agency has adequately trained staff and has developed a well-defined tracking and reporting system in line with provincial legislation and standards.
- 5.4 The capacity of the applicant agency to work collaboratively with and within its host communities, region and the province in establishing a new service direction with a strong preventative focus using an integrated holistic approach.
- 5.5 The stability of the service delivery system. Agencies with fairly stable caseloads (that is, no extreme fluctuations in children in alternate care out of the parental home) and a good record for protecting children will receive preference.
- 5.6 Size of the agency. Larger agencies have greater economy of scale and will be better able to benefit from the flexibility offered by a FFOM.

6.0 Method for Determining Initial Allocations

- 6.1 Results of the compliance review will establish the current Maintenance base and will be an accurate record of INAC reimbursable expenditures within current authorities during the current fiscal year. The percentage increase or decrease over the previous three fiscal years will also be determined.
- 6.2 The region and the First Nation agency will project a year-end level of spending for Maintenance within the current fiscal year. This will be accomplished by determining current levels of expenditure and adjustment made according to the trends that emerge during the reconciliation process.
- 6.3 The region and the First Nation agency will determine the allocation by using the year-end forecast as supported by the results of the agency review. The average annual variance over the past three years will provide the basis for an initial adjustment. However, there is no obligation to adjust upward to the full amount if it is determined that the adjustment is not required or supported by the business plan. Likewise, there is no obligation to adjust downward to the minimum if it is determined that the

agency could not manage. The maximum adjustment possible, however, would be the variance over the past three years.

- 6.4 Once the initial allocation has been determined, the Contribution Arrangement for the new fiscal year will be prepared. Funding will be in the form of a Flexible Transfer Payment for Maintenance as well as for Operations.
- 6.5 For fiscal year 2004-2005, FFOM arrangements may be entered into at the time when the applicant agency is prepared to begin operating. There will, however, be no retroactivity and the agency will receive flexible funding for only that portion of the fiscal year that they will actually be in a FFOM. Effective April 1, 2005; however, FFOM arrangements will only be entered into effective April 1.

7.0 Annual Adjustment

- 7.1 Authority for Flexible Funding is not multi-year; therefore, Contribution Arrangements must be renewed annually. For a FFOM, the Operations portion and the Maintenance portion of funding will both be in the form of a Flexible Transfer Payment, but separate entities within the agreement.
- 7.2 Adjustments are made annually in the Operations allocation based on the formula contained in the national policy. There are, however, no formula-based adjustments to the Maintenance allocation.
- 7.3 Because rates paid for children in care are driven by provincial rates, adjustments will be made to the Maintenance calculation to accommodate these shifts. Should the provincial rates for children in care rise, the Maintenance allocation will be adjusted effective on the date the adjusted rates become effective.
- 7.4 If the rates go up for any one of the categories for children in care (institutions, group homes or foster homes), a corresponding increase will be provided for those children in the care of the agency in those categories. The adjustment will use the child in care statistics provided by the agency in the previous fiscal year and will calculate the average cost per child in alternate care in each of the three categories. The percentage increase in the provincial rates will then be added to the average cost per child in alternate care by category and multiplied by the number of children in alternate care.

- 7.5 Alternately, if provincial rates drop, the same process in reverse will apply. Adjustments will occur effective the dates the rate changes come into effect.
- 7.6 Should cost of living adjustments be reinstated for the Operational formula in future, these adjustments would not apply to Maintenance as Maintenance price is driven by provincial rates.

8.0 Special Circumstance Review

- 8.1 From time to time, circumstances may arise that are beyond the control of agencies and where large numbers of children may have to be brought into care due to breakdowns in a specific community. In other cases, extra ordinarily high costs for one or more children may result in a major increases to the cost of children in care out of the parental home. These situations are usually, but not always, temporary and may require a temporary adjustment.
- 8.2 When this occurs in an agency that is funded in the traditional fashion (that is, reimbursement of actual costs for children in care), the agency is able to pass the increase on to INAC through their normal Maintenance invoices. However, when this happens to an agency in a FFOM agreement, the impact of this emergency situation could create serious difficulties for the agency.
- 8.3 It is suggested the following process be adopted as part of the management framework for FFOM agreements:
 - a) If an agency in a FFOM agreement experiences a crisis in one or more communities that is beyond its control and that requires bringing a large number of children into care or, alternatively, it experiences a serious growth in special needs rates, the agency may, at its discretion, call for a Special Circumstances Review (SCR).
 - b) If 8% or more children, above forecasted levels, come into care over three months as reflected in the quarterly reports or if there is a surge in high-cost children resulting in a cumulative deficit equivalent to 8% or more of the agency's total annual Maintenance revenues (projected from quarterly reports), INAC will be obliged to call for a Special Circumstances Review (SCR).

- c) The region and the agency will then set up a SCR and will advise Headquarters about this circumstance. In preparation for this review, the agency will be expected to produce a statistical summary of activities since entering the FFOM. Further, if the factor that is driving costs higher is high-cost children, the current situation will be compared with the numbers of high-cost children just before entering the FFOM.
- d) The agency and the region will determine whether this special circumstance is likely to be of short or long-term duration.
- e) If the duration is short, there are two possible options:
 - i) it may be agreed by the agency and the region that the agency absorb this increased cost over a short period of time; or
 - ii) the region may propose to provide a temporary supplement to the Maintenance allocation, which cannot exceed the shortfall. This temporary measure will never exceed six months. The region would then make this recommendation to Headquarters for final approval.
- f) If it is likely to be of longer duration, there are three possible options:
 - i) The agency, the region and Headquarters may agree upon a cost-sharing arrangement. This would then become part of the FFOM base until such time as the renewal took place.
 - ii) The agency, region and Headquarters may agree that an adjustment to the base is required to cover the total amount of the shortfall. In this circumstance, renewal will be necessary and the business plan will require updating to reflect current realities. This will result in renewing the full agreement.
 - iii) The region and the agency may agree that the agency revert to traditional Contribution funding, particularly if the impacts are significant. In such an event, six months would have to be allowed for the transition because a

number of programs and services may be effected. If such an agency wishes to re-enter a FFOM in future, they must reapply under the provisions of Section 4..

- 8.4 In the event that no agreement is reached in regard to Sections 8.3.e and 8.3.f above, the agency must return to traditional Contribution funding for Maintenance until the situation in the geographic area in which the agency operates stabilizes. In this circumstance, the agency would be subject to the provision in 8.3.f.iii.
- 8.5 In the event of a special circumstance that is outside INAC's current authorities to resolve, INAC will act to help bring the issue to the attention of the appropriate authority.

9.0 Renewal of the Allocation

- 9.1 Although the FFOM agreements must be renewed on an annual basis and an annual adjustment factor has been built into the methodology (based upon provincial rate increases), it is essential that, at some point, the levels of funding are reviewed and the agency's Maintenance allocation is renewed. With the anticipated shift from alternate care to in-home care for children at risk, the profile of agency service would change significantly and the considerations applied to new FFOM agreements would no longer apply.
- 9.2 With the shift in focus comes a significant change in the service profile. To renew without considering the alternate programming, which has been developed, would be counter-productive and would leave the FFOM agencies in an untenable position. On the other hand, it must be understood that the Maintenance base cannot continue to increase without justification and without periodic review.

10.0 Assumptions

- 10.1 That the shift in focus from taking children into alternate care toward prevention and alternate programming will be a gradual one that will take several years.

- 10.2 Renewal should only occur once a significant shift has taken place in programming. Therefore, Renewals will occur following five years of operation under a FFOM. In a review of the flexible funding pilot programs, it was found that there was a major shift only after the pilot program agency had been in flexible funding for more than five years.
- 10.3 The methodology for renewal will be done in a manner which is consistent, measurable and supportable according to existing data and authorities.
- 10.4 Flexible Funding was conceived as a methodology that would allow children at risk and their families to receive services at home, thereby reducing the need to remove children into alternate care. The Maintenance statistic of measurement, then, will no longer be children in alternate care alone, but a combination of children in alternate care plus children at risk of neglect and abuse being serviced by the agency.
- 10.5 Flexible Funding was conceived as a methodology to encourage an increased investment in preventative services. Should the Operational formula be redeveloped and additional funding is received for prevention or least disruptive measures, this methodology will have to be revisited.

11.0 Methodology

- 11.1 As part of the ongoing monitoring of the original proposal or business plan, the agency and region will meet a minimum of once per year to review the progress of the plan in moving from a protection-only agency to an agency that emphasizes prevention and service to children at risk in their own homes. These reviews will track the transition process so that when the renewal takes place, there will be no surprises. Provincial involvement in these periodic reviews should be encouraged wherever possible.
- 11.2 When a FFOM agency completes five years using the FFOM methodology, the process for renewal is as follows:
 - a) The region and the agency will set a date for the renewal to begin and will advise Headquarters accordingly. An on-site review will be conducted at the agency's offices. The review will include an assessment of all current year costs related to children in alternate care to ensure they follow current

authorities. The review will also track alternate services expenditures. The results of the review will then be matched against the original proposal or business plan.

- b) The region and agency will do a projection of the current year's Maintenance and alternate program spending as supported by agency records. A trend will then be forecast to determine actual costs for the full year.
- c) Once the projection is completed and has been verified by regional staff, the agency will advise the region about the number of children being serviced who are at risk of neglect or abuse in accordance with provincial legislation and standards plus the number of children in alternate care out of the parental home, which had already been jointly verified.
- d) The number of care days will then be established on the basis of children out of the parental home. The number of non-care days will also be established by determining the number of at risk children being serviced in their own homes. In this way, a per-diem cost is established for children in care by dividing the total cost of in care by the number of care days. Similarly, a unit cost will be determined for non-care by dividing alternate service costs by number of at risk children being serviced by the agency.
- e) Although not used in the first renewal, these per-diem costs become a useful tool for future comparisons. During the next renewal, the agency and INAC will be able to track the per-diem costs to determine if they are in line with the expectations of the business plan. If they are not, remedial action will be necessary.
- f) Following the first renewal, agencies are to report on these per-diem costs along with the other reporting requirements so that they become a part of the agency profile for FFOMs.
- g) Because the current actual base has been established and projected through the renewal process, it is not necessary to adjust for surplus or deficits. Accumulated surpluses may be retained by the agency to use to deliver FNCFS, but, on the other hand, accumulated deficits must be borne by the agency.

- h) Having determined the allocation for the renewed agreement, the agency and the region, in consultation with the province, will develop a new business plan, which will become the basis for annual reviews and, subsequently, the standard against which the next five-year renewal will be measured. This renewed business plan will be forwarded to the Peer Review Committee for comment and recommendation. As are new FFOM agreements, final approval will be given by the Director General of Social Policy and Programs.
- i) If an agreement cannot be reached on a new plan or level of funding, the agency will revert to Contribution funding. In this event, the same conditions as outlined in Section 8.3.f.iii of Special Circumstances Review would apply.

12.0 Agencies Currently in Flexible Funding Pilot Programs

- 12.1 Effective April 1, 2004, agencies currently in pilot programs will continue to be funded under current levels of funding and current operational arrangements until a renewal can occur, no later than April 1, 2005. At that time, the agency will be brought in line with the methodology set out in this policy.
- 12.2 As of April 1, 2005, all agencies currently in flexible funding pilot programs will either be under this policy or obliged to return to Contribution funding.

Appendix B: Summary of Prevention and Protection Services – Contribution Authority

Contributions to support culturally appropriate prevention and protection services for Indian children and families resident on reserve

Objective: To support culturally appropriate prevention and protection services for Indian children and families resident on reserve, in accordance with the legislation and standards of the province or territory of residence. The anticipated result is a reduction in family violence and a more secure and stable family environment for children on-reserve.

Eligible Recipients: Prevention and protection services for children and families on reserve is one of the essential services that is funded by DIAND for reserve communities. In the Northwest Territories and Nunavut, there are provisions for these services in the territorial formula financing agreements. In the rest of the country, DIAND arranges for the administration of funding for these services with the Chiefs and Councils of Indian bands recognized by the Minister of Indian Affairs and Northern Development. Chiefs and Councils may opt to deliver programs directly; share services with other member communities in tribal/district councils or incorporated political/treaty/First Nation organizations; or enter into agreements for service delivery with other provincial or municipal agencies, private businesses or non-governmental organizations.

In these cases, contributions for prevention and protection services for children and families ordinarily resident on reserve may be flowed to Indian organizations designated by Chiefs and Councils (bands/settlements, tribal councils, or political/treaty organizations, child and family services agencies, or family violence prevention shelters for abused mothers and children); or public or private organizations engaged by or on behalf of Indian communities to administer the program of prevention and protection services for Indian children and families (private firms or organizations retained as co-managers or third-party managers designated by DIAND).

In some cases, where services are not administered by Chief and Council of Indian bands, DIAND may opt to enter into agreements for service delivery or cost-sharing with other federal, provincial or municipal agencies, private businesses or non-governmental organizations. With respect to child and family services, because of jurisdictional and liability issues, DIAND will only fund child and family services service providers mandated by the province or territory or the province or territory itself to provide services.

Self-governing First Nations that have included child and family services or family violence in their self-government agreements are not eligible recipients under this contribution authority for those activities included in the self-government agreement.

Stacking Provisions do not generally apply to payments for abuse prevention and protection services, as DIAND usually provides 100% of the abuse prevention and protection services funding. Any other government funding received will serve to reduce DIAND's contribution.

Child and Family Services: Recipients shall account for parental contributions, as specified by the provincial or territorial legislation and standards, and apply these first towards maintenance costs. DIAND's reimbursement of maintenance costs shall be reduced by any parental contributions.

The Children's Special Allowance (CSA) will be applied exclusively against the eligible expenses under the *Children's Special Allowance Act* in accordance with section 3(2) of the *Act*. In those cases, the recipient shall document the diversion of funds and be prepared to furnish copies to DIAND when requesting reimbursement of maintenance costs.

Third Party Delivery: Where the recipient delegates authority or transfers program funding to an agency (i.e., an authority, board, committee or other entity authorized to act on behalf of the recipient), the recipient shall remain liable to the Minister for the performance of its obligations under the funding agreement. Neither the objectives of the programs, nor the expectations of transparent, fair, and equitable service may be compromised by this delegation or transfer of funds.

The recipient shall adhere to the management and accountability regimes outlined in the agreements, and include:

1. clear statements of expectations, roles and responsibilities (including financial roles and responsibilities) for the initial and final recipients;
2. transparent and open decision making processes; demonstration that the eligibility requirements are being met;
3. provision for ongoing assessment by DIAND to ensure that performance is in line with expectations and that the initial and final recipients exercise due diligence;
4. provision for DIAND's right of access to relevant documents and premises of the initial recipient and, where warranted, the final recipient; requirements for compliance and financial audits;
5. provision for DIAND to receive regular financial and performance reports from the initial recipient, certified by an officer of the company, including if appropriate: annual audited financial statements with an external auditor's report and opinion; specification of admissible administrative costs that can be applied to the contribution by the initial recipient based on an accounting of expenses; and any completed evaluations funded in whole or in part by the transfer payment program;
6. provision that DIAND obtains from the initial recipient, or has ready access to, a copy of all signed agreements with final recipients; and
7. a description of the redress provisions for ultimate recipients affected by decisions of the initial recipient; provision for appropriate reviews, program evaluations, and audits.

Application Requirements: Before entering into a funding arrangement, DIAND shall confirm its authorities to enter into an agreement with the recipient and to fund the proposed activities. In most cases, child and family services (including family violence prevention) would be one of several public services to be funded by DIAND for a particular recipient, and there would also be an expectation of an on-going relationship between DIAND and the recipient. The recipient, therefore, shall be required to provide a complete review of its accountability and management processes and systems. This review shall be based on appropriate accountability and management control frameworks.

Following the assessment, DIAND may also work with the recipient to prepare a development plan. Such a plan shall address any gaps identified by the assessment and be appended to the agreement. The development plan shall remain an integral part of all future agreements until all the recommended policies and procedures have been implemented.

Recipients shall comply with the *Conflict of Interest and Post-employment Code for the Public Service* and the *Conflict of Interest and Post-Employment Code for Public Office Holders*. Where a recipient employs or has a major shareholder who is either a current or former (in the last twelve months) public office holder or public servant in the federal government, compliance with the Code(s) must be demonstrated.

Initial recipients are required to demonstrate the eligibility of final recipients for child and family services (including family violence prevention) funding, according to the following criteria. Final recipients must:

- a) ordinarily reside on reserve;
- b) be in need of child and family services (as defined by provincial legislation and standards and in accordance with provincially mandated child welfare agency needs assessments), and/or family violence prevention support (in accordance with the needs assessment of police, child and family services agency staff, family support staff, health centre staff, or emergency shelter staff);
- c) have a demonstrated requirement for child and family services support (including family violence prevention) and no other source of funding to meet such needs.

For the purposes of providing child and family services (including family violence prevention), ordinarily resident means that the final recipients: usually live at a civic address on reserve, or are children in joint custody who live on reserve most of the time.

Students continue to be considered ordinarily resident on reserve if they return to live on reserve with their parents, guardians or maintainers during the year, even if they live elsewhere while attending school. The residence of a child who comes into the care of a mandated child welfare authority is derived from the residency of the child's parent or

guardian at the time the child is taken into care; such children shall be deemed to be ordinarily resident on-reserve for as long as such care is required and continues to be unavailable on-reserve.

For the purpose of providing Child and Family Services and or Family Violence programs and services, residents of the following communities are considered to be ordinarily resident on-reserve: Kitcisakik - Canton de Hamon; Long Point First Nation - Winneway; Pakua Shipi - Saint-Augustin; Kanesatake - Oka; Barriere Lake - MaïganAgik; Aroland; Animbiigoo Zaagi'igan Anishina; Sandpoint; Nibinamik; McDowell Lake; Mathias Colomb Cree Nation - Granville Lake; Mathias Colomb Cree Nation - Marcel Colomb (Lynn Lake); Nisichawayasihk Cree Nation - South Indian Lake; War Lake First Nation - Ilford; Fox Lake First Nation - Gillam; Ocean Man; Athabasca Chipewyan First Nation (ACFN) - Ft. Chipewyan; Mikisew Cree First Nation - Ft. Chipewyan; Little Red River Cree Nation (LRRCN) - Garden River; FT. McKay First Nation; Lubicon Lake Band - Little Buffalo; Tsay Keh Dene First Nation (Ingenika Band); Old Massett Village Council; Lax Kw'alaams; Iskut; Lake Babine; Wet'suwet'en - Bromon Lake; Whe-La-La-U; and all Indian Residents of the Yukon.

Child and Family Services: DIAND shall also confirm that: (1) an agreement is in place between the province or territory and the eligible recipient which meets the requirements of the national First Nations Child and Family Services policy; (2) in the case of a First Nation Child and Family Services Agency, that it is mandated by the relevant province or territory, and that it is incorporated pursuant to provincial or federal legislation (as verified by a copy of their incorporation documents). Where it is agreed that DIAND will fund Chief and Council for Child and Family Services, the Chief and council must demonstrate that they have an agreement in place with a mandated child and family services agency or the relevant province or territory to use 100% of the funds to purchase services. In the case of a non-profit society, a copy of the documentation demonstrating that they are mandated by the province or territory to provide child and family services and copies of current incorporation documents which confirms that they are a society in good standing in their province or territory; (3) the recipient maintains the minimum insurance required under provincial legislation or regulations, or as may be required by DIAND for the provision of child and family services; and, (4) where the province or territory is providing the services, the province or territory

must provide documentation that the services are for an eligible beneficiary.

Subject to the legislation and standards of the province or territory of residence, child and family services agencies may continue to provide services to final recipients who have reached the age of majority until those recipients have completed a course of education or treatment plan that was underway at the time of attaining their majority.

Family Violence: Family Violence Prevention Projects must demonstrate that they promote a reduction in family violence and support a more secure environment for families on-reserve, through the promotion and public awareness, education campaigns, conferences and workshops, stress and anger management seminars, counselling, training, support groups and community needs assessments subject to the availability of funding.

Social Development Program Management Infrastructure Initiative: Eligible recipients will confirm they are Chiefs and Councils of Indian Bands recognized by the Minister of DIAND and/or First Nation organizations with a population catchment of at least 1400. No two entities will be funded for the same purpose for the same population catchment area. In addition, the proposal under this initiative will need to meet the following criteria:

- 1) integrated delivery of multiple social development programs;
- 2) show interface/linkages with provincial/territorial and/or federal programs; and,
- 3) demonstrate the capacity to perform at least one of the following functions:
 - test the effectiveness of sectoral or block funding;
 - support training for community level staff;
 - standardized procedures and support for compliance;
 - integrated and strategic approach to public accountability;
 - establish professional standards or provide professional development services;
 - support policy adaptation and interpretation and program design;
 - support/provide coordinated case-management services;
 - develop conceptual frameworks for indicators or integrated databases to support statistical development;

- modernize information technologies and develop integrated databases;
- develop community based indicators of program performance;
- report on data and analysis, and its importance to communities;
- or
- data collection and management activities required for program monitoring, planning, reporting and evaluation; maintenance and upgrading of systems.

Eligible Expenditures:

Child and Family Services:

Maintenance - Institutional Maintenance consists of child maintenance in a foster home, group home, or institution. Child Maintenance is the actual cost of maintaining Indian children ordinarily resident on reserve, and/or non Indian children ordinarily resident on reserve that are not receiving protection services from the relevant province or territory, who are taken into care in accordance with provincially approved legislation, standards and rates for foster home, group home and institutional care. This includes non-medical services to children with behavioural problems and specialized needs; purchases on behalf of children in care; and other provincially-approved purchases not covered by other funding sources.

Per diem costs for children in care in foster homes, group homes and institutions may include professional services not covered through other sources of funding where the child may have established eligibility.

Development/Devolution of Indian Child and Family Services agencies – allowances for assessment, community consultations, negotiation of agreements, research and development of service standards, hiring of staff, establishment of agency office, purchasing of equipment and furniture, orientation and initial training of local committees, boards of directors and agency staff. Payments under this activity may be made as a Flexible Transfer Payment.

Indian Child and Family Services Agency Operations – salaries, travel, and benefits for agency staff (e.g.: agency director, senior management staff, supervisory staff, support staff, protection and prevention workers, and resource workers); expenses related to board/committee

operations; professional development services; special needs assessment and testing; legal services fees and costs; paraprofessional services; family support services; agency administration including non-medical travel costs, rent, office expenditures including computer hardware and software, audits, monitoring and evaluation (i.e. costs of preparing agency evaluations). Eligible expenditures may also include non-medical services designed to keep families together and children in their own homes (e.g.: homemaker and parent aid services, mentoring services for children, home management, non-medical counselling services not covered by other funding sources, group and individual activities designed to promote better parenting skills). Payments under this activity may be made as a Flexible Transfer Payment.

Flexible Funding of Maintenance - Eligible recipients may apply by submitting a plan to DIAND to enter into a flexible funding arrangement for child and family services Maintenance. The purpose of this arrangement will be to provide increased flexibility for agencies to re-profile Maintenance funding, under a Flexible Transfer Payment, in order to provide increased resources for prevention. Following an assessment by the region, final approval of all flexible funding arrangements must have the concurrence of the agency in question, DIAND region and Headquarters.

Family Violence Prevention :

Family Violence Prevention - protection and prevention services may include: temporary shelter in First Nation shelters built on- or off-reserve, in commercial accommodation or provincial or private non-profit shelters; counselling for transition back into the community and other intervention activities; prevention activities such as public education and awareness activities; and such other activities and services operated in accordance with relevant provincial/territorial laws and standards.

Family Violence prevention expenses include: operating costs for First Nation family violence prevention shelters, including rental of temporary shelter; salaries and training for professional or para-professional family violence workers and administrators and related office costs; data collection and management activities required for project monitoring, planning, reporting and evaluation; funding to support the National Aboriginal Circle Against Family Violence to

provide and coordinate training, co-ordination of programs and services, seminars, conferences, research projects, and professional networking.

Projects – allowances for community-based family violence prevention initiatives, public awareness, education campaigns, conferences and workshops, training, stress and anger management seminars, support groups and community needs assessments (i.e. costs of books, pamphlets and materials, office expenditures, travel, facilitator per diem, and refreshments).

Shelter Operations – salaries and benefits for shelter professional staff (i.e. shelter director, assistant director, and family violence counsellors); professional development services; management of shelter committees and providing advice to band administrations; paraprofessional services (shelter support workers); agency administration (secretarial staff, travel costs, office expenditures); monitoring and evaluation (i.e. costs of preparing agency evaluations); and, other operational costs of maintaining families or individuals eligible for protection services (i.e. food, shelter, security systems, counselling, psychological services, career planning, referrals to other social agencies, personal items, special needs, emergency clothing, travel, and recreation).

Off Reserve Family Violence Prevention Emergency/Transition /Second Stage Shelter – If it is necessary for the safety of individuals or families to be placed off-reserve, the eligible expenditures are the actual costs of maintaining individuals or families in family violence prevention shelters off reserve, based on provincial/territorial per diem rates and rules (i.e. food, shelter, counselling, psychological services, career planning, referrals to other social agencies, personal items, special needs, emergency clothing, travel, and recreation).

Notes: Rent and maintenance costs for facilities located on reserve are not eligible expenditures under this contribution.

Social Development Program Management Infrastructure Initiative:
Eligible recipients will confirm they are Chiefs and Councils of Indian Bands recognized by the Minister of DIAND and/or First Nation organizations with a population catchment of at least 1400. No two entities will be funded for the same purpose for the same population

catchment area. In addition, the proposal under this initiative will need to meet the following criteria:

- 1) integrated delivery of multiple social development programs;
- 2) show interface/linkages with provincial/territorial and/or federal programs; and,
- 3) demonstrate the capacity to perform at least one of the following functions:
 - test the effectiveness of sectoral or block funding;
 - support training for community level staff;
 - standardized procedures and support for compliance;
 - integrated and strategic approach to public accountability;
 - establish professional standards or provide professional development services;
 - support policy adaptation and interpretation and program design;
 - support/provide coordinated case-management services;
 - develop conceptual frameworks for indicators or integrated databases to support statistical development;
 - modernize information technologies and develop integrated databases;
 - develop community based indicators of program performance;
 - report on data and analysis, and its importance to communities;or
 - data collection and management activities required for program

Maximum Amounts Payable: Maximum amounts payable under this contribution program are based on the service standards and rate schedules of the province or territory of residence.

Child and Family Services: In accordance with the current operational formula for the operation of an agency, the maximum payable to a single recipient is \$13.8 M per annum. The costs of maintaining eligible children in foster, group home and institutional care are reimbursed on actual costs; actual per diem rates are established by the province or territory, up to \$845 per eligible child per day. Maximum payable to province or territory or territories who are delivering services in the absence of FNCFS agencies is \$30.0 M per annum. Where eligible recipients have a flexible funding maintenance agreement with DIAND, the maximum allocation is not to exceed \$15 M per annum.

For the developmental/devolution costs associated with establishing a new FNCFS agency, a one-time cost for pre-planning of up to \$11,101 per group of bands forming an agency, plus \$1,665 per member band; a one-time cost for planning of \$88,808 per group of bands forming an agency, plus \$3,330 per member band, and; a one-time cost for start-up of \$185,388 plus 25% of first year operational funding. Unit costs for the development/devolution of FNCFS agencies are based on the elements specified in the national funding formula.

Maximum amounts payable may increase annually by a factor of no more than two percent (2%).

Family Violence Prevention: Maximum amounts payable under this contribution program are based on the service standards and rate schedules of the province or territory of residence.

Family Violence Prevention: The maximum amount payable for a single Family Violence Project is \$900,000.00 annually. Unit costs for family violence prevention projects are based on a combination of project proposals and per-capita distribution. In several regions, funding is provided to regional organizations which then distribute project funding to Bands on a per capita basis and/or according to the proposals it has received.

In the remainder, project proposals are submitted directly to DIAND regional offices. All project-based proposals are required to meet specific criteria which are developed by DIAND and the body that administers the program, if applicable.

Violence Shelters – Shelter is \$388,000.00 annually.

Off Reserve Family Violence Prevention Emergency/Transition/Second Stage Shelter – up to \$132 per person per day to a maximum stay of fourteen weeks, or \$12,936 for emergency / transition shelter, and up to \$10,950 per year for second stage shelter. Unit costs for emergency family violence prevention shelter services provided off reserve are based on provincial / territorial rate schedules. Emergency/Transition shelter may be provided for up to fourteen weeks; second-stage shelter may be provided for up to one year.

Maximum amounts payable may increase annually by a factor of no more than two percent (2%).

Repayable Contributions: These provisions do not apply because no business will receive contributions which are intended to generate profits or to increase the value of the business.

Due Diligence: DIAND has procedures and resources for ensuring due diligence in approving these contributions, verifying eligibility and entitlement, and for managing and administering the program.

Approval: Authority to sign and amend agreements is delegated to directors responsible for these programs.

Basis and Timing of Payments: Payments are made monthly based on a cash flow forecast from the recipient or by the reimbursement of actual costs. Where advance payments are necessary, they are limited to the immediate cash requirements of the recipient and do not exceed the payment frequency set out in the provisions of the Cash Management Policy.

DIAND is seeking an exemption to the requirements in sections 7.6.3 and 7.6.4 of the Policy on Transfer Payments on holdback provisions, on the basis that contributions for culturally appropriate prevention and protection services to residents of reserves are a major component of an ongoing funding relationship between DIAND and recognized Indian bands. This expectation of an ongoing funding relationship is sufficient incentive for recipients to account fully for all expenditures incurred. It also helps to minimize the risk associated with the recipient not using the funds for the purpose contributed. Contribution Agreements, Comprehensive Funding Agreements, and Flexible Transfer Payments, therefore, do not have explicit holdback provisions. Instead, recipients are advised that "funding otherwise payable under this Arrangement may be withheld by the Minister, if the Audit and reports are not provided by the Council to the Minister as required under this Arrangement or its predecessor.

Any amounts so withheld shall be paid by the Minister to the Council, within sixty (60) days of the submission of the reports."

Funding Level Changes: DIAND is seeking an exemption to the requirements in section 7.3.6 of the Policy on Transfer Payments on provisions in the event that departmental funding levels are changed by Parliament, on the basis that funding agreements already contain a requirement that any payment made is subject to there being an appropriation by Parliament for the fiscal year in which the payment is made. This clause is based on section 40 of the *Financial Administration Act*, which also provides sufficient authority for DIAND to reduce or cancel agreements and payments in the event that Parliament changes departmental funding levels.

Duration: These terms and conditions are in effect to March 31, 2006.

Results-based Management and Accountability Framework and Risk-Based Audit Framework: DIAND is seeking an exception to section 8.1.1 (clauses xv and xvi) of the Treasury Board Policy on Transfer Payments, the requirement for the Results-based Management and Accountability Framework (RMAF) and the Risk-Based Audit Framework (RBAF). This request is premised on the fact that DIAND is currently in the process of finalizing a review of all its A-base budget programs and the organizational structure used to manage and administer these programs. The Department's management and accountability structure will change with the creation of a Regional Operations Support Sector. This change will enhance the Department's efforts to ensure that the guiding principles outlined in the Treasury Board's report entitled *Results for Canadians*, the Treasury Board Policy on Transfer Payments as well as Treasury Board's Modern Comptrollership initiative will be fully implemented.

It is anticipated that the results of this A-base review and the departmental re-structuring, will be finalized by late August or early September. At that time, the social development program's RMAF and RBAF reports can be finalized in a manner that facilitates strategic alignment with the department's revised management and accountability structure.

Other: DIAND has the capacity to manage this program, for which the planned direct expenditure in 2003-2004, is \$385 million in Vote 15 (Grants and Contributions) in the department's reference level.

Appendix C: Child and Family Services Compliance Review Process

1.0 Purpose

This directive provides national direction to assist the regions and their staff with the conduct of First Nations Child and Family Services (FNCFS) Compliance Reviews.

This directive helps fulfil Indian and Northern Affairs Canada's (INAC/ the department) accountability requirements to Parliament as well as its obligations under the *Financial Administration Act* (FAA). It provides guidance to departmental staff on the expenditure of public monies, an essential managerial responsibility (e.g., section 34, FAA).

The objective of FNCFS Compliance Reviews is to confirm eligibility for funding and determine compliance with Cabinet and Treasury Board Authorities/Terms and Conditions, including the introduction of maximum amounts allowable under maintenance effective September 27, 2001, and with provincial rates for children in alternate care (i.e. foster care, group home care and institution care) as set out in the funding agreements. This includes providing support to all First Nations, Tribal Councils, Third Party or the Province (referred hereinafter as Administering Authorities) who administer FNCFS under a reimbursement of actuals contribution regime, in the effective and efficient operation of FNCFS.

2.0 Scope

This directive applies to all compliance reviews on FNCFS where the funding of FNCFS is based on INAC reimbursing to an Administering Authority the actual costs for maintenance expenditures associated with FNCFS (referred to hereafter as a "reimbursement of actuals contribution regime").

This directive applies to all INAC employees as well as persons under contract to INAC who conduct such compliance reviews, to all Administering Authorities who administer FNCFS under a reimbursement of actuals contribution regime and to all provincial agreements for the provision of FNCFS.

3.0 Authorities and References

The FAA, Cabinet Record of Decision, and Treasury Board regulations set out the Minister's authority with respect to the expenditure of public monies including grants and contributions.

4.0 Issuing authority

This directive is issued under the authority of the Assistant Deputy Minister, Corporate Services.

5.0 Definitions

Alternate Care: Placement outside of the parental home in foster care, group home care or institutional care placements, also referred to as maintenance.

Administering Authority: The body/organization responsible for providing Child and Family Services for Indian children normally resident on reserve. This can include a First Nation, a Tribal Council, or other Third Party acting on behalf of the First Nation, the Province or INAC.

Client: The Indian child normally resident on reserve and placed in alternate care for whom service is being provided under Provincial Legislation and for whom INAC has accepted financial responsibility.

Compliance Review: A review by INAC of the administration and operation of the FNCFS program administered by the Administering Authority to ensure that the program is being delivered in accordance with INAC's policies which reflect Treasury Board and Cabinet authorities.

Eligibility: Describes the requirements a client or recipient must meet in order to be entitled to a service that is provided with funding from the department.

Indian: "Indian" means a person who pursuant to the *Indian Act* (R.S., 1985, c. I-5, s. 2) is registered as an Indian or is entitled to be registered as an Indian.

Funding Agreement: A document containing the terms and conditions by which a transfer payment is made by INAC to an Administering Authority for the delivery of programs and services by the Administering Authority. Types of agreements include Contribution Arrangements (CA), Comprehensive Funding Arrangements (CFA), Financial Transfer Agreements (FTA)/CFNFA-Non-Core Agreements or Provincial Funding Agreements.

Maintenance: For the purposes of INAC funding, per diem costs (excluding any other support costs which are funded through the Operations funding formula) for eligible Indian children normally resident on reserve and placed in alternate care (i.e. Foster, Group, Institutional).

Recipient: The FNCFS administering authority responsible for the delivery of Child and Family services to clients. This can include a First Nation, a Tribal Council, or other third party acting on behalf of the First Nation, the Province or INAC.

Reimbursement of Actuals Contribution Regime: Funding approach by which INAC will reimburse the Administering Authority for all eligible FNCFS maintenance expenditures. Note this does not include any and all payments made by the Administering Authority. It is restricted to eligible payments for eligible clients/recipients based upon the provincial rates for maintenance, subject to Treasury Board approved maximum amounts. This regime also allows for the reimbursement to INAC of advances over the allowable eligible FNCFS maintenance expenditures.

Remedial Action: A series of steps set out in the Funding Arrangements Intervention Policy, and within a funding agreement, that confirm and correct problems which come to exist or are arising, with respect to an Administering Authority meeting its obligations.

Terms and Conditions: The obligations between the parties to a funding agreement or other documents referred to within the funding agreement.

6.0 Policy Statement

The basic principles to be followed in the administration and monitoring of FNCFS are as follows:

a) INAC's responsibility:

- as a matter of policy, INAC has accepted financial responsibility to fund FNCFS (using the Government of Canada funding principles and definitions) under Provincial Child Welfare legislation for Indian Children normally resident on reserve at time of apprehension or placement, or in the case of an agreement with the Province, the Province will be funded as per the administrative agreement in place with the Province;
- is to ensure that the tripartite and dual bilateral agreements with the Administering Authorities are consistent with the departmental authorities;
- is to ensure that all FNCFS funding agreements with the Administering Authorities are consistent with departmental authorities including Treasury Board approved Terms and Conditions for Child and Family Services;

b) Administering Authorities' responsibility:

- provide proof that the child is eligible for funding and to document the level of the financial support required;
- to manage FNCFS in accordance with the applicable provincial laws, regulations and rules and to put in place accountability mechanisms on the management of Child and Family Services;
- ensure compliance with departmental authorities, and National Program Policy 20-1 Chapter 5 with respect to INAC funding of FNCFS;
- adherence to the terms and conditions of Administering Authorities agreements with INAC and the Provincial Governments with respect to the provision of FNCFS for Indian children normally resident on reserve;

- c) As the authority to fund Administering Authorities for maintenance is on a reimbursement of actuals contribution regime and approved provincial rates, subject to Treasury Board approved maximum amounts, as paid to the Foster/Group/Institution, there cannot be a year-end surplus in the maintenance account.

The purpose of conducting compliance reviews is to:

- a) confirm client eligibility
- b) enable the department to meet its accountability responsibilities to Parliament for the expenditure of public funds under section 34 of the FAA;
- c) determine and ensure compliance with provincial rates, subject to Treasury Board approved maximum amounts;
- d) provide support to Administering Authorities in the effective and efficient operation of FNCFS.

INAC has no responsibility for services to First Nations members normally living off reserve and compliance reviews are not to be conducted upon these services. However, regions should consult with the Province to ensure that the provision of these services off reserve are not jeopardizing the provision of INAC funded FNCFS on reserve, and advise the Province and First Nations that INAC operations funding is to be utilized for on reserve services only.

6.1 Eligibility Criteria

INAC accepts financial responsibility to fund FNCFS under Provincial Child Welfare legislation for Indian Children normally resident on reserve at time of apprehension or placement, or in the case of an agreement with the Province, the Province will be funded as per the administrative agreement in place with the Province.

The eligibility of the Administering Authority is determined by the funding agreement and delegation agreement with the provincial authority for Child and Family Services.

7.0 Responsibilities

Except where otherwise indicated, the Regional Directors General are responsible for implementing this directive.

This directive represents a standard which regions must implement. There is nothing in the directive which limits regions from exceeding (e.g., more frequent reviews, larger samples, etc.) the requirements of this directive, subject to the terms and conditions of the funding agreement.

The Province is responsible for the monitoring of the "quality of service" of First Nation and Third Party Administering Authorities as the Province delegates the authority only, therefore having the ultimate responsibility for the appropriate application of the program.

The Finance Branch at headquarters is responsible for the interpretation of this directive and for the insertion of any necessary changes.

8.0 Review process

Manuals

A basic requirement of a complete compliance process is the existence of regional manuals or provincial/territorial directives that reflect the applicable provincial/territorial terms and conditions including rates and guidelines, subject to compatibility with federal legislation and INAC's authorities for FNCFS including maximum amounts payable. However, it should be clearly understood that INAC's funding authority is based upon Cabinet and Treasury Board authority and not Provincial definitions.

Manuals Time Frame

- a) Regions have ninety (90) days from the date of provincially/territorially announced changes in terms and conditions, including rate changes, to update their manuals and advise the Administering Authorities of the changes.
- b) However, to the extent that the provincial/territorial changes are consistent with federal legislation and INAC's authorities, the changes must be put into effect as of the same date as the provincial/territorial changes go into effect. Regions are to ensure that there is a mechanism in place to notify the Administering Authorities immediately of any such changes.

Notification of an on-site review

INAC will provide Administering Authorities at least two (2) weeks in advance (or less if mutually agreed to) with written advance notice of an on-site compliance review to be conducted in the up-coming calendar year and will arrange a mutually agreed upon date to conduct the on-site compliance review. Arrangements are to be made to ensure that the documentation required for the review, as well as the appropriate Administering Authority and representatives, are available to assist in the review. Regions should make every effort to include provincial representation in the conduct of an on-site review or to coordinate the on-site review with the provincial program review.

Review Sample Selection - On-Site and Provincial

A systematic approach should be used in the completion of compliance reviews. Two sampling methodologies are proposed. (Note, in Ontario, if the Province has an approved sampling methodology, then it is to be used in Ontario reviews.)

Option 1:

A random selection of the files to be reviewed could be determined as follows:

	Formula to be used for Case files and Foster files	Caseload Size Example				
		40	80	190	250	320
1	100% of first 25 files	25	25	25	25	25
2	50% up to the next 100 files	8	27	50	50	50
3	25% of files over 100	0	0	23	38	55
Total Files to Review		33	52	98	113	130

Option 2:

Regions can use the sampling methodology developed by the Corporate Information Management Directorate (CIMD) of INAC as contained in the paper entitled "Program Review for Social Assistance: Sampling Guide" dated October 1995.

Verification

Regions should take reasonable care in verifying client eligibility and level of support. This will include verifying that foster parents are licensed or authorized in accordance with Provincial requirements to provide the necessary level of care.

8.1 In-Office Reviews

Eligibility Review

The in-office review includes on-going verification of client eligibility as per Section 6.1, that the client for whom the department has been billed is an Indian normally resident on reserve and has been placed in alternate care under the provision of provincial child welfare legislation. The information required to establish client eligibility would include but not be limited to: client's name, client's band/family/member number, client's date of birth, date of client's admission into care, client's legal status, and residency of client at time of apprehension, etc.

Where INAC itself is carrying out data sharing procedures between INAC and provincial/other government departments databases, a Memorandum of Understanding (MOU) or some other agreement is required between the region and the Province/other government department.

Verification of Ongoing Claims for Reimbursement

Regions are to ensure that their office procedures include a clearly defined process in the region to verify ongoing claims for reimbursement. This process must also include a notification process to advise the Administering Authority of the reasons why any portion of the claim has not been reimbursed and what corrective action, if any, is required with respect to the refused amounts.

Documentation required to support the amount claimed by the Administering Authority, in addition to the client information under eligibility would include but not be limited to: dates in care, type of care, daily per diems, and any other child specific maintenance charges that are eligible for reimbursement.

Where the supporting documentation is insufficient to substantiate the Administering Authority's claim for reimbursement, regions will not reimburse these Administering Authorities expenditures until the supporting documentation has been received and verified.

8.2 On-Site Reviews

FNCFS Compliance Reviews will be conducted in a respectful, supportive and timely manner involving both the Administering Authority, INAC and where possible, provincial representatives, throughout the process with the endeavour to resolve areas of concern as they are identified, thereby minimizing the number of follow-up items to the greatest extent possible.

The funding agreement terms and conditions require Administering Authorities to open child care files for compliance reviews for the purpose of confirming eligibility and adherence to established standards and reviewing the quality of data which INAC uses for resourcing, operations, accountability, policy/planning and statutory requirements.

In the **Ontario Region**, FNCFS is administered by the Province of Ontario. Compliance reviews are carried out by the Province under provincial legislation. The Ontario Region is to ensure that the terms and conditions of the 1965 Ontario Indian Welfare Agreement are adhered to and that the reviews of First Nation Child and Family Services Agencies and Non First Nation Child and Family Services Agencies (providing services to First Nations) meet the objectives of this directive.

Region should request from the province a copy of the report outlining the findings of the compliance reviews.

Review Team

The review team can be composed of INAC employees in partnership with the FNCFS and Provincial authorities. Other means to complete the FNCFS compliance reviews are acceptable; these include, but not limited to, a third-party consultant, Consulting and Audit Canada, or other suitable persons or firm.

Components of the Review

The on-site review is to ensure consistency with invoicing to the department. The review is to be composed of, but not limited to, four distinct activities:

- a) review of case files;
- b) review of foster parent files;
- c) an administrative review of the office practices of the First Nations Administering Authority and the associated accounting for payments made on behalf of eligible clients;
- d) group/institutional care facilities review. This review would be for financial verification and confirmation that there is documentation that the facility meets the provincial requirements.

File Review

The files selected for review should ensure that the information being reviewed is consistent between the various files for each child in care, (i.e. case files, foster files, etc.) and should reflect the same dates in care, type of care, billing information, etc.

- a) A complete case file must include, but not be limited to:
 - verification that the child is an Indian normally resident on reserve at time of apprehension or placement or in the case of an agreement with the Province, the Province will be funded as per the administrative agreement in place with the region;
 - verification of the legal status under provincial legislation (i.e. courts documents or voluntary care agreements);
 - verification of placement type, caregiver and duration of placement;
 - verification that maintenance rates and special needs rates for children in alternate care (out of parental home) are consistent with applicable provincial rates and policies and Treasury Board approved maximum amounts;
 - verification that provincial regulations for follow-up and reevaluations are adhered to.

- b) A complete foster parent file review will include, but not be limited to:
- verification that foster parents have met provincial requirements for approval (training and/or licensing) and have adequate liability insurance included where appropriate;
 - verification that foster parents are approved to provide the level of care required for the child in alternate care;
 - verification that foster parents' per diem and special rates are consistent with provincial policies and practices and Treasury Board approved maximum amounts.
- c) The administrative review is completed to assess the financial and administrative operations of the First Nation and Third Party Administering Authority to ensure that they comply with acceptable office practices. A complete administrative review will include, but not be limited to:
- current delegation of authority under applicable legislation;
 - liability insurance consistent with provincial requirements;
 - verification that the society/agency remains in good standing within federal or provincial legislation;
 - assessment of financial control (process for cheque authorization, signing and reconciliation);
 - verification that INAC invoicing is consistent with actual disbursements to care providers;
 - verification that INAC is billed in the appropriate category and level of care;
 - internal operating procedures are documented, for example, current child welfare policy manuals and other reference manuals, personnel policies, job descriptions and organization charts;
 - child welfare files are maintained in a confidential and secure environment;
 - follow up on previous program and/or financial reviews.
- d) Confirmation that group/institutional care facilities, including confirmation of provincial licensing/approval requirements, care invoicing and adequate liability insurance, are consistent with provincial requirements and that the per diem rate is consistent with the level of services provided and with Treasury Board approved maximum amounts.

Debriefing

Once the on-site review is finished and before leaving the site, Administering Authorities and representatives are to be debriefed on the preliminary findings of the review. Where appropriate, Chiefs and Councils and/or society/agency board member (whoever the funding agreement is with) should also be debriefed on-site. Written confirmation of these findings will be provided to the Administering Authority. If necessary, a follow-up review should be done, using the same procedures as the first but covering only those problem areas identified in the first review.

Resolution of Non-Compliance

The First Nation Administering Authority should be given every opportunity to address and resolve on-site any areas of non-compliance identified. The object is to minimize the number of follow-up items to the extent possible.

8.3 Provincial Reviews

The purpose of the Provincial Review Process is to ensure that INAC payments to the Province are only for those children for which INAC accepts financial responsibility and that INAC is being billed appropriately according to the terms of the provincial agreement and Treasury Board approved maximum amounts.

Review Team

The review team should include representatives from both the Province/Territory and INAC. Other means for INAC representation to complete the FNCFS compliance reviews are acceptable; these include, but not limited to, a third-party consultant, Consulting and Audit Canada, or other suitable persons or firm.

Components of Review

The review process is to be carried out in the manner that most appropriately reflects the operational structure of the region and the agreement between the department and the Province.

File Review

A file review must be carried out to ensure that the directive, funding authorities and/or provincial agreements are being adhered to.

The file review must reconfirm eligibility of the client and all other aspects of the funding formula contained in the provincial agreement.

This process must verify that information observed in the file review was appropriately transferred to the billing and that the appropriate provincial/territorial rate, subject to Treasury Board approved maximum amounts, was charged for the service provided.

Debriefing

Observations and findings must be presented to the review team for initial comment. The final report should include pertinent observations or outstanding differences remaining between the parties.

A copy of the final report, along with proposed actions and recommendations to improve the process, must be provided to the Province/Territory being reviewed.

Resolution of Non-Compliance

The Province should be given every opportunity to address and resolve any areas of non-compliance identified.

8.4 Financial Impact of Compliance Activity

Regions are to implement and maintain a system to capture and report on: the difference between an Administering Authority's claims for reimbursements and actual reimbursements (i.e. impact of in-office review); and amount recovered as a result of on-site reviews (if applicable).

8.5 Dispute Resolution and Records

Where the Administering Authority wishes to dispute decisions made during monthly verifications or on-site compliance reviews, such disputes should use the normal dispute resolution process in the region.

Maintenance of Records

In order to facilitate compliance monitoring and the processing of appeals, the Administering Authorities are required to maintain clients case files for at least three years after payments are made or for a longer period if required by provincial law.

8.6 Refusal of Access

Refusal of a First Nation Administering Authority to permit access to the files so that the on-site review can be completed will result in the immediate application of remedial action as permitted under the terms and conditions of the funding agreement. Such remedial action will continue in effect until the on-site compliance review has been completed.

Refusal of a Province to provide the necessary documentation to audit the provincial billing will result in the immediate application of remedial action as permitted under the terms and conditions of the provincial agreement.

8.7 Remedial Action (for items within INAC funding authority)

- a) Where the findings of the review identify items or areas of non-compliance, where appropriate, the Administering Authority is to be given a reasonable period of time to take remedial action to correct these items. The length of time to be provided to the Administering Authority to take corrective action is dependant upon the extent and nature of the non-compliance problem.
- b) Depending upon the extent of non-compliance, the Administering Authority can be requested to provide copies of the missing or incomplete documentation for claims where the child was eligible for funding. Alternatively, the region may arrange a follow-up visit to assess the corrective action taken on all the files identified as not being in compliance during the original review.
- c) If corrective action has not been taken by the Administering Authority, the region is to initiate recovery of the payments to the Administering Authority for all files not in compliance for the extent of payments which are not in compliance. The recovery period is not limited to a set time period. Recovery actions are to be based upon the time the non-compliance began. Recovery is to be limited to only those files which have been reviewed. If, at any time, the compliance team identifies significant or systematic errors during the review, the sample should be expanded, if necessary to 100 percent, if anomalies warrant such an expansion. The Administering Authority is not to be reimbursed for clients where the file review

for that client indicated non-compliance, until such time as the Administering Authority has demonstrated that the file is in compliance.

- d) In cases where there is evidence of a possible criminal act, the region shall consult with or refer such cases to the proper police authorities. Such action in itself does not prove a possible criminal act. It is an action to ensure that the evidence is considered by those mandated under law to consider such information in accordance with due process of law. (Refer to the February 26, 1998, letter from the Transfer Payments Directorate, Finance Branch, headquarters, entitled "Management of Allegations Involving First Nations".)
- e) Where cases have been referred to the police, and once the police and crown attorney have indicated that such activities will not jeopardize the police investigation and/or potential prosecution, regions should continue with remedial action as set out in above paragraphs a) to c). Regions should consult with the police authorities on an ongoing basis on cases which have been referred to the police.

8.8 Frequency

The departmental compliance methodology is composed of a review and verification of ongoing claims for reimbursement supplemented by periodic on-site reviews of these transactions.

The in-office verification of client eligibility is to be done on an ongoing basis along with the billing verification. Detailed confirmation of client eligibility will be done on-site as part of the on-site compliance review process.

In order to minimize any detrimental impact arising from recoveries under Section 8.7 c), on-site compliance reviews of every First Nation funded under a reimbursement of actuals contribution regime are required at least every three years in all regions subject to the risk assessment criteria outlined in Annex A.

Where provinces conduct regular program reviews of FNCFS Agencies, regions should endeavour to conduct on-site reviews at the same time.

The review and verification of ongoing claims for reimbursement are part of an effective compliance regime. This activity may result in the identification of Administering Authorities which should be subjected to further reviews as a result of anomalies in the ongoing claims.

8.9 Reporting

Regions are to report annually on their compliance activity results from the prior fiscal year. This reporting will normally take place in the first quarter of the fiscal year through the performance indicator exercise.

9.0 Enquiries

Enquiries relating to this directive should be addressed to the Director, Resource Management and Reporting Directorate, Finance Branch, Headquarters.

Annex A: Risk Assessment Criteria

First Nations will be identified for program review based upon several criteria. Financial criteria would be based upon Size/Variance.

PRIORITY 1	Cost variance 4% and up	Average caseload 100 and up
PRIORITY 2	Cost variance 4% and up	Average caseload less than 100
PRIORITY 3	Cost variance less than 4%	Average caseload 100 and up
PRIORITY 4	Cost variance less than 4%	Average caseload less than 100

All First Nations CFS programs fitting in priority 1 category **MUST** be reviewed. Priority 2/3, depending upon financial impact, may require reviews. Priority 4 — unless there are other considerations — is the lowest priority.

Other factors to consider in the risk assessment would include:

- complaints from the Community or the Province;
- changes in management or professional staff turnover;
- changes in social and economic conditions on reserve.

**Pages 390 to / à 416
are withheld pursuant to sections
sont retenues en vertu des articles**

13(1)(d), 20(1)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

Shelter Name	Band (Band No.)	Geographic Zone	City Centre	Remoteness Classification	Service Centre
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Atlantic

Gignoo Transition House	n/a	1	Fredericton	B	Fredericton
Nukum Munik Shelter	Sheshatsiu Innu First Nation (33)	1	Sept Isles	C	Goose Bay
Waycobah Family Treatment Centre	Waycobah First Nation (029)	2	Sydney	B	Sydney
Millbrook Family Treatment Centre	Millbrook (027)	2	Halifax	B	Truro
Lennox Island	Lennox Island (002)	2	Moncton	B	Summerside

Most Populous Site (Site No.)	# units	# beds	2nd Stage housing	On-/Off-Reserve	Size Rating	Director Wage	# FTEs	Ass't Director Wage	#FTEs
<u>Atlanti</u>					<u>Atlantic</u>				
<u>c</u>									
n/a	4	20		on	Large		1.0	\$47,827.40	0.0
Sheshatsiu India	4	6		on	Medium		1.0	\$53,364.56	0.0
Whycocomagh N	4	20		on	Large		1.0	\$45,746.86	0.0
Millbrook No. 27	4	20		on	Large		1.0	\$45,746.86	0.0
Lennox Island Nc	5	10		on	Medium		1.0	\$63,782.34	0.0

s.19(1)

Admin Wage	#FTEs	Crisis Care Wage	#FTEs	Outreach Wage	#FTEs	Family Counsellor Wage	#FTEs
\$		\$		\$			
	1.0		7.5		1.0	\$34,503.24	1.5
	0.5		6.5		1.0	\$42,465.31	1.0
	1.0		7.5		1.0	\$30,367.47	1.5
	1.0		7.5		1.0	\$30,367.47	1.5
	0.5		6.5		1.0	\$50,755.36	1.0

s.19(1)

Child and Youth Wage	#FTEs	Housekeeper Wage	#FTEs	Child Care Wage	#FTEs	Security Wage	#FTEs
\$34,503.24	1.0	\$22,216.80	1.0	\$20,502.88	1.0	\$30,326.15	0.0
\$42,465.31	1.0	\$16,612.60	0.5	\$19,198.72	1.0	\$31,301.81	0.0
\$30,634.47	1.0	\$27,973.15	1.0	\$24,327.92	1.0	\$23,476.48	0.0
\$30,634.47	1.0	\$27,973.15	1.0	\$24,327.92	1.0	\$23,476.48	0.0
\$44,050.46	1.0	\$35,297.13	0.5	\$25,320.41	1.0	\$29,894.68	0.0

Total Wages	Total Benefits	Total Core Salaries	Total Core Other Expenses	Cost Sensitive Portion Salary	Environmental Rating	CS Salary Amount
\$487,521.11	\$36,564.08	\$524,085.19	\$131,021.30	\$26,204.26	0.40	\$10,481.70
\$458,557.38	\$34,391.80	\$492,949.18	\$123,237.29	\$24,647.46	0.60	\$14,788.48
\$468,143.75	\$35,110.78	\$503,254.53	\$125,813.63	\$25,162.73	0.40	\$10,065.09
\$468,143.75	\$35,110.78	\$503,254.53	\$125,813.63	\$25,162.73	0.40	\$10,065.09
\$542,043.91	\$40,653.29	\$582,697.20	\$145,674.30	\$29,134.86	0.40	\$11,653.94

Cost Sensitive Portion Other Expenses	Remoten ess Rating	CS Expense Amount	Total Budget	Percentage	2010-11 Allocation
				\$31,910,936.53	\$18,064,700.00
\$32,755.32	0.08	\$2,620.43	\$668,208.62	2.094%	\$378,271.20
\$30,809.32	0.12	\$3,697.12	\$634,672.07	1.989%	\$359,286.24
\$31,453.41	0.18	\$5,661.61	\$644,794.87	2.021%	\$365,016.73
\$31,453.41	0.08	\$2,516.27	\$641,649.53	2.011%	\$363,236.17
\$36,418.58	0.18	\$6,555.34	<u>\$746,580.79</u>	<u>2.340%</u>	\$422,637.49
				10.454%	\$1,888,447.83

**Pages 423 to / à 473
are withheld pursuant to section
sont retenues en vertu de l'article**

20(1)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

From: Kyle Weir
To: Arthur Smolarkiewicz; Barbara D'Amico; Corinne Baggley; Edward Pottie...
Date: Wednesday, March 14, 2012 12:49 PM
Subject: Re: Mi'kmaq Children and Family Services Agency

Hi Philip,

Due to competing priorities, I will not be able to attend this meeting. Please let me know if there are any action items for AES that arise during the meeting.

Thanks,

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vérification
Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance
Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Développement du Nord
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Telephone | Téléphone : (819) 953-0798
Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca

>>> Mostert, Philip J 3/13/2012 9:42 AM >>>

When: Wednesday, March 14, 2012 1:00 PM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).

Where: conference call

Note: The GMT offset above does not reflect daylight saving time adjustments.

~~*~*~*~*~*~*~*~*

Good morning

The purpose of this meeting will be to permit some time for KPMG (Philip Mostert and Arthur Smolarkiewicz) to further understand the programs (CFS and FVPP), the reporting that the Agency provides and clarify any additional questions that arise as we review the material provided to date. This will help us as we plan for our audit field work that is planned for next week at the Mi'kmaq Family and Children Services Agency (Indian Brook/Shubenacadie).

Please use the following conference number to join the meeting

1.866.444.5764

Participant code 2168788#

Thank you
Philip
Philip J. Mostert CA

Senior Manager, Risk Consulting

s.19(1)

KPMG LLP

160 Elgin Street
Suite 2000
Ottawa, ON, Canada K2P 2P8
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F +1 613 212 2896

pjmostert@kpmg.ca

Any tax advice herein is based on the facts provided to us and on current tax law including judicial and administrative interpretation. Tax law is subject to continual change, at times on a retroactive basis and may result in incremental taxes, interest or penalties. Should the facts provided to us be incorrect or incomplete or should the law or its interpretation change, our advice may be inappropriate. We are not responsible for updating our advice for changes in law or interpretation after the date hereof. The advice or other information provided herein is confidential and may be privileged and is for the sole use of KPMG's client. The advice is based on the specific facts and circumstances and the scope of KPMG's engagement and associated terms of engagement as the case may be and is not intended to be relied upon by any other person. KPMG disclaims any responsibility or liability for any reliance that any person other than the client may place on this advice. If you are not the intended

recipient, any disclosure,
copying, distribution or any action taken or omitted to be taken in
reliance on it,
is prohibited and may be unlawful.

From: Corinne Baggley
To: Joel Dei
CC: Barbara D'Amico
Date: Wednesday, March 14, 2012 2:18 PM
Subject: FVPP Documents - Mi'kmaq Audit
Attachments: NCR-#1091627-v1-FVPP_-_2005_-_MANUAL_-_NATIONAL_MANUAL_REVISED.PDF;
NCR-#3716258-v1-FVPP_TERMS_AND_CONDITIONS_(2007_-_REFERENCE_ONLY).DOC; FVPP
2010/11 SHELTER ALLOCATIONS ATL REGION

Barb noted that we have not sent along key FVPP documents to KPMG. Can you please flip these to the same contacts you sent FNCFS docs to?

Thanks,

Corinne

**Pages 3505 to / à 3614
are duplicates
sont des duplicatas**

Shelter Name	Band (Band No.)	Geographic Zone	City Centre	Environmental/Remot	Service Centre
Atlantic					
Gignoo Transition House	n/a	1	Fredericton	B	Fredericton
Nukum Munik Shelter	Sheshatsiu Innu First Nation (33)	1	Sept Isles	C	Goose Bay
Waycobah Family Treatment Pt	Waycobah First Nation (029)	2	Sydney	B	Sydney
Millbrook Family Treatment Cer	Millbrook (027)	2	Halifax	B	Truro
Lennox Island	Lennox Island (002)	2	Moncton	B	Summerside

Most Populous Site (Site No.)	# units	# beds	2nd Stage housing	On-/Off-Reserve	Size Rating	Direcotor Wage	# FTEs	Ass't Director Wage
<u>Atlanti</u>								
<u>c</u>					<u>Atlantic</u>			
n/a	4	20		on	Large	\$52,206.14	1.0	\$47,827.40
Sheshatsiu Indian	4	6		on	Medium	\$65,371.45	1.0	\$53,364.56
Whycocomagh No	4	20		on	Large	\$48,700.33	1.0	\$45,746.86
Millbrook No. 27 (4	20		on	Large	\$48,700.33	1.0	\$45,746.86
Lennox Island No	5	10		on	Medium	\$52,442.24	1.0	\$63,782.34

#FTEs	Admin Wage	#FTEs	Crisis Care Wage	#FTEs	Outreach Wage	#FTEs	Family Counsellor Wage	#FTEs
0.0	\$33,843.51	1.0	\$32,058.08	7.5	\$32,058.08	1.0	\$34,503.24	1.5
0.0	\$35,890.37	0.5	\$35,040.68	6.5	\$35,040.68	1.0	\$42,465.31	1.0
0.0	\$30,565.72	1.0	\$30,634.23	7.5	\$30,634.23	1.0	\$30,367.47	1.5
0.0	\$30,565.72	1.0	\$30,634.23	7.5	\$30,634.23	1.0	\$30,367.47	1.5
0.0	\$42,896.85	0.5	\$44,050.46	6.5	\$44,050.46	1.0	\$50,755.36	1.0

Child and Youth Wage	#FTEs	Housekeeper Wage	#FTEs	Child Care Wage	#FTEs	Security Wage
\$34,503.24	1.0	\$22,216.80	1.0	\$20,502.88	1.0	\$30,326.15
\$42,465.31	1.0	\$16,612.60	0.5	\$19,198.72	1.0	\$31,301.81
\$30,634.47	1.0	\$27,973.15	1.0	\$24,327.92	1.0	\$23,476.48
\$30,634.47	1.0	\$27,973.15	1.0	\$24,327.92	1.0	\$23,476.48
\$44,050.46	1.0	\$35,297.13	0.5	\$25,320.41	1.0	\$29,894.68

#FTEs	Total Wages	Total Benefits	Total Core Salaries	Total Core Other Expenses	Cost Sensitive Portion Salary
0.0	\$487,521.11	\$36,564.08	\$524,085.19	\$131,021.30	\$26,204.26
0.0	\$458,557.38	\$34,391.80	\$492,949.18	\$123,237.29	\$24,647.46
0.0	\$468,143.75	\$35,110.78	\$503,254.53	\$125,813.63	\$25,162.73
0.0	\$468,143.75	\$35,110.78	\$503,254.53	\$125,813.63	\$25,162.73
0.0	\$542,043.91	\$40,653.29	\$582,697.20	\$145,674.30	\$29,134.86

Environmental Rating	CS Salary Amount	Cost Sensitive Portion Other Expenses	Remoteness Rating	CS Expense Amount	Total Budget	Percentage
						\$31,910,936.53
0.40	\$10,481.70	\$32,755.32	0.08	\$2,620.43	\$668,208.62	2.094%
0.60	\$14,788.48	\$30,809.32	0.12	\$3,697.12	\$634,672.07	1.989%
0.40	\$10,065.09	\$31,453.41	0.18	\$5,661.61	\$644,794.87	2.021%
0.40	\$10,065.09	\$31,453.41	0.08	\$2,516.27	\$641,649.53	2.011%
0.40	\$11,653.94	\$36,418.58	0.18	\$6,555.34	\$746,580.79	<u>2.340%</u>
						10.454%

2010-11 Allocation

\$18,064,700.00
\$378,271.20
\$359,286.24
\$365,016.73
\$363,236.17
\$422,637.49
\$1,888,447.83

From: Gary Duncan
To: Barbara D'Amico
CC: Kyle Weir
Date: Friday, March 16, 2012 9:08 AM
Subject: Re: Mi'kmaqCFSAgency Recipient audit

I think the issue of comparing outside the province of jurisdiction has risks. the funding methodology is tied to the province in question, ie. Nova Scotia.

What would the objective be to do such a comparison. I don't see the relevance, the MB was simply a reference point, but not to be used for drawing conclusions.

Barb, please keep me advised on this, I think this would be a divergence from the objectives we contemplated.

gary

>>> Barbara D'Amico 3/16/2012 9:00 AM >>>

Hi Gary,

just wanted to forward the e-mail from Philip for your information. I've left a voice message for Philip to call me back because I'd rather speak to him then to respond in writing, but I have a concern about doing a comparison exercise.

B

>>> "Mostert, Philip J" <pjmostert@kpmg.ca> Thursday, March 15, 2012 4:34 PM >>>

Hi Barbara, we would like to do some benchmark comparisons with two other agencies that are comparable. You noted the Manitoba comparison you did, is the Southeast CFS Agency a good comparator? Is there another? We would like to obtain the financial statements (audited if available) for two agencies that we could do some analytical review against. We would like to receive fiscal 2009/10, 2010/11 and YTD 2011/12. We would also like to get case load information as well for the two comparators for the years noted.

Can you please let us know if this is possible and when we could receive it.

Thank you for your assistance,
Philip

Philip J. Mostert CA

Senior Manager, Risk Consulting

KPMG LLP

160 Elgin Street
Suite 2000
Ottawa, ON, Canada K2P 2P8
T +1 613 212 2892

Any tax advice herein is based on the facts provided to us and on current tax law including judicial and administrative interpretation. Tax law is subject to continual change, at times on a retroactive basis and may result in incremental taxes, interest or penalties. Should the facts provided to us be incorrect or incomplete or should the law or its interpretation change, our advice may be inappropriate. We are not responsible for updating our advice for changes in law or interpretation after the date hereof. The advice or other information provided herein is confidential and may be privileged and is for the sole use of KPMG's client. The advice is based on the specific facts and circumstances and the scope of KPMG's engagement and associated terms of engagement as the case may be and is not intended to be relied upon by any other person. KPMG disclaims any responsibility or liability for any reliance that any person other than the client may place on this advice. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

From: "Mostert, Philip J" <pjmostert@kpmg.ca>
To: Gary.Duncan@aadnc-aandc.gc.ca; Barbara.DAmico@aadnc-aandc.gc.ca; Joe.Beh...
CC: bpost@kpmg.ca; Kyle.Weir@aadnc-aandc.gc.ca; jbeaudet@kpmg.ca
Date: Tuesday, March 27, 2012 8:20 AM
Subject: Salary budget basis (case load, case workers)
Attachments: EF2000.6NCR-#4117279-v1-FNCFS_-
_NOVA_SCOTIA_MI_KMAQ_EPFA_BUSINESS_PLAN_2008-2009_1.PDF; EF1100.4 Funding by
program - 2011-12 .pdf

Hi Joe, Barbara we would like to understand the basis for the salary budget included in the funding amount for the Mi'kmaw Children and Family Services Agency (\$5,036,955). I provide you with the Agency's business plan that was sent to Joe in November 2008. I also provide the cashflow for 2011/12 provided from the Transfer Payment System at AANDC.

1) We are hoping AANDC can help us to understand the basis for the salary budget included in the EF1100.4 document and provide the EF2000.6 business plan for comparison. We understand that AANDC required the business plan be prepared and look for your assistance to clarify the basis for the salary budget amount.

We are following up as well with the Agency in parallel with this request to you.

As you know we must complete our draft report by tomorrow so your prompt attention and reply to this request would be very much appreciated.

Best regards,
Philip

Philip J. Mostert CA

Senior Manager, Risk Consulting

KPMG LLP

160 Elgin Street
Suite 2000

Ottawa, ON, Canada K2P 2P8

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pjmostert@kpmg.ca<mailto:pjmostert@kpmg.ca>

Pages 3505 to / à 3564

are duplicates

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From: Kyle Weir
To: Odette Johnston
CC: Barbara D'Amico; Chris Lok; Corinne Baggley; Gary Duncan; Joe Behar;...
Date: Wednesday, March 28, 2012 9:51 AM
Subject: Re: Discussion of Draft Report - Recipient Audit of Mi'kmaq Family and Children Services Agency

Good morning Odette,

According to everyone's calendar, tomorrow afternoon is the only time everyone can meet to discuss the file. We can move the meeting to Friday but not everyone will be able to attend and it will only give participants one day to provide feedback as the final report is due on March 31st.

I would suggest that we keep the meeting scheduled for tomorrow and a briefing can be circulated following the meeting to those not in attendance.

Let me know what you think.

Kyle

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vérification
Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance
Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Développement du Nord Canada

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Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca

>>> Odette Johnston 3/27/2012 5:30 PM >>>

Hi,

A few of us are involved in reviewing the Budget on Thursday. Would it be possible to reschedule this meeting earlier in the day or another time? Odette

Odette Johnston
Director, Children and Families

Directorate

Social Policy and Programs Branch
Indian and Northern Affairs Canada

Tel: (613) 995-9074

Fax: (613) 995-9410

>>> Kyle Weir 3/27/2012 12:00 PM >>>

New location for HQ attendees and participants added

The purpose of this meeting is to discuss the draft report for the recipient audit of the Mi'kmaq Family and Children Services Agency. The draft report is scheduled to be completed by EOD on March 28, 2012 and will be circulated to meeting participants in advance of the meeting.

To join the teleconference, please follow the instructions below:

Number to dial: NCR: (819) 997-9167, Toll Free: 1-866-885-0884

Select 1 for French or 2 for English

Select 1 (To participate in an audio conference)

Enter the 4 digit Conference pass code: 6485#

Regards,

Kyle Weir, MFin

Senior Audit Officer | Agent principal de vérification

Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance

Aboriginal Affairs and Northern Development Canada / Affaires autochtones et Développement du Nord Canada

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Telephone | Téléphone : (819) 953-0798

Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca

From: Kyle Weir
To: D'Amico, Barbara <Barbara.DAmico@aadnc-aandc.gc.ca>; Zwart, Lili <Lili.Z...>
CC: Pilon, Louise-Chantal <LouiseChantal.Pilon@aadnc-aandc.gc.ca>; Ladouceur...
Date: Thursday, March 29, 2012 4:08 PM
Subject: Fw: Fwd: Mi'kmaw Children and Family Services Agency Recipient Audit - Draft Audit Report
Attachments: AF600.1_AudReport_Mi'kmawCFSAgency.docx

FYI
Kyle Weir, MFin
Senior Audit Officer
Audit and Assurance Services Branch
Audit and Evaluation Sector
Aboriginal Affairs and Northern Development Canada
Kyle.Weir@ainc-inac.gc.ca
W: 819.953.0798

>>> Kyle Weir 3/28/2012 5:10:07 PM >>>Hi Pauline, Michèle,

Please find attached for your review and for circulation to tomorrow's meeting attendees, a copy of the draft audit report for the recipient audit of the Mi'kmaw Family and Children Services Agency.

Thanks,

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vérification
Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance
Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Développement du Nord Canada

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Telephone | Téléphone : (819) 953-0798
Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca

Good afternoon Kyle, we are pleased to provide you with our draft audit report. We look forward to discussing this tomorrow afternoon.

You will note two comments regarding the project number and CDIMS reference that would require input from AES.

Regards,
Philip

Philip J. Mostert CA

Senior Manager, Risk Consulting

KPMG LLP

**Pages 591 to / à 618
are withheld pursuant to section
sont retenues en vertu de l'article**

20(1)

**of the Access to Information Act
de la Loi sur l'accès à l'information**

From: Barbara D'Amico
Sent: 3/30/2012 10:55:41 AM
To: Gary.Duncan@aadnc-aandc.gc.ca;Sheilagh.Murphy@aadnc-aandc.gc.ca
CC: Corinne.Baggley@aadnc-aandc.gc.ca;Odette.Johnston@aadnc-aandc.gc.ca
BCC:
Subject: Re: Fw: Fwd: Mi'kmaw Children and Family Services Agency Recipient Audit - Draft Audit Report

FYI - TPCOE wants to approve Sheilagh's approved changes.

>>> Louise-Chantal Pilon Friday, March 30, 2012 10:48 AM >>>

Lili,

The TPCOE will need to agree to these changes before we communicate them to KPMG.

We will discuss this with the TPCOE and get back to you.

Louise-Chantal Pilon
Gestionnaire, Vérification interne
Manager, Internal Audit
Direction générale de la vérification et de l'assurance/Audit and Assurance Services Branch
Affaires autochtones et Développement du Nord Canada/Aboriginal Affairs and Northern Development Canada
10 rue Wellington - Pièce 1940
GATINEAU QC K1H 0H4
819-994-6412

>>> Lili Zwart 3/30/2012 10:03 AM >>>

Hi Kyle;

Our DGO Sheila Murphy has approved the re-wording of the first two recommendations as follows:

1) Considering the current caseload ratio, the apparent higher risk nature of the cases serviced by the Agency and the geographic distribution of the First Nation children and families, the audit recommends that the Agency **work in collaboration with AANDC** and the Province to **examine operational efficiencies and resources required** to provide the services required. This need appears to be most critical for the Eskasoni location.

2) The audit recommends that the Agency **work with AANDC to develop a process whereby** a child's registration status or **eligibility to be registered can be confirmed in a more expedient manner**. This may help resolve individual child cases where the Agency has not been able to determine registered status. ~~The audit understands from discussions with AAND CFS management that this should be possible.~~

Kyle, can you please make sure KPMG changes these recommendations not just in the Executive Summary but also in the body of their report as well as any charts/appendixes?

Thanks!

Lili

Lili Zwart
Senior Policy Analyst
Social Program Reform Branch
Education and Social Development Programs and Partnerships Sector
Aboriginal Affairs & Northern Development Canada
Telephone: (613) 995-9013

Email: Lili.Zwart@ainc-inac.gc.ca

>>> Kyle Weir 3/29/2012 4:08 PM >>>

FYI

Kyle Weir, MFin

Senior Audit Officer

Audit and Assurance Services Branch

Audit and Evaluation Sector

Aboriginal Affairs and Northern Development Canada

Kyle.Weir@ainc-inac.gc.ca

W: 819.953.0798

>>> Kyle Weir 3/28/2012 5:10:07 PM >>>

Hi Pauline, Michèle,

Please find attached for your review and for circulation to tomorrow's meeting attendees, a copy of the draft audit report for the recipient audit of the Mi'kmaw Family and Children Services Agency.

Thanks,

Kyle Weir, MFin

Senior Audit Officer | Agent principal de vérification

Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance

Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Développement du Nord Canada

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Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca

Good afternoon Kyle, we are pleased to provide you with our draft audit report.

We look forward to discussing this tomorrow afternoon.

You will note two comments regarding the project number and CDIMS reference that would require input from AES.

Regards,

Philip

Philip J. Mostert CA

Senior Manager, Risk Consulting

KPMG LLP

160 Elgin Street

Suite 2000

Ottawa, ON, Canada K2P 2P8

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F +1 613 212 2896

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pjmostert@kpmg.ca <<mailto:pjmostert@kpmg.ca>>

<<File: TEXT.htm>>

From: Lili Zwart
To: D'Amico, Barbara
Date: Friday, March 30, 2012 8:07 AM
Subject: Re: Fw: Fwd: Mi'kmaw Children and Family Services Agency Recipient Audit - Draft Audit Report

Have a look at the re-word on first two recommendations and let me know if they're good to send to Kyle. Thx!

1) Considering the current caseload ratio, the apparent higher risk nature of the cases serviced by the Agency and the geographic distribution of the First Nation children and families, the audit recommends that the Agency **work in collaboration with** AANDC and the Province to **examine operational efficiencies and resources required** to provide the services required. This need appears to be most critical for the Eskasoni location.

2) The audit recommends that the Agency **work with** AANDC to **develop a process whereby** a child's registration status **can be confirmed in a more expedient manner**. This may help resolve individual child cases where the Agency has not been able to determine registered status. ~~The audit understands from discussions with AAND CFS management that this should be possible.~~

Thanks!
Lili

>>> Barbara D'Amico 3/29/2012 5:08 PM >>>
Hi Kyle,

I just wanted to let you know that we will send you some small revisions to the way the first 2 recommendations are phrased by early tomorrow morning. The intent of what the auditors are saying will remain the same...but we would like to add a more collaborative approach to finding solutions (as opposed to Recipient to ask AANDC for more money).

thanks
Barb

>>> Kyle Weir Thursday, March 29, 2012 4:08 PM >>>
FYI
Kyle Weir, MFin
Senior Audit Officer
Audit and Assurance Services Branch
Audit and Evaluation Sector
Aboriginal Affairs and Northern Development Canada
Kyle.Weir@ainc-inac.gc.ca
W: 819.953.0798

>>> Kyle Weir 3/28/2012 5:10:07 PM >>>
Hi Pauline, Michèle,

Please find attached for your review and for circulation to tomorrow's meeting attendees, a copy of the draft audit report for the recipient audit of the Mi'kmaw Family and Children Services Agency.

Thanks,

Kyle Weir, MFin

Senior Audit Officer | Agent principal de vérification

Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance

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Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca

Good afternoon Kyle, we are pleased to provide you with our draft audit report. We look forward to discussing this tomorrow afternoon.

You will note two comments regarding the project number and CDIMS reference that would require input from AES.

Regards,
Philip

Philip J. Mostert CA

Senior Manager, Risk Consulting

KPMG LLP

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Suite 2000

Ottawa, ON, Canada K2P 2P8

T +1 613 212 2892

F +1 613 212 2896

M +1 [REDACTED]

pjmostert@kpmg.ca <<mailto:pjmostert@kpmg.ca>>

From: Lili Zwart
To: Pilon, Louise-Chantal
CC: Behar, Joe; Chartrand, Michèle; D'Amico, Barbara; Dei, Joel; Johnsto...
Date: Friday, March 30, 2012 12:38 PM
Subject: Re: Fw: Fwd: Mi'kmaw Children and Family Services Agency Recipient Audit - Draft Audit Report

Thanks Louise-Chantal. We provided our input early in the day because KPMG has to finalize their report by close of day.
Therefore, if TPCOE is able to get back to KPMG before close of day, that would be much appreciated.
Thank you very much,
Lili

Lili Zwart
Senior Policy Analyst
Social Program Reform Branch
Education and Social Development Programs and Partnerships Sector
Aboriginal Affairs & Northern Development Canada
Telephone: (613) 995-9013

Email: Lili.Zwart@ainc-inac.gc.ca

>>> Louise-Chantal Pilon 3/30/2012 10:48 AM >>>

Lili,

The TPCOE will need to agree to these changes before we communicate them to KPMG.
We will discuss this with the TPCOE and get back to you.

Louise-Chantal Pilon
Gestionnaire, Vérification interne
Manager, Internal Audit
Direction générale de la vérification et de l'assurance/Audit and Assurance Services Branch
Affaires autochtones et Développement du Nord Canada/Aboriginal Affairs and Northern Development Canada
10 rue Wellington - Pièce 1940
GATINEAU QC K1H 0H4
819-994-6412

>>> Lili Zwart 3/30/2012 10:03 AM >>>

Hi Kyle;

Our DGO Sheila Murphy has approved the re-wording of the first two recommendations as follows:

) Considering the current caseload ratio, the apparent higher risk nature of the cases serviced by the Agency and the geographic distribution of the First Nation children and families, the audit recommends that the Agency **work in collaboration with** AANDC and the Province to **examine operational efficiencies and resources required** to provide the services required. This need appears to be most critical for the Eskasoni location.

2) The audit recommends that the Agency work with AANDC to develop a process whereby a child's registration status or eligibility to be registered can be confirmed in a more expedient manner. This may help resolve individual child cases where the Agency has not been able to determine registered status. ~~The audit understands from discussions with AAND CFS management that this should be possible.~~

Kyle, can you please make sure KPMG changes these recommendations not just in the Executive Summary but also in the body of their report as well as any charts/appendixes?

Thanks!
Lili

Lili Zwart
Senior Policy Analyst
Social Program Reform Branch
Education and Social Development Programs and Partnerships Sector
Aboriginal Affairs & Northern Development Canada
Telephone: (613) 995-9013

Email: Lili.Zwart@ainc-inac.gc.ca

>>> Kyle Weir 3/29/2012 4:08 PM >>>
FYI
Kyle Weir, MFin
Senior Audit Officer
Audit and Assurance Services Branch
Audit and Evaluation Sector
Aboriginal Affairs and Northern Development Canada
Kyle.Weir@ainc-inac.gc.ca
W: 819.953.0798

>>> Kyle Weir 3/28/2012 5:10:07 PM >>>
Hi Pauline, Michèle,

Please find attached for your review and for circulation to tomorrow's meeting attendees, a copy of the draft audit report for the recipient audit of the Mi'kmaw Family and Children Services Agency.

Thanks,

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vérification
Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance
Aboriginal Affairs and Northern Development Canada / Affaires autochtones et Développement du Nord
Canada

Terrasses de la Chaudière

10 Wellington St, Room 1940 | 10, rue Wellington, Pièce 1940

Gatineau, Québec K1A 0H4

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Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca

Good afternoon Kyle, we are pleased to provide you with our draft audit report. We look forward to discussing this tomorrow afternoon.

You will note two comments regarding the project number and CDIMS reference that would require input from AES.

Regards,
Philip

Philip J. Mostert CA

Senior Manager, Risk Consulting

KPMG LLP

160 Elgin Street

Suite 2000

Ottawa, ON, Canada K2P 2P8

T +1 613 212 2892

F +1 613 212 2896

M +1 [REDACTED]

pmostert@kpmg.ca <<mailto:pmostert@kpmg.ca>>

From: "Mostert, Philip J" <pjmostert@kpmg.ca>
To: Michèle Chartrand <Michele.Chartrand@aadnc-aandc.gc.ca>
CC: Barbara D'Amico <Barbara.DAmico@aadnc-aandc.gc.ca>, Joel Dei <Joel.Dei@a...>
Date: Friday, March 30, 2012 3:03 PM
Subject: RE: Fw: Fwd: Mi'kmaw Children and Family Services Agency Recipient Audit - Draft Audit Report
Attachments: AF600.1_AudReport_Mi'kmawCFSAgency.docx

Good afternoon Michèle, thank you for this feedback. We have reflected the changes suggested in the executive summary and body of the report. We have also removed section 6 which was a management action plan template as discussed and agreed yesterday during our debrief.

KPMG has appreciated the opportunity to work with AANDC in the completion of this recipient audit.

Best regards,

Philip

Philip J. Mostert CA

Senior Manager, Risk Consulting

KPMG LLP

160 Elgin Street

Suite 2000

Ottawa, ON, Canada K2P 2P8

T +1 613 212 2892

F +1 613 212 2896

M +1 [REDACTED]

pjmostert@kpmg.ca <mailto:pjmostert@kpmg.ca>

From: Michèle Chartrand [mailto:Michele.Chartrand@aadnc-aandc.gc.ca]

Sent: Friday, March 30, 2012 2:18 PM

To: Mostert, Philip J

Cc: Barbara D'Amico; Joel Dei; Kyle Weir; Lili Zwart; Louise-Chantal Pilon; Odette Johnston; Pauline Ladouceur; Joe Behar

Subject: Re: Fw: Fwd: Mi'kmaw Children and Family Services Agency Recipient Audit - Draft Audit Report

Hi,

After looking at the report and following the meeting we had last night, would you please modify the first two recommendations as follows:

1) Considering the current caseload ratio, the apparent higher risk nature of the cases serviced by the Agency and the geographic distribution of the First Nation children and families, the audit recommends that the Agency work in collaboration with AANDC and the Province to examine operational efficiencies and resources required to provide the services required. This need appears to be most critical for the Eskasoni location.

2) The audit recommends that the Agency work with AANDC to develop a process whereby a child's registration status or eligibility to be registered can be confirmed in a more expedient manner. This may help resolve individual child cases where the Agency has not been able to determine registered status. The audit understands from discussions with AAND CFS management that this should be possible.

Please make sure to do the changes to these recommendations in the Executive Summary, in the body of the report as well as any charts/appendixes?

Thank you

Michèle Chartrand
Financial advisor
Aboriginal Affairs and Northern Development Canada
phone: (819) 934-1810
fax: (819) 994-7984
michele.chartrand@aandc-aadnc.gc.ca<mailto:michele.chartrand@aandc-aadnc.gc.ca>

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**Pages 3505 to / à 3566
are duplicates
sont des duplicatas**

From: Lili Zwart
To: D'Amico, Barbara
Date: Friday, March 30, 2012 3:33 PM
Subject: Mi'kmaw audit report

KPMG began their section 5.1 Effectiveness of Operations (p.11) with a blurb from Mi'kmaw's strategic plan, which includes

iii) continue to engage with the Interagency Committee in each community to develop and implement strategies that will enhance relationships with key partners and community resources to provide integrated services for children, youth and families.

Yet, KPMG's remaining paragraphs on this objective veer off the Agency's strategic plan, and focus solely on staffing shortages and budgeting process. There is no further mention of the Agency's initial plan to have Interagency Committee's in each community as a means to deal with geographic distance. In my view, this is where their service delivery model could be improved. Maybe 50 workers out of Indian Brook/Eskasoni and 30 positioned in various communities instead of all 80 working out of the two offices? As well, the province no doubt has several social workers positioned all over the province, instead of out of two offices. Going forward, it will be helpful to know how the province positions its social workers to deliver services in the same geographic space and compare the two.

Cheers, L

From: Barbara D'Amico
Sent: 4/3/2012 4:07:44 PM
To: Joe.Behar@aandc-aadnc.gc.ca; Gary.Duncan@aadnc-aandc.gc.ca; Odette.Johnston@aadnc-aandc.gc.ca
CC: Dougal.MacDonald@aadnc-aadnc.gc.ca; Chris.Lok@aadnc-aandc.gc.ca; Pauline.Cormier@aadnc-aandc.gc.ca; Joel.Dei@aadnc-aandc.gc.ca; Steven.Singer@aadnc-aandc.gc.ca; Lili.Zwart@aadnc-aandc.gc.ca
BCC:
Subject: Next Steps Re: Mi'kmaw FNCFS

I just spoke to Joe to let him know what we are working on here at HQ and this was the gist of our conversation, so that everyone is up to speed on what we are doing:

1. HQ (CFS) is working on a BN for Sheilagh to outline the results of the Recipient Audit; the additional analysis and identification of issues and impacts; and recommended next steps/approach to moving forward. Joel is working on this note and will have a preliminary draft to share with the region/OQM by COB tomorrow. I'd like to have the BN to Odette by April 11 and Sheilagh by April 13, so we'll be looking for comments/feedback very shortly after the long weekend.
2. Joe is organizing a Working Group meeting around the 26 of April and I have recommended that HQ (Gary, Barb, Joel) meet with the region prior (April 24-25), to solidify our recommended approach(s) that can then be brought forward to the Working Group for discussion (where HQ would also participate). This work will all be based on Sheilagh's approval of proposed next steps and confirmation of HQ participation is TBD.

Thanks,
Barb

Barbara D'Amico
Manager/Gestionnaire
Children and Family Services/Services à l'enfant et à la famille
Social Policy and Programs Branch/Direction réformes des programmes sociaux
AANDC/AADNC
Phone: 613-995-9099



TEXT.htm

Fax: 613-995-9410

**Pages 658 to / à 659
are not relevant
sont non pertinentes**

**Pages 3505 to / à 3540
are duplicates
sont des duplicatas**

From: Chris Lok
Sent: 4/5/2012 5:52:03 PM
To: Gary.Duncan@aadnc-aandc.gc.ca
CC:
BCC:
Subject: Fwd: Next Steps Re: Mi'kmaw FNCFS

hi gary: i think you should take a look at the report and the b. note before it goes out. have arrangements been made



TEXT.htm

Next Steps Re:
Mi'kmaw FNCFS

with you to review? thanks. c.

From: Lili Zwart
Sent: 4/16/2012 11:29:37 AM
To: Josee.Trepanier@aadnc-aandc.gc.ca; Gary.Duncan@aadnc-aandc.gc.ca; Chris.Lok@aadnc-aandc.gc.ca; Odette.Johnston@aadnc-aandc.gc.ca
CC: Pauline.Cormier@aadnc-aandc.gc.ca; Barbara.DAmico@aadnc-aandc.gc.ca; Joel.Dei@aadnc-aandc.gc.ca; MarieJosee.GronDin@aadnc-aandc.gc.ca; Simon.Kirallah@aadnc-aandc.gc.ca
BCC:
Subject: Re: ESD1053 - Mi'kmaw Family and Children Services Agency of Nova Scotia

Either time works for me, merci Josée !
Lili

>>> Odette Johnston 4/16/2012 11:23 AM >>>
I am available for either time on Wednesday and I am including Pauline, Lili and Joel as they need to attend as well.

Odette Johnston
Director, Children and Families Directorate
Social Policy and Programs Branch
Indian and Northern Affairs Canada
Tel: (613) 995-9074
Fax: (613) 995-9410
>>> Josée Trépanier 4/16/2012 10:14 AM >>>
Hello all,

Sheilagh asked for a meeting to discuss this docket tomorrow - unfortunately tomorrow doesn't seem to be an option for Sheilagh.

A busy search conducted indicates that the best time for all would be Wednesday this week sometime between 10-12 or 3-4.

Please confirm if you are able to make yourself available.

Thanks
Josée
<<File: TEXT.htm>>

From: Chris Lok
Sent: 4/16/2012 10:39:29 AM
To: Josee.Trepanier@aadnc-aandc.gc.ca; Gary.Duncan@aadnc-aandc.gc.ca; Odette.Johnston@aadnc-aandc.gc.ca
CC: MarieJosee.Gronin@aadnc-aandc.gc.ca; Simon.Kirallah@aadnc-aandc.gc.ca
BCC:
Subject: Re: ESD1053 - Mi'kmaw Family and Children Services Agency of Nova Scotia

i can do 10 - 11 or 3 to 4. c.

>>> Josée Trépanier 4/16/2012 10:14 AM >>>
Hello all,

Sheilagh asked for a meeting to discuss this docket tomorrow - unfortunately tomorrow doesn't seem to be an option for Sheilagh.

A busy search conducted indicates that the best time for all would be Wednesday this week sometime between 10-12 or 3-4.

Please confirm if you are able to make yourself available.

Thanks



TEXT.htm

Josée

From: Lili Zwart
Sent: 4/24/2012 2:13:11 PM
To: Gary.Duncan@aadnc-aandc.gc.ca; Barbara.DAmico@aadnc-aandc.gc.ca
CC: Joel.Dei@aadnc-aandc.gc.ca
BCC:
Subject: Working Papers KPMG Audit of Mi'kmaq Agency

Hi Barb and Gary;

I just took a look at the confluence of working papers that Joel is placing in binders re: our analysis of KPMG's working papers.

Gary I understood from you this morning you obtained these from TPCOE? If I recall the meeting with Sheilagh last week, she wants to clarify a) how KPMG arrived at the count of 669 CIC and b) on what they're basing their assumption the agency requires more funding.

The volume of paper TPCOE provided virtually renders any meaningful analysis impossible!

I wonder if a better route might not be to obtain working papers through Kyle Weir at A&E with a caveat we're looking for KPMG's 669 CIC count and basis for Agency requiring more funds.

Do I have your permission, Barb, to call Kyle and see if he can provide working papers that speak to the two issues at hand? I just want us to get what we want in as practical and efficient a manner as possible.

Let me know what you think. Thx!

Lili

<<File: TEXT.htm>>

From: Gary Duncan
To: Barbara D'Amico; Lili Zwart
CC: Joel Dei
Date: Thursday, April 26, 2012 2:20 AM
Subject: Re: Working Papers KPMG Audit of Mi'kmaq Agency

no worries, monday works.
gary

>>> Barbara D'Amico 4/25/2012 9:24 AM >>>
I'm off on Friday

>>> Gary Duncan 4/25/2012 8:55:12 AM >>>
the working papers you have are from the auditor to Kyle (mgr of the audit) to TPCOE (owner of the audit) to SPPB as the client.

I will be going through the working papers on Thursday. I mentioned to Barb we should meet on Friday to discuss.
Working papers represent the evidence necessary to demonstrate the reasonableness of the audit report itself.
Once I go through them for myself, I will know what we have and if necessary the auditor has offered to discuss further at our convenience.

Hold on until Friday when we meet. I will have an opinion then.

hope this helps. PS. I wouldn't be printing everything, just those documents which you would need to support your analysis and opinion/clarification of an audit finding. ie. how did he calculate the numbers, what is the basis of the numbers and are there any assumptions or interview notes that need to be combined to make sense of the number.

going forward, I will take the lead with Tpcoe to resolve any queries, please and thank you.
route your questions to me before we start asking questions. there are discussions underway and a process to follow.

gary

>>> Lili Zwart 4/24/2012 2:13 PM >>>
Hi Barb and Gary;

I just took a look at the confluence of working papers that Joel is placing in binders re: our analysis of KPMG's working papers.

Gary I understood from you this morning you obtained these from TPCOE? If I recall the meeting with Sheilagh last week, she wants to clarify a) how KPMG arrived at the count of 669 CIC and b) on what they're basing their assumption the agency requires more funding.

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Do I have your permission, Barb, to call Kyle and see if he can provide working papers that speak to the two issues at hand? I just want us to get what we want in as practical and efficient a manner as possible.

Let me know what you think. Thx!
Lili

**Pages 3505 to / à 3540
are duplicates
sont des duplicatas**

From: Lili Zwart
To: D'Amico, Barbara
Date: Thursday, May 03, 2012 9:37 AM
Subject: Fwd: KPMG Audit Report and Mi'kmaq Briefing Note
Attachments: NCR-4276566.DOC.DRF; NCR-4241831.DOCX.DRF; AMHERST-#413822-v1-MMFCS_TP_WG_MEETING__INDIAN_BROOK_OFFICE__AP__26__2012_1.DOC

FYI - just to keep you in the loop. Barb, my warmest wishes to you and your father during this difficult time. You're in my prayers. xo Lili

>>> Lili Zwart 5/3/2012 9:34 AM >>>
Hi Gary;

As we discussed, attached are KPMG's final audit report of Mi'kmaq Agency and revised briefing note based on our latest meeting with Sheilagh. Thank you very much for taking the time to review KPMG working papers with Joel and I tomorrow afternoon. I appreciate how busy you are.

Sheilagh/Odette: brief synopsis of April 26th tripartite working group meeting:

- 1) The group agreed the Eskasoni office and operations crisis (lack of permanent supervisory staff) should be addressed first.
- 2) The group agreed to short term and long term strategies in a proposed work plan. Short term strategy is to identify immediate staffing requirements, cost for supervisors and do crosswalk between AANDC CIC definition with provincial/Agency definition. Long term strategy is cost/benefit analysis of operational processes.
- 3) Province is contemplating change effective October 2012 to their CFS Act whereby long term customary care guardianship arrangements will be funded similar to protective custody arrangements. Will impact Mi'kmaq Agency's reality and require further tripartite working group discussion.
- 4) Group agreed the next working group meeting will be first week of June.

Once we have found some clarity through working papers, we will have KPMG amend their final report if required, we will update the briefing note accordingly, and arrange a conference call with the province.

Thanks,
Lili

Lili Zwart
Senior Policy Analyst
Social Program Reform Branch
Education and Social Development Programs and Partnerships Sector
Aboriginal Affairs & Northern Development Canada
Telephone: (613) 995-9013

Email: Lili.Zwart@ainc-inac.gc.ca

Pages 3505 to / à 3564

are duplicates

sont des duplicatas

Lili Zwart - KPMG Report revisions

From: Lili Zwart
To: Weir, Kyle
Date: 5/8/2012 4:58 PM
Subject: KPMG Report revisions
CC: Achtoutal, Brahim; Cormier, Pauline; D'Amico, Barbara; Dei, Joel; Jo...
Attachments: NCR-#4241831-v1-FNCFS_-_MI_KMAW_NS_RECIPIENT_REVIEW_-_FINAL_KPMG_REPORT.DOCX

Hi Kyle;

Attached is the KPMG audit report of Mi'kmaq CFS Agency with two suggested additions in yellow highlighting in Section 5 Observations and Recommendations.

As you requested, below is a detailed listing of the issues we wish to discuss on our conference call this Friday with regards to further revisions:

Tables:

Two tables under Section 1 of the report show a decrease in Maintenance funding from fiscal year 2010-11 to 2011-12 which doesn't make sense because we provided extra funds in 2011-12 in the amount of \$900K and \$632K to cover off shortfalls in Maintenance. Joel Dei is checking the FNITP information we shared with KPMG to understand this inaccuracy - we'll provide further info by Friday for suggested changes to the tables.

669 caseload:

It is unclear whether KPMG reviewed the Agency caseload with AANDC's funding formula under the Enhanced Prevention Focused Approach (EPFA) in mind, particularly in terms of AANDC's definition of Maintenance and how this differs from that of the province's definition. You'll note Objective 1 states "Identifying how the Mi'kmaq Agency expends AANDC resources, according to the EPFA funding formula for program delivery" yet we only see mention of EPFA in one instance in the report (Section 5, Operational Process 1:20 case worker ratio). If this objective was not met in the audit, we would like it mentioned in the report.

It is also unclear whether the 669 cases represent children who came into care more than once in the fiscal year and therefore have more than one case file for the same child. AANDC's EPFA formula for Maintenance is based on "children-in-care out of parental home" count as at March 31st, not on the number of case files on a set date in time. We therefore think it would be good to add a qualifying statement to tables with the 669 figure that explains:

- 1) what exactly was counted to arrive at the 669 figure and
- 2) the 669 files reviewed do not all reflect FNCFS program definition of Maintenance: Children-in-Care out of parental home.

Benchmarking:

Identified as a key element of the audit approach. Does the report include benchmark analysis aside from the 1:20 case worker ratio?

We would like to ask whether KPMG discovered any instances of Family Group Conferencing in their review of case files since we have no authority to fund those cases.

Thank you very much for passing this on to KPMG and we look forward to a fulsome discussion this Friday.
Sincerely,

Lili Zwart
Senior Policy Analyst
Social Program Reform Branch
Education and Social Development Programs and Partnerships Sector
Aboriginal Affairs & Northern Development Canada
Telephone: (613) 995-9013

Email: Lili.Zwart@ainc-inac.gc.ca

Aboriginal Affairs and Northern Development Canada

Internal Audit Report

Recipient Audit

Mi'kmaw Children and Family Services Agency

Prepared by:

Audit and Assurance Services Branch

March 28, 2012

TABLE OF CONTENTS

ACRONYMS.....	i
EXECUTIVE SUMMARY.....	1
1. INTRODUCTION AND CONTEXT.....	3
1.1 Background.....	3
1.2 Risk Based Audit Plan.....	3
1.3 Summary of Expenditures.....	5
2. AUDIT APPROACH, OBJECTIVES AND SCOPE.....	6
2.1 Audit Approach.....	6
2.2 Audit Objectives.....	7
2.3 Audit Scope.....	8
3. AUDIT METHODOLOGY.....	9
4. CONCLUSION.....	10
5. OBSERVATIONS AND RECOMMENDATIONS.....	11
5.1 Objective #1 – Effectiveness of Operations.....	11
5.2 Objective #2 – CFS Compliance.....	15
5.3 Objective #3 – FVPP Compliance.....	16
Appendix A: Audit Criteria.....	17
Appendix B: Operational Process.....	21

ACRONYMS

AANDC	Aboriginal Affairs and Northern Development Canada
CFS	Children and Family Services
ESDPP	Education & Social Development Programs and Partnerships
FNCFS	First Nation Children and Family Services
FVPP	Family Violence Protection Program
SPPB	Social Policy and Programs Branch
the Agency	The Mi'kmaq Children and Family Services Agency

EXECUTIVE SUMMARY

Aboriginal Affairs and Northern Development Canada (AANDC), through the First Nation Children and Family Services (FNCFS) program, provides funding to child and family services agencies to provide culturally appropriate prevention and protection services to First Nations children and families ordinarily on reserve.

The Mi'kmaq Children and Family Services Agency (the Agency) receives annual funding from AANDC of approximately \$12.0M for Child and Family Services and \$800,000 for Family Violence Protection Program (FVPP).

Based on a number of recent events, the Director General of the Social Policy and Programs Branch (SPPB) and the Education & Social Development Programs and Partnerships (ESDPP) Sector requested that a recipient audit be conducted by Audit and Evaluation Services Branch.

Audit Objective and Scope

The objective of the audit was to examine the effectiveness of operations of the Mi'kmaq Family & Children Service Agency and to conduct a compliance review of the First Nations Child and Family Services and Family Violence and Protection Programs.

The scope of this audit covered the period of time from April 1, 2010 through to February 29, 2012 and the programs and funding provided by AANDC to the Agency for both the Children and Family Services and Family Violence Protection Programs.

Conclusion

The management and staff of the Agency are having significant challenges in providing services and managing operations effectively. Opportunities exist to improve the effectiveness of Operations, but real and perceived shortfalls in financial and human resources require a focus on crisis management with little or no opportunities to adequately plan, monitor and improve operations. The audit found that the Agency generally complies with the requirements of the provincial guidelines, and program (CFS and FVPP) terms and conditions of the funding agreement. Opportunities exist to strengthen financial management processes and procedures.

Recommendations

1. Considering the current caseload ratio, the apparent higher risk nature of the cases serviced by the Agency and the geographic distribution of the First Nation children and families, the audit recommends that the Agency work in collaboration with AANDC and the Province to examine operational efficiencies and resources required to provide the services. This need appears to be most critical for the Eskasoni location.
2. The audit recommends that the Agency work with AANDC to develop a process whereby a child's registration status, or eligibility to be registered can be confirmed in a more expedient manner. This may help resolve individual child cases where the Agency has not been able to determine registered status.

3. The audit recommends that the Agency develop a delegation of financial signing authority document and related process, so that the delegated authorities are clear and understood throughout the Agency.
4. The audit recommends that management actively monitor the FVPP to help ensure they comply with the 15% administration funding limit.

1. INTRODUCTION AND CONTEXT

1.1 Background

Aboriginal Affairs and Northern Development Canada (AANDC), through the First Nation Children and Family Services (FNCFS) program, provides funding to child and family services agencies to provide culturally appropriate prevention and protection services to First Nations children and families ordinarily on reserve. These services are to be provided in accordance with the legislation and standards of the province or territory of residence and in a manner that is reasonably comparable to those available to other provincial residents in similar circumstances within federal Program Authorities.

Child welfare is an area of provincial responsibility whereby each province, in accordance with their legislation, delegate's authority to FNCFS agencies to manage and deliver child welfare services on reserve. The FNCFS Agency, delegated by the province, provides protection services to eligible First Nation children and families, ordinarily resident on-reserve in accordance with provincial legislation and standards.

The Mi'kmaq Children and Family Services Agency (the Agency) receives annual funding from AANDC of approximately \$12.0M for Child and Family Services and \$800,000 for Family Violence Protection Program (FVPP). The Agency has stated they are running large deficits and therefore in danger of closing their doors if additional funding is not provided.

The 2010, Province of Nova Scotia Audit of the Agency included the following findings:

- Inadequate supervisory and frontline social workers.
- Lack of expertise in the supervisory level in the Eskasoni office.
- Lack of proper management oversight.
- Size of jurisdiction greatly exceeds capacity to deliver services.

The Province of Nova Scotia identified that the action plan developed to address the audit findings would require additional staffing and resources. As a result, the Director General of the Social Policy and Programs Branch (SPPB) and the Education & Social Development Programs and Partnerships (ESDPP) Sector requested that a recipient audit be conducted by Audit and Evaluation Services Branch.

1.2 Risk Based Audit Plan

During the planning phase of the audit, KPMG completed documentation review, conducted discussions with management and various other analysis to identify a number of risks considered in the development of the audit approach and detailed audit steps. The list below is not an exhaustive list of all potential risks that may impact the objective of this audit; rather, it

represents those risks that may have the greatest impact or likelihood of occurring with the purpose of having the audit focus on the areas of higher risk.

I. **Funding by Program** – The following table presents the funding provided to the Agency by program as reported by AANDC. The Children and Family Services Program represents over 90% of the total funding provided by AANDC.

Mi'kmaq comparison of funding 2010-11 and 2011-12
 Planning - Risk considerations for programs

Program	coding	2010-11	%	2011-12	%
Band Employee Benefits	1015	183,628.00	1.3%		0.0%
	1016	40,866.00	0.3%	40,866.00	0.3%
	1019			183,628.00	
subtotal		224,494.00		224,494.00	
Child and Family Services					
CFS Maintenance - Enhanced prevention - foster homes	2383	8,365,748.00	61.2%	7,466,000.00	58.1%
Operations	2373	4,103,400.00	30.0%	4,134,000.00	32.2%
subtotal		12,469,148.00		11,600,000.00	
Family Violence					
Emergency Shelters	2422	728,252.90	5.3%	728,252.90	5.7%
Prevention Projects	2420	257,417.00	1.9%	300,000.00	2.3%
subtotal		985,669.90		1,028,252.90	
Total		13,679,311.90	100.0%	12,852,746.90	100.0%

II. **Expenditures** – Salaries and benefits represent a significant portion of the annual expenditures. Salaries and benefits comprised almost 80% of the operating account (\$4.9M 2011). Other expenditures of concern include: professional fees, mentorship, medical costs (not eligible), day care (not eligible), travel, honoraria, conferences, telephone and communication and Provincial transfer amount.

III. **Eligibility** – Children eligible to receive benefits or services under either program (CFS or FVPP) are registered in accordance with the Indian Act or are eligible to be registered according to the Indian Act and whose custodial parent is Ordinarily Resident On Reserve. Eligibility determines whether the benefits or services provided by the Agency are funded by AANDC or by the Province.

IV. **Service Delivery** – Provincial audits conducted early in 2011 identified concerns with poor standard compliance in critical areas of case management and work practices to which caseload sizes were suggested to be a contributing factor.

V. **Deficit 2011** – The audited financial statement reported a deficit for 2011 of \$1.85M.

1.3 Summary of Expenditures

The following table summarizes AANDC funding by program (Child and Family Services and Family Violence Protection Programs) for the fiscal 2010/11 and April 1, 2011 to February 29, 2012. These numbers were reported by AANDC on reports provided for the audit from the First Nations and Inuit Transfer Payment System.

Mi'kmaq comparison of funding 2010-11 and 2011-12
 Planning - Risk considerations for programs

Program	coding	2010-11	2011-12
Band Employee Benefits	1015	183,628.00	
	1016	40,866.00	40,866.00
	1019		183,628.00
subtotal		224,494.00	224,494.00
Child and Family Services			
CFS Maintenance - Enhanced prevention - foster homes	2383	8,365,748.00	7,466,000.00
Operations	2373	4,103,400.00	4,134,000.00
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Family Violence			
Emergency Shelters	2422	728,252.90	728,252.90
Prevention Projects	2420	257,417.00	300,000.00
subtotal		985,669.90	1,028,252.90
Total		13,679,311.90	12,852,746.90

2. AUDIT APPROACH, OBJECTIVES AND SCOPE

2.1 Audit Approach

The approach to the audit included three principal phases: (I) planning; (II) conduct; and (III) reporting. This approach is consistent with the Treasury Board Secretariat's *Guide to Planning, Conducting and Reporting on Internal Auditing Assurance Engagements in the Federal Government of Canada*.¹ The audit was conducted in accordance with the requirements of the Treasury Board Secretariat *Policy on Internal Audit, the Guideline on Recipient Audits under the Policy on Transfer Payments and the Directive on Transfer Payment* and followed the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*.

Key elements of our approach included:

- **Conduct Risk Assessment** – During the planning phase, reviewed documentation, met with representatives from AANDC Social Policy and Programs Branch in Headquarters and the Atlantic Region to identify the key risk areas and incorporate these into the audit program.
- **Establish Audit Criteria** – Developed audit criteria against each of the audit objectives reflecting the risk areas identified.
- **Document Existing Practices** – Existing practices were documented for the following processes: strategic planning and resource allocation/reallocation, children and family services operations, and Provincial Settlement. Key internal controls (authorization and approval for payment and eligibility of client) were noted in the documentation.
- **Review Compliance Work** – The audit reviewed compliance work completed by AANDC and assessed the extent to which we could rely on this prior work. This impacted the extent of the testing of key controls in the following approach step.
- **Test Key Controls and Compliance** – A judgemental sample of expenditure transactions were selected and tested for existence of key internal controls. Each of the sample transactions were tested for compliance with the terms and conditions of the funding agreement¹.
- **Analytical Review** – The Agency financial statements were reviewed and compared, year over year, to identify significant variances for which explanations were obtained and scrutinized.
- **Trending** – Case loads and staffing levels were examined over the period of scope to identify trends which were discussed and scrutinized, as appropriate.
- **Benchmarking** – Two comparable organizations were identified, with assistance from the Social Policy and Programs Branch, to conduct a benchmarking analysis of key indicators with the Agency. The result of this was a comparison to the Provincial Offices

¹ During planning, AANDC Social Policy and Program Branch representatives noted that the criteria to assess eligibility of expenditures is based on the funding agreement, First Nations Child and Family Services National Program Manual (May 2005) and the terms and conditions.

of the Department of Community Services, the only other provider of child welfare and protection services.

2.2 Audit Objectives

Objective #1 – Effectiveness of Operations

Examine the effectiveness of the operations of the Mi'kmaq Family & Children Service Agency in relation to the funding agreement and to gather and evaluate information from the Nova Scotia audit specific to:

- Identifying how the Mi'kmaq Agency expends AANDC resources, according to the Enhanced Prevention Focused Approach funding formula for program delivery.
- How the recipient can improve its management of AANDC resources to respond to the recommendations of the Province of Nova Scotia Audit.

Objective #2 – CFS Compliance

Conduct a compliance review on the eligibility of the expenditures, rates and activities, based on provincial guidelines and the First Nations Child and Family Services Program terms and conditions of the funding agreement.

Including examination of the following areas:

- The recipient's level of compliance with the terms and conditions of the funding agreement and whether funds, for the purpose of Operations, Prevention and Maintenance costs, are being used for the intended purposes and in the manner required by the terms and conditions of the funding agreement.
- The integrity of any financial data and related program reporting in the context of the funding agreement, specific to program expenditures.

Objective #3 – FVPP Compliance

Verify that program funding for the FVPP is managed in accordance within the terms and conditions of the agreement. FVPP funding provided to the agency is to be flowed through to the shelters at a rate of 85%. The funding recipient may hold back up to 15% for reasonable administration cost.

Verify that:

- The hold back amounts do not exceed 15% of total program funding.
- The administration costs being expended are reasonable in the circumstances.

2.3 Audit Scope

The scope of this audit included the period of time from April 1, 2010 through to February 29, 2012 and the programs and funding provided by AANDC to the Agency for both the Children and Family Services and Family Violence Protection Programs.

3. AUDIT METHODOLOGY

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

Detail transaction testing was completed based on a judgemental sample of 50 transactions over the scope period for both programs; Children and Family Services (CFS) and the Family Violence Protection Program (FVPP). The approach to selecting the sample items considered the specific areas of risk noted by AANDC and the relative amount of expenditures for each of the transaction types. Testing included the following transaction types:

- Conference and Meetings – Operations (CFS and FVPP).
- Day Care – Maintenance (CFS).
- Public Education and Workshops (FVPP).
- Honorariums – Operations (CFS).
- Legal and Audit – Operations and Maintenance (CFS).
- Medical – Maintenance (CFS).
- Mentorship – Maintenance (CFS).
- Travel – Operations and Maintenance (CFS and FVPP).
- Professional Fees – Maintenance (CFS).

The resulting distribution of sample items is summarized in the following table.

Program / Transaction Type	2011/12	2010/11
Children and Family Service	23	21
Family Violence Protection Program	2	4
Total	25	25

The criteria followed to test the transactions included:

- i. **Eligibility** – Determines whether a child is funded by AANDC or the Province of Nova Scotia. Eligibility for funding by AANDC is children who are ordinarily resident on reserve and are either registered or eligible to be registered status Indian.
- ii. **Compliance with the Funding Agreement** – The audit assessed the expenditure type for compliance with the terms and conditions of the funding agreement and the requirements of the Province for the amount to be charged as applicable.
- iii. **Authorization** – The audit was looking for appropriate authorization for payment of expenditures in accordance with the delegated financial authority in place at the Agency.

4. CONCLUSION

The management and staff of the Agency are having significant challenges in providing services and managing operations effectively. Opportunities exist to improve the effectiveness of operations, however, current resource levels provide a significant challenge to adequate planning, monitoring and management of operations. The audit found that the Agency generally complies with the requirements of the provincial guidelines, and program (CFS and FVPP) terms and conditions of the funding agreement. Opportunities exist to strengthen financial management processes and procedures.

5. OBSERVATIONS AND RECOMMENDATIONS

5.1 Objective #1 – Effectiveness of Operations

Strategic and Operational Planning and Budgeting

The Agency developed a strategic plan, *The Framework: Prevention & Early Intervention Services for the Mi'kmaw Family & Children's Services of Nova Scotia (September 21, 2007)*, which sets out three broad strategic directions for the Agency to i) implement a culturally appropriate, differential response to address the needs of children at risk and their families, ii) ensure that children reside in permanent nurturing placements, and iii) continue to engage with the Interagency Committee in each community to develop and implement strategies that will enhance relationships with key partners and community resources to provide integrated services for children, youth and families. Discussions with management identified this document as the strategy for the Agency.

The Agency is reportedly, by management, operating in crisis mode as the number of children and families in need increases. Management noted that it has been a challenge to find time to conduct strategic and operational planning in light of the challenging level of demand for services. The focus currently is on trying to manage the ongoing requirement to provide the required timely services for children and families in need. Management has developed a draft HR policy that needs to be finalized and implemented. The audit conducted an interview with representatives from the Province and received a letter summarizing a number of recommendations with the first priority noted as a need for the Executive Director to hire an HR manager to assist with the approximately 100 contingent of staff currently in place at the Agency.

The audit reviewed the budgeting process with the Controller for the Agency. Based on the audited financial statements for the Agency, AANDC provided \$12,810,164 or 74.8% of the total funding received by the Agency for the fiscal year 2010/11. Budgeting for the year is based on the amount committed to by the funding parties (Federal Government and Province of Nova Scotia). Based on this revenue base, management delivered the services required in accordance with the Provincial service level. The Agency experienced a deficit of \$1,851,005 for the year ended March 31, 2011 and is projecting a deficit again for the fiscal year ending March 31, 2012. Challenges noted by management in servicing the needs of children and families, with the level of funding under the current Contribution Agreement include:

- Fixed funding levels that preclude the capacity to hire additional case workers to help meet the demand for services. The FNCFS program states that the EPFA formula allows the flexibility of moving funds between Maintenance, Operations and Prevention funding streams to address shortfalls. The EPFA formula provides funding for 200 prevention cases for the Agency but it is unclear how many prevention case files the Agency currently has.
- The Agency made a decision, with Board support, that it will no longer accept First Nation children from the Province who are not Mi'kmaw.

- Congregate care and place of safety locations for children can be very expensive if the court decides that this is a requirement for the care of a child. Reportedly these costs can be as high as \$50,000 per month. In fiscal 2010/11 there were reportedly five such cases requiring approximately \$238,000.
- Capital requirements are not included in the current funding. The Agency constructed a building for the Indian Brook location in fiscal 2009/10. Management has noted the Eskasoni office location may require replacement and that there is consideration for a third office location on the Western Shore of the mainland.
- Changes made by the courts require a five day call back process that doubles the time required by counsel and related legal fees.

The challenges of the current funding level are partially mitigated through in-kind contributions reportedly provided by the Province. Interviews with the Agency and Provincial management noted that the Province provides training for case workers, computers, ICM system and support and plans to provide Blackberry's for key management positions to help improve the communication capabilities of these individuals who are required to travel regularly throughout the Province.

Analytical Review

The audit conducted a detailed analytical review of the expenditures in Operations and Maintenance for the fiscal years 2009/10 and 2010/11 based on the audited financial statements of the Agency. The audit also conducted a detailed analytical review of the results of the nine month period ending December 31, 2011 extrapolated to March 31, 2012 compared to the fiscal year 2010/11. The audit discussed variances in excess of 10% and \$50,000 with management to determine the cause for the variance. Additional follow up was conducted for the largest expenses, such as salary. In all cases discussed, the reasons for variances noted appeared reasonable. Of note, the salary expenditure for 2009/10 was lower than the following year due to the hiring of approximately 10 additional caseworkers in fiscal 2010/11. These hiring's were reportedly in response to the Provincial Department of Community Services audit conducted January 2010 to address capacity issues. These hiring's still do not appear to address the need for additional capacity to meet the demand for services.

Operational Process

The audit reviewed and documented the operational process for the Children and Family Services program. The flowchart describing the process at a high level was validated with management of the Agency and is included in Appendix B: Operational Process.

Interviews with Agency, Provincial and AANDC representatives noted that the basis for funding provided by AANDC and the Province is based on a benchmark of one case worker to twenty (1:20) children/family cases. Interviews also noted that the 1:20 ratio expects a mix of low, medium and high risk cases. The level of risk associated with a particular child's need for protection impacts the expected response time to situations that are reported and the level of intervention and aid provided by the caseworker. The audit understands from management comments of the Agency and the Province that the profile of the portfolio of cases managed by the Agency is skewed to high risk. The impact of having a higher proportion of "high risk" cases

is that a typical case worker/case ratio would have to be decreased, causing further funding pressures to ensure adequate service. While the audit did not examine the risk associated with individual case files it appears to be a reasonable comment, given the corroborating views of both the Province and anecdotal media reports of incidents in First Nation communities - that the Agency has a higher proportion of high risk clients than the Province overall.

The audit compared the number of cases as at mid March 2012 as reported by the Agency (Table 1) and by the Province for the Agency (Table 2). The result of this comparison corroborates and suggests that the ratio of cases per case worker in Eskasoni is approximately 1:25 and in Indian Brook is approximately 1:15. Details of this comparison are provided in the following two tables.

In addition, Table 2 illustrates the Provincial caseload by Regional office. This is provided for comparison to the Agency.

Table 1: Mi'kmaw CFS Agency Caseloads

Mi'kmaw Caseloads (as reported by the Agency)				
As at March 16, 2012				
Office	Cases	Caseworkers	Caseload	
Eskasoni	406	16	25.4	
Indian Brook	263	17	15.5	
Overall	669	33	20.3	

Table 2: Mi'kmaw CFS Agency Caseloads and Provincial Caseloads

Provincial Caseloads				
As at March 22, 2012				
Region	Cases	Case Workers	Caseload	
Central	1228	78	15.7	
Northern	856	49	17.5	
Eastern	557	39	14.3	
Western	952	55.6	17.1	
Overall	3593	221.6	16.2	

Mi'kmaw Caseloads (as reported by Province)				
As at March 22, 2012				
Office	Cases	Caseworkers	Caseload	
Eskasoni	394	15	26.3	
Indian Brook	243	17	14.3	
Overall	637	32	19.9	

Interviews noted that the geographical distribution of Mi'kmaw First Nations Communities throughout the province creates another challenge for the Agency (that the Province does not have to the same extent). The Province has four Regional offices (Central, Eastern, Northern and Western) with 19 District offices. By comparison, the Agency has two offices with Eskasoni supporting Cape Breton, and Indian Brook supporting the mainland of the Province. The result of this is that case workers must travel significant distances from their home office to the location of the child to provide the level of services required.

Agency management noted the following actions were taken to address the higher caseload experienced in Eskasoni:

- A Provincial Department of Community Services manager was seconded to the Eskasoni office for the period February 2011 through December 2011.
- The manager for Child Protection Services splits time between the Indian Brook and Eskasoni office locations.

During the planning phase, AANDC management at Headquarters noted that the Enhanced Prevention Focused Approach has the objective to increase prevention with the ultimate goal that the number and severity of cases where children need care and protection decline. Discussions with Agency management recognized this objective but noted that the Agency is operating at capacity with the current case loads, leaving little opportunity to focus on prevention. Further discussions between AANDC and the Agency are required to achieve a common understanding of the different types of cases represented in the caseload of 669 cases, reported by the Agency.

The audit received a letter that was prepared by the Province in February 2012 and addressed to the Agency to provide the views of the Province, Department of Community Services. A summary of the recommendations provided are summarized as follows:

- i. HR manager to support the Executive Director regarding program staffing issues.
- ii. Increased dedicated clerical support (six in total), assigned by program area to help ensure consistency, quality assurance and efficient documentation and tracking of cases using the IT systems in place.
- iii. Additional supervisor (one) and case workers (four) are required in Eskasoni.
- iv. Consideration of either added capacity in Indian Brook or third office location to help meet the needs of the Western shore of the Province.
- v. Additional budget to permit case worker travel to Provincially provided training.

The audit provides these recommendations to provide further context and input to corroborate the concerns with capacity currently within the Agency, no specific audit procedures were conducted to provide additional support to the recommendations made by the Province. The audit relies on the subject matter knowledge of the Provincial Department of Community Services regarding these recommendations.

Recommendations

1. Considering the current caseload ratio, the apparent higher risk nature of the cases serviced by the Agency and the geographic distribution of the First Nation children and families, the audit recommends that the Agency work in collaboration with AANDC and the Province to examine operational efficiencies and resources required to provide the services. This need appears to be most critical for the Eskasoni location.

5.2 Objective #2 – CFS Compliance

The audit selected a sample of transactions as noted in the following table.

Program / Transaction Type	2011/12	2010/11
Children and Family Services	23	21

The criteria followed to test the transactions included: eligibility for support from the Province or AANDC; compliance with the terms and conditions of the funding agreement and requirements of the Province; and appropriate authorization for payment of the expenditure.

Eligibility – The apprehension of a child on-reserve must be conducted by the Agency and off-reserve by the Province. Management noted that in general, the location of the apprehension typically determines whether the child is funded by the Province (off-reserve) or AANDC (on-reserve). Subsequent to apprehension, the Agency seeks to confirm if the child is ordinarily resident on reserve and is either registered status or is eligible to obtain registered status. On a monthly basis the Comptroller reviews the list of children and expenses to be charged to AANDC. This report includes the child's name and band number (band registration identifier combined with the AANDC Indian Registry Status number). In cases where there is no registration number associated with the child, the Comptroller follows up with the case worker to obtain the number. The audit inquired if the Comptroller contacted AANDC directly to determine registration status for the child. The Comptroller indicated that this has been attempted with little or no success. The audit followed up with representatives from AANDC Headquarters and confirmed that the Agency should be able to obtain confirmation of a child's registration number if it has been issued.

The results of the audit identified one sample item out of 37 CFS maintenance expenditures where the eligibility of the child remains uncertain. This child is being funded by AANDC however it is not clear, as of the completion of the audit, whether the child is, or is not, eligible to be registered.

Compliance – The audit noted all 44 CFS sample items complied with the terms and conditions of the funding agreement and requirements of the Province, no errors were noted.

Authorization – The audit noted that there is no formal documented delegation of authority for approval of payment for expenditures. The audit tested the preparation of the expenditure claim by the case worker and approval for payment by the supervisor. Management noted that the general approach to be followed is that expenditures related to a child should be prepared by

the case worker assigned to the child's case and that the case worker's supervisor should approve the claim for payment. The results of the audit noted that in all cases there was a signature by a case worker and approval for payment by a supervisor. Considering the approach noted by management, the audit noted 12 cases, out of 44, where the case worker was not the case worker assigned to the child's case, and the audit noted two instances, out of 44, where another supervisor approved the claim for payment.

Recommendations

2. The audit recommends that the Agency work with AANDC to develop a process whereby a child's registration status, or eligibility to be registered can be confirmed in a more expedient manner. This may help resolve individual child cases where the Agency has not been able to determine registered status.
3. The audit recommends that the Agency develop a delegation of financial signing authority document and related process, so that the delegated authorities are clear and understood throughout the Agency.

5.3 Objective #3 – FVPP Compliance

The audit selected a sample of transactions as noted in the following table.

Program / Transaction Type	2011/12	2010/11
Family Violence Protection Program	2	4

The criteria followed to test the transactions included: eligibility for support from the Province or AANDC; compliance with the terms and conditions of the funding agreement and requirements of the Province; and appropriate authorization for payment of the expenditure.

Eligibility – No errors noted.

Compliance – No errors noted.

Authorization – No errors noted.

The audit discussed the process followed by management to ensure that the amount of funds held back for reasonable administrative costs do not exceed 15%. The audit revealed that management was not actively managing this requirement. The results of analytical review completed for the FVPP resulted in total administrative costs being less than 15%, based on the audited financial statements for 2010/11.

Recommendations

4. The audit recommends that management actively monitor the FVPP to help ensure they comply with the 15% administration funding limit.

Appendix A: Audit Criteria

The following details the audit criteria developed for the audit. These were provided to the Project Authority March 15, 2012. During the conduct phase of the audit, additional criteria were added (*noted in italics for ease of reference*).

Audit Objective 1: Examine the effectiveness of the operations of the Mi'kmaq Family & Children Service Agency in relation to the funding agreement and to gather and evaluate information from the Nova Scotia audit specific to:

- Identifying how the Mi'kmaq Agency expends AANDC resources, according to the Enhanced Prevention Focused Approach funding formula for program delivery.
- How the recipient can improve its management of AANDC resources to respond to the recommendations of the Province of Nova Scotia Audit.

Audit Criteria		Key Audit Procedures
1.1	Management conducts strategic planning to identify strategic objectives that inform business planning, resource allocation/reallocation, and effective service delivery.	<ul style="list-style-type: none"> • Obtain the most recent strategic plan or equivalent. • Prepare questionnaire and conduct interviews with the Executive Director, Controller and other management to understand the business planning process in place. Consider the extent of assessment of risks and resource consideration. • Document the strategic planning and resource allocation process. • Review Board minutes for the fiscal periods 2010/11 and 2011/12 and note discussion and analysis of strategic and business planning and discussion and analysis of resource allocation/reallocation.
1.2	Management prepares the annual budget in consideration of the strategic/business plan, monitors and proactively makes changes through	<ul style="list-style-type: none"> • Prepare questionnaire and conduct interviews with the Executive Director, Controller and other management to understand how the annual budget process considers the strategic objectives, mandate of the Agency, and efficient/effective use of resources. • <i>Review the EPFA Funding Formula to understand the basis for the funding and compare to the actual results for fiscal 2010/11 (audited F/S). Discuss variances with management.</i> • Prepare analytical review of the Agency financial statements over the fiscal periods 2009/10, 2010/11, 2011/12 and discuss with management the reasons for variances +/- 10% and over

	the year.	<p>\$50,000² for the audit scope period. Obtain corroborating evidence to support management's explanations. <i>Consider the five year business plan for comparative purposes.</i></p> <ul style="list-style-type: none"> • <i>Obtain the Provincial budget for funding of the Agency for 10/11 and 11/12 fiscal periods and compare budget to actual. Discuss variances +/- 10% or \$50K with management.</i>
1.3	Management effectively operates the Agency and expends AANDC resources according to the Enhanced Prevention Focused Approach funding formula for program delivery.	<ul style="list-style-type: none"> • Document the operational process in place at the Agency to provide children and family services. Identify the key decision point to assess eligibility for AANDC or provincial funding. Consider the following types of care (Permanent Care and Custody, Special Needs, Apprehension, and Supervision) and note any key differences to determine eligibility. Included in the documentation of the operational process, KPMG will document the key process/control to help ensure CFS funding is not used for FVPP program expenditures. • <i>It is essential to understand the Provincial cases budgeted and paid for maintenance (~\$2.2M) and operations (~\$350K).</i>
1.4	Resource allocation (AANDC and Province) is in accordance with the funding agreement, national program manual and terms and conditions.	<ul style="list-style-type: none"> • Document the process to determine the Provincial Settlement amount reported in the Agency financial statements. The process should include identification of how the Agency expends AANDC resources according to the Enhanced Prevention Focused Approach funding formula for program delivery. <i>CFA Part E section A.2. – clarify the flow of \$ for ordinarily on reserve – the wording in the CFA sounds like it goes to the Province i.e. Province may be paying for CFS for children ordinarily on reserve.</i> • As part of the sample transaction testing to be completed for objectives 2 & 3 assess the expenditure for applicability to AANDC or the Province and determine that the expense was applied correctly to either funding source (based on eligibility). • Obtain benchmark information of two comparable organizations³ to consider the following and compare to the Agency: <i>(Obtain from Provincial representative Wendy Bungay)</i> <ul style="list-style-type: none"> - Case loads and case workers to compare to the Agency (reportedly the target ratio is 1:20, currently is 1:27 and provincial comparators are in the range of 1:30 to 45);

² Planning materiality considered annual expenditures of \$15M and amounts greater than 0.5% or \$75,000. Selected lower threshold of \$50,000 for variance follow up with management to understand the underlying reasons for the changes year over year (2010/11 to 2011/12). The fiscal period 2009/10 predates the scope of this audit however it has been included for trending purposes.

³ Comments noted during the planning suggested that comparability is enhanced by considering organizations within the same province as the Agency.

		<ul style="list-style-type: none"> - Administration costs per child; and - Administration cost to total agency costs. <ul style="list-style-type: none"> • Consider the audit recommendations included in the two Province of Nova Scotia audits conducted recently and based on the process documented, identify possible recommendations for management to consider and improve its management of AANDC resources.
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<p>Audit Objective 2: Conduct a compliance review on the eligibility of the expenditures, rates and activities, based on provincial guidelines and the First Nations Child and Family Services Program terms and conditions of the funding agreement:</p> <ul style="list-style-type: none"> • The recipient's level of compliance with the terms and conditions of the funding agreement and whether funds, for the purpose of Operations, Prevention and Maintenance costs, are being used for the intended purposes and in the manner required by the terms and conditions of the funding agreement; and • The integrity of any financial data and related program reporting in the context of the funding agreement, specific to program expenditures.

Audit Criteria		Key Audit Procedures
2.1	Expenditures, rates and activities are based on provincial guidelines and the FNCFS Program terms and conditions of the funding agreement.	<ul style="list-style-type: none"> • Select a judgemental sample of transaction expenditures (focus on professional fees, medical costs, travel, conferences, honorarium, mentorship and day care) and: <ul style="list-style-type: none"> - agree the relevant rates, activities are based on provincial guidelines and the FNCFS Program terms and conditions of the funding agreement; - determine that the expenditure was approved and authorized appropriately; - identify the eligibility of the expenditure for AANDC or Provincial funding; and - determine if the expenditure was appropriately charged to AANDC or the Province. • <i>Consider audit of the cases to determine eligibility and follow up to verify the case is properly charged to the Province or AANDC funding.</i>

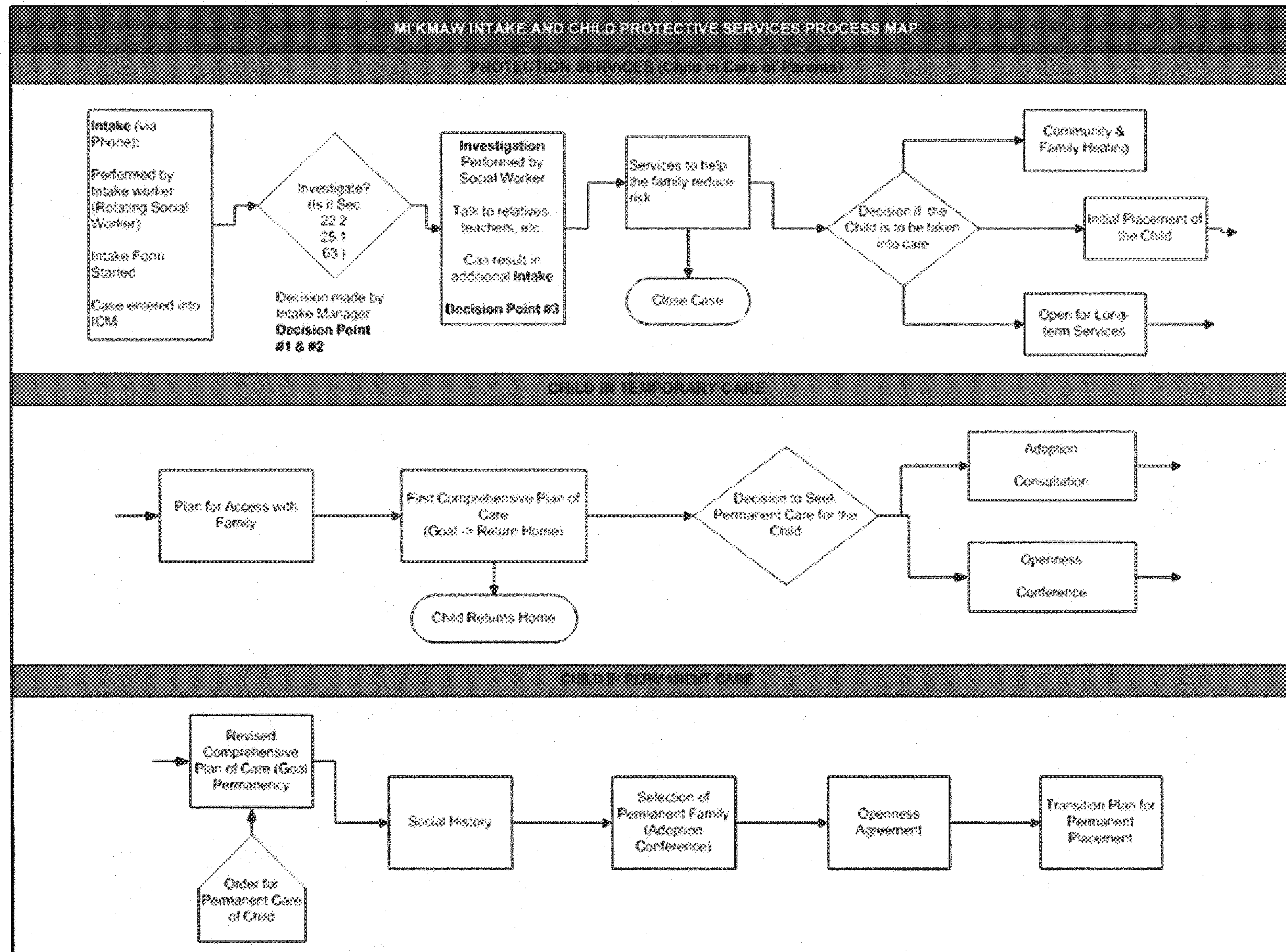
Audit Objective 3: Verify that program funding for the FVPP is managed in accordance within the terms and conditions of the agreement. FVPP funding provided to the agency is to be flowed through to the shelters at a rate of 85%. The funding recipient may hold back up to 15% for reasonable administration cost.

Verify that:

- The hold back amounts do not exceed 15% of total program funding; and
- The administration costs being expended are reasonable in the circumstances.

Audit Criteria		Key Audit Procedures
3.1	The FVPP is managed in accordance within the terms and conditions of the agreement. FVPP funding provided to the agency is to be flowed through to the shelters at a rate of 85%.	<ul style="list-style-type: none"> • Prepare questionnaire and conduct interviews with the Executive Director, Controller and other management to understand the process in place to provide services under the FVPP. Include consideration to understand how the 15% holdback is managed. • Discuss the operational process in place at the Agency to provide children and family services with CFO and/or case managers to identify the key decision point to ensure FVPP funding is not used for CFS program expenditures. • Select a judgemental sample of transaction expenditures and: <ul style="list-style-type: none"> - agree the relevant rates, activities are based on FNCFS Program terms and conditions of the funding agreement; and - determine that the expenditure was approved and authorized appropriately.

Appendix B: Operational Process



Lili Zwart - Correct Maintenance figures - KPMG report tables

From: Lili Zwart
To: Weir, Kyle
Date: 5/9/2012 1:35 PM
Subject: Correct Maintenance figures - KPMG report tables
CC: Achtoutal, Brahim; Cormier, Pauline; Dei, Joel; Johnston, Odette; Tu...
Attachments: FNITP Mikmaq_1.pdf; EF1100.4 Funding by program - 2011-12 _2.pdf

Hi Kyle;

as promised, attached you will find FNITP financial data to pass along to KPMG that clarifies correct Maintenance figures for 2011-12 fiscal year to Mi'kmaq Agency. The correct total allocation for 2011-12 should be \$9,356,857.85.

You'll note the Maintenance figure is not correctly reflected in the 2011-12 column of both Tables under Section 1 of the recipient review report. We would like this revised in the tables to accurately present the Maintenance increase provided to the agency in 2011-12.

We understand KPMG may not have had the correct data at time of audit. Attached is an FNITP spreadsheet that was in their working papers which shows the incorrect figure of \$7,466,000.00 and we may not have provided the correct FNITP information at the outset.

Thank you very much,

Lili

Recipient Allocation Summary

View Type: Recipient - Activity

Fiscal Year: 2010-2011

Recipient: 9006

MIKMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA

Region: ATLANTIC

Search

Clear

Print

Recipient (by Program / Budget / Transaction Activities)

MIKMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$13,679,311.90	\$13,679,311.90	\$0.00	\$0.00	\$13,679,311.90



BG400-GOVERNANCE AND INSTITUTIONS OF GOVERNMENT

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$224,494.00	\$224,494.00	\$0.00	\$0.00	\$224,494.00

G4103-BAND EMPLOYEE BENEFITS

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$224,494.00	\$224,494.00	\$0.00	\$0.00	\$224,494.00

01015-BAND EMPLOYEE BENEFIT PLANS - CANADA/QUEBEC PENSION PLAN AND PRIVATE PENSION PLAN EMPLOYER CONTRIBUTIONS

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$183,628.00	\$183,628.00	\$0.00	\$0.00	\$183,628.00

01016-PENSION PLAN ADMINISTRATION COSTS AND EMPLOYER CONTRIBUTIONS TO NON-STATUTORY BENEFITS

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$40,866.00	\$40,866.00	\$0.00	\$0.00	\$40,866.00

BP300-SOCIAL DEVELOPMENT

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$13,454,817.90	\$13,454,817.90	\$0.00	\$0.00	\$13,454,817.90

P3201-CHILD AND FAMILY SERVICES

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$12,469,148.00	\$12,469,148.00	\$0.00	\$0.00	\$12,469,148.00

02369-FNCFS AGENCY SELF EVALUATION

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

02373-OPERATIONS - CFS

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$4,103,400.00	\$4,103,400.00	\$0.00	\$0.00	\$4,103,400.00

02383-CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$8,365,748.00	\$8,365,748.00	\$0.00	\$0.00	\$8,365,748.00

P3401-FAMILY VIOLENCE

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$985,669.90	\$985,669.90	\$0.00	\$0.00	\$985,669.90

02420-PREVENTION PROJECTS

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$257,417.00	\$257,417.00	\$0.00	\$0.00	\$257,417.00

02422-INAC FUNDED EMERGENCY SHELTERS

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$728,252.90	\$728,252.90	\$0.00	\$0.00	\$728,252.90

Recipient Allocation Summary

View Type: Recipient - Activity

Fiscal Year: 2011-2012

Recipient: 9006 MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA

Region: ATLANTIC

Search Clear Print

Recipient (by Program / Budget / Transaction Activities)

MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$14,743,604.75	\$14,743,604.75	\$0.00	\$0.00	\$14,743,604.75

needs correcting

BG400-GOVERNANCE AND INSTITUTIONS OF GOVERNMENT

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$224,494.00	\$224,494.00	\$0.00	\$0.00	\$224,494.00

G4103-BAND EMPLOYEE BENEFITS

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$224,494.00	\$224,494.00	\$0.00	\$0.00	\$224,494.00

01016-PENSION PLAN ADMINISTRATION COSTS AND EMPLOYER CONTRIBUTIONS TO NON-STATUTORY BENEFITS

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$40,866.00	\$40,866.00	\$0.00	\$0.00	\$40,866.00

01019-CPP/QPP AND PRIVATE PENSION PLANS - EMPLOYER CONTRIBUTIONS BY ORGANIZATIONS OTHER THAN FIRST NATIONS OR TRIBAL COUNCILS

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$183,628.00	\$183,628.00	\$0.00	\$0.00	\$183,628.00

BP300-SOCIAL DEVELOPMENT

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$14,519,110.75	\$14,519,110.75	\$0.00	\$0.00	\$14,519,110.75

P3201-CHILD AND FAMILY SERVICES

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$13,490,857.85	\$13,490,857.85	\$0.00	\$0.00	\$13,490,857.85

02373-OPERATIONS - CFS

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$4,134,000.00	\$4,134,000.00	\$0.00	\$0.00	\$4,134,000.00

02383-CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$9,356,857.85	\$9,356,857.85	\$0.00	\$0.00	\$9,356,857.85

needs correcting

P3401-FAMILY VIOLENCE

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$1,028,252.90	\$1,028,252.90	\$0.00	\$0.00	\$1,028,252.90

02420-PREVENTION PROJECTS

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$300,000.00	\$300,000.00	\$0.00	\$0.00	\$300,000.00

02422-INAC FUNDED EMERGENCY SHELTERS

Current Allocation	Actuals	Obligations	Soft Commitments	Total Allocation
\$728,252.90	\$728,252.90	\$0.00	\$0.00	\$728,252.90

Funding Arrangement

As Of 2012/03/12

Funding Arrangement Header

Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA
Fiscal Year: 2011-2012
Arrangement Type: Aboriginal Recipient Funding Agreement (Others)
Master Arrangement #: 1112-02-000020
Intervention in progress: No
Status: ACTIVE
Responsible Officer: Nicholas, Pamela
Year #: 001
Currently Assigned To: Nicholas, Pamela

Programs and Budget

SCHEDULE "FED-1" - Federal Departments Consolidated Cash Flow Statement (consolidated)

1.0 - Program/Service Budgets, Authorities and Schedule of Monthly Payments Plan

Arrangement #: 1112-02-000020
Arrangement Type: ARFA (Other)
Recipient: 9006 - MI'KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA
 DEPARTMENT OF INDIAN AND NORTHERN AFFAIRS CANADA

PROGRAM / BUDGET / TRANSACTION ACTIVITIES	LOUIS	SEQ.	AUTH.	ACR.	Fund Auth.	P1 Apr	P2 May	P3 Jun	P4 Jul	P5 Aug	P6 Sep	P7 Oct	P8 Nov	P9 Dec	P10 Jan	P11 Feb	P12 Mar	FOUR	FIVEBACK	Allocation Total
Social Development																				
SOCIAL DEVELOPMENT - BP300																				
CHILD AND FAMILY SERVICES - P3201																				
OPERATIONS - CFS (Initial Allocation) (2012/03/31)					11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FAMILY VIOLENCE - P3401																				
INAC FUNDED EMERGENCY SHELTERS (2012/03/31)	02422	001	375	0230	11	0.00	0.00	182,055.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00	60,685.00	60,717.90	0.00	0.00	726,252.90
Indian Government Support																				
GOVERNANCE AND INSTITUTIONS OF GOVERNMENT - G6400																				
BAND EMPLOYEE BENEFITS - G4103																				
PENSION PLAN CONTRIBUTION COSTS AND EMPLOYER CONTRIBUTIONS TO PENSION PLAN BENEFIT (Allocation) (2012/03/31)					11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Fixed Contribution						375,136.00	343,486.00	526,541.00	403,576.00	405,171.00	405,171.00	408,576.00	405,171.00	405,171.00	408,577.00	405,171.00	405,371.90	0.00	0.00	4,903,118.90
Set (Contribution)																				

DEPARTMENT OF INDIAN AND NORTHERN AFFAIRS CANADA

PROGRAM / BUDGET / TRANSACTION ACTIVITIES	Code	Seq	Auth	RCM	FUND. NUM.	F1 APR	F2 May	F3 JUNE	F4 JUL	F5 Aug	F6 Sep	F7 OCT	F8 NOV	F9 DEC	F10 JAN	F11 FEB	F12 MAR	Pool	Holdback	Allocation Total \$
Social Development																				
SOCIAL DEVELOPMENT - BP300																				
CFS MAINTENANCE - ENHANCED PREVENTION - FOSTER HOMES (Initial Allocation) (2012/03/31)																				
FAMILY VIOLENCE - P3401																				
PREVENTION PROJECTS (Amendment# 3) (2012/03/31)	02420	001	375	0230	12	0.00	0.00	0.00	0.00	124,999.00	24,999.00	24,999.00	24,999.00	24,999.00	24,999.00	24,999.00	25,000.00	0.00	0.00	300,000.00
Indian Government Support																				
GOVERNANCE AND INSTITUTIONS OF GOVERNMENT - BG400																				
BAND EMPLOYEE BENEFITS - G4103																				
CPP/OPP AND PRIVATE PENSION PLANS - EMPLOYER CONTRIBUTIONS BY GOVERNATIONS OTHER THAN FIRST NATIONS OR TRIBAL COUNCILS (Initial Allocation) (2012/03/31)					12	70,000.00	0.00	0.00	70,000.00	0.00	0.00	70,000.00	0.00	0.00	70,000.00	0.00	0.00	0.00	0.00	100,000.00
Total Set (Contribution)						688,049.00	622,142.00	622,142.00	688,049.00	747,140.00	647,141.00	893,048.00	647,141.00	647,141.00	893,048.00	647,141.00	647,446.00	0.00	0.00	7,849,828.00
Total DEPARTMENT OF INDIAN AND NORTHERN AFFAIRS CANADA						1,043,185.00	966,628.00	1,148,683.00	1,076,625.00	1,152,311.00	1,052,312.00	1,101,624.00	1,052,312.00	1,052,312.00	1,101,625.00	1,052,312.00	1,052,817.90	0.00	0.00	12,852,746.90
Total All Departments						1,043,185.00	966,628.00	1,148,683.00	1,076,625.00	1,152,311.00	1,052,312.00	1,101,624.00	1,052,312.00	1,052,312.00	1,101,625.00	1,052,312.00	1,052,817.90	0.00	0.00	12,852,746.90

SCHEDULE "FED-1" - Federal Departments Consolidated Cash Flow Statement (consolidated)
 2.0 - Cash flow by fiscal year by Department

Arrangement #: 1112-02-000020
 Arrangement Type: ARFA (Other)
 Recipient: 9006 - MIKMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA
 Current Year: 1 of 1

Budget	2011-2012
Department of Indian and Northern Affairs Canada	\$12,852,746.90
Total	\$12,852,746.90

SCHEDULE "FED-1" - Federal Departments Consolidated Cash Flow Statement (consolidated)
3.0 - Cash Flow by Month and Year - ALL FUNDING by type and month

Arrangement #: 1112-02-000020
 Arrangement Type: ARFA (Other)
 Recipient: 9006 - MIKMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA
 Current Year: 1 of 1

	2011-2012
April	\$1,043,180.00
May	\$986,628.00
June	\$1,148,883.00
July	\$1,076,625.00
August	\$1,152,311.00
September	\$1,052,312.00
October	\$1,101,624.00
November	\$1,052,312.00
December	\$1,052,312.00
January	\$1,101,624.00
February	\$1,052,312.00
March	\$1,052,617.00
Pool	\$0.00
Holdback	\$0.00
Total	\$12,852,746.80

SCHEDULE "FED-1" - Federal Departments Consolidated Cash Flow Statement (consolidated)
4.0 - Cash flow by month - Current year - All funding by month and Department

Arrangement #: 1112-02-000020
 Arrangement Type: ARFA (Other)
 Recipient: 9006 - MI KMAW FAMILY & CHILDREN'S SERVICES OF NOVA SCOTIA
 Current Year: 1 0 1 1

	Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Pool	Holdback
Department of Indian and Northern Affairs Canada	\$12,852,746.90	\$1,043,185.00	\$966,629.00	\$1,148,683.00	\$1,076,625.00	\$1,152,311.00	\$1,052,312.00	\$1,101,624.00	\$1,052,312.00	\$1,052,312.00	\$1,101,625.00	\$1,052,312.00	\$1,052,817.90	\$0.00	\$0.00
Total	\$12,852,746.90	\$1,043,185.00	\$966,629.00	\$1,148,683.00	\$1,076,625.00	\$1,152,311.00	\$1,052,312.00	\$1,101,624.00	\$1,052,312.00	\$1,052,312.00	\$1,101,625.00	\$1,052,312.00	\$1,052,817.90	\$0.00	\$0.00

**Pages 3505 to / à 3545
are duplicates
sont des duplicatas**

Lili Zwart - Fwd: Attached Files

From: Suzanne Lyon
To: Lili Zwart
Date: 5/16/2012 3:19 PM
Subject: Fwd: Attached Files
Attachments: NCR-#4239730-v4-
RECIPIENT_AUDIT_OF_THE_MI_KMAW_FAMILY_AND_CHILDREN_SERVICE_AGENCY_-
_DRAFT_AUDIT_REPORT.docx; NCR-#4355697-v1-
RECIPIENT_AUDIT_OF_THE_MI_KMAW_FAMILY_AND_CHILDREN_SERVICE_AGENCY_-
_SUMMARY_OF_FEEDBACK_ON_DRAFT_REPORT.DOCX

Here you go.

On May 15, 2012 at 8:46 AM, in message <4FB3C541.284B.00AA.0@aadnc-aandc.gc.ca>, Kyle Weir wrote:

Good morning,

As a follow-up to our teleconference on Friday with Joel Dei and Lili Zwart, we are pleased to provide you with an updated version of the Recipient Audit of the Mi'kmaw Family and Children Services Agency. To help assist in your review of the document, we have also attached a summary of the feedback provided by ESDPP and the corresponding changes, if any, that were made to the report.

Should you have any questions, please do not hesitate to let me know.

Thanks,

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vérification
Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance
Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Développement du Nord
Canada
Terrasses de la Chaudière
10 Wellington St, Room 1940 | 10, rue Wellington, Pièce 1940
Gatineau, Québec K1A 0H4
Telephone | Téléphone : (819) 953-0798
Fax | Télécopieur : (819) 953-3734
Kyle.Weir@aadnc-aandc.gc.ca

**Pages 734 to / à 758
are withheld pursuant to section
sont retenues en vertu de l'article**

20(1)

**of the Access to Information Act
de la Loi sur l'accès à l'information**



cutting through complexity™

AANDC – Mi'kmaw CFS Agency

Re: Client feedback on report -

The comments noted in the table below were discussed (Friday May 11, 2012, 11am) with representatives from the Education and Social Development Programs and Partnerships Sector (Lili Zwart and Joel Dei).

There were a few action items that Education and Social Development Programs and Partnerships Sector agreed to follow up and provide to Audit and Assurance Services Branch (Kyle Weir) and KPMG (Philip Mostert)

AANDC Education and Social Development Programs and Partnerships Sector Feedback Comments	Action Items
<p>Added to report (pg 11)</p> <p>1 Fixed funding levels that preclude the capacity to hire additional case workers to help meet the demand for services. The FNCFS program states that the EPFA formula allows the flexibility of moving funds between Maintenance, Operations and Prevention funding streams to address shortfalls. The EPFA formula provides funding for 200 prevention cases for the Agency but it is unclear how many prevention case files the Agency currently has.</p>	<p>Education and Social Development Programs and Partnerships Sector to clarify where in the Funding Agreement / Terms and Conditions the EPFA formula provides for funding of 200 prevention cases.</p>
<p>Added to report (pg 14)</p> <p>2 During the planning phase, AANDC management at Headquarters noted that the Enhanced Prevention Focused Approach has the objective to increase prevention with the ultimate goal that the number and severity of cases where children need care and protection decline. Discussions with Agency management recognized this objective but noted that the Agency is operating at capacity with the current case loads, leaving little opportunity to focus on prevention. Further discussions between AANDC and the Agency are required to achieve a common understanding of the different types of cases represented in the caseload of 669 cases, reported by the Agency.</p>	<p>No action required by Education and Social Development Programs and Partnerships Sector.</p> <p>KPMG will revise the report to reflect the edit added.</p>
<p>Tables:</p> <p>3 Two tables under Section 1 of the report show a decrease in Maintenance funding from fiscal year 2010-11 to 2011-12 which doesn't make sense because we provided extra funds in 2011-12 in the amount of \$900K and \$632K to cover off shortfalls in Maintenance. Joel Dei is checking the FNITP information we shared with KPMG to understand this inaccuracy - we'll provide further info by Friday for suggested changes to the tables.</p> <p>2 Fw Correct Maintenance figures - KPMG report tables.</p>	<p>No action required by Education and Social Development Programs and Partnerships Sector,</p> <p>KPMG will revise the table to reflect the corrected amount for maintenance.</p>

<p>3 Fw Fwd Brain teaser re KPMG audit of Mi'kmaq.msg</p>	
<p>669 caseload:</p> <p>4 It is unclear whether KPMG reviewed the Agency caseload with AANDC's funding formula under the Enhanced Prevention Focused Approach (EPFA) in mind, particularly in terms of AANDC's definition of Maintenance and how this differs from that of the province's definition. You'll note Objective 1 states "Identifying how the Mi'kmaq Agency expends AANDC resources, according to the EPFA funding formula for program delivery" yet we only see mention of EPFA in one instance in the report (Section 5, Operational Process 1:20 case worker ratio). If this objective was not met in the audit, we would like it mentioned in the report.</p>	<p>Education and Social Development Programs and Partnerships Sector to clarify where the definition of Maintenance is provided in the Funding Agreement / Terms and Conditions.</p>
<p>5 It is also unclear whether the 669 cases represent children who came into care more than once in the fiscal year and therefore have more than one case file for the same child. AANDC's EPFA formula for Maintenance is based on "children-in-care out of parental home" count as at March 31st, not on the number of case files on a set date in time. We therefore think it would be good to add a qualifying statement to tables with the 669 figure that explains:</p> <p>1) what exactly was counted to arrive at the 669 figure and 2) the 669 files reviewed do not all reflect FNCFS program definition of Maintenance: Children-in-Care out of parental home.</p>	<p>Education and Social Development Programs and Partnerships Sector to clarify where the EPFA formula for Maintenance is based on "children-in-care out of parental home" count as at March 31st is provided in the Funding Agreement / Terms and Conditions.</p> <p>AANDC (AAES, TPCOE) and KPMG to discuss requested clarification on what the 669 cases represent (pg 13 of audit report).</p>
<p>Benchmarking:</p> <p>6 Identified as a key element of the audit approach. Does the report include benchmark analysis aside from the 1:20 case worker ratio?</p>	<p>AANDC (AAES, TPCOE) and KPMG to discuss requested clarification that benchmarking included caseload only. No other benchmarks were available.</p>
<p>7 We would like to ask whether KPMG discovered any instances of Family Group Conferencing in their review of case files since we have no authority to fund those cases.</p>	<p>No action required.</p>

From: Lili Zwart
To: D'Amico, Barbara; Johnston, Odette
CC: Dei, Joel
Date: Thursday, May 17, 2012 9:38 AM
Subject: Re: Fwd: KPMG Report revisions

Okay thanks will start with revising briefing note for Sheilagh and go from there. Thx, Lili

>>> Odette Johnston 5/17/2012 9:38 AM >>>

for the actual audit , we should do a quick note to Sheilagh before we release the report. The bigger issue is the continued viability of the agency and a note on this needs to go up to the DM and probably to the Minister.

Odette Johnston
Director, Children and Families Directorate
Social Policy and Programs Branch
Indian and Northern Affairs Canada
Tel: (613) 995-9074
Fax: (613) 995-9410

>>> Lili Zwart 5/17/2012 9:26 AM >>>

It's a note to DG at this point, but I can tailor it to DM instead.

>>> Barbara D'Amico 5/17/2012 9:23 AM >>>

yes please - is the note to the DM?

Odette - should we just send something up to Sheilagh or should it go higher before we release it?
thanks

B

>>> Lili Zwart Thursday, May 17, 2012 9:03 AM >>>

FYI the revised KPMG audit report of Mi'kmaq Agency just came back.

We have an older briefing note for this report - do you want me to update it to have this vetted through senior management?

thx

Lili

>>> Suzanne Lyon 5/16/2012 3:05 PM >>>

Hi everyone,

We have completed our review of the revised report and have no objections to this version; we feel that it adequately addresses the concerns raised in last Friday's discussion and takes into consideration comments on confining findings to issues directly related to the Funding Agreement and T&Cs. We recommend acceptance of this report.

Merci / Thank you,

Suzanne Lyon
Gestionnaire, Conformité / Manager, Compliance
Centre d'expertise des paiements de transferts / Transfer Payments Centre of Expertise
Affaires autochtones et Développement du Nord Canada / Aboriginal Affairs and Northern Development
Canada
Tel: 819-994-6642
Fax/Télé: 819-994-7984

>>> On May 16, 2012 at 11:04 AM, in message <4FB3C1FE.43E : 254 : 12228>, Kyle Weir wrote:

Hi Lili,

KPMG has provided us with their final comments. The revised report is with TPCOE for review.

Regards,

Kyle Weir, MFin
Senior Audit Officer | Agent principal de vérification
Audit and Assurance Services Branch / Direction générale des services de vérification et d'assurance
Aboriginal Affairs and Northern Development Canada/ Affaires autochtones et Développement du Nord
Canada

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Gatineau, Québec K1A 0H4
Telephone | Téléphone : (819) 953-0798
Fax | Télécopieur : (819) 953-3734

Kyle.Weir@aadnc-aandc.gc.ca

>>> Lili Zwart 5/16/2012 10:52 AM >>>

Hi Kyle;

Are you able to give us an idea of when KPMG will be able to submit a final revised report reflecting the below revisions as we discussed on May 11th conference call?

We're having a Fed-Prov conference call next week and it would be good to have an idea of when we'd be able to begin distributing the final report to the Mi'kmaq agency.

Thanks very much as always,
Lili

Lili Zwart
Senior Policy Analyst
Social Program Reform Branch
Education and Social Development Programs and Partnerships Sector
Aboriginal Affairs & Northern Development Canada
Telephone: (613) 995-9013

Email: Lili.Zwart@ainc-inac.gc.ca

>>> Lili Zwart<Lili.Zwart@aadnc-aandc.gc.ca> (Lili Zwart) 5/14/2012
8:24 AM >>>

Hi Kyle and Philip;

The Mi'kmaq audit covers period April 1, 2010 to February 29, 2012 so there are two Funding Agreements to review (attached). Maintenance Costs are defined on page 5 of the 2010-11 Funding Agreement and Part E which states the program will be administered in accordance with authorities and the national manual. Page 27 of the 2011-12 Funding Agreement speaks to Maintenance and points to the national manual (see Section 2.3 of manual attached).

See yellow highlighting on pages 2, 3, and 4 of the attached Ts & Cs where it speaks to moving funds between the three funding streams of Maintenance, Operations, and Prevention. This relates to our suggested edit on page 11 of KPMG audit report.

After our call today, we ascertained we had already analyzed section ef570.1 of the working papers and found several of the 669 case files to represent Intake, Volunteer, and Supervision Order services, for which AANDC doesn't have program authority. While we are certain

the KPMG report isn't suggesting the 669 cases are all children-in-care out of parental home, it would be very helpful to provide clarity around this caseload because the agency reports they are having difficulty providing prevention services due to high caseloads and staffing problems. We suspect some of 669 caseload services are preventative in nature and while the province/agency are seeking more federal funds, more funding may not be the issue, since operational efficiencies such as recruiting and retention of staff, ensuring adequate supervision, and capacity are also factors. If we flesh out the 669 figure in the report, it will reduce the potential to cause further misunderstanding in an already complex situation.

With regards to Objective 1: *Identifying how the Mi'kmaq Agency expends AANDC resources, according to the EPFA funding formula for program delivery*, EPFA is mentioned throughout the Ts & Cs as a new approach.

Thank you for the Action Items chart you sent, Kyle (attached) which is based on our call with you last Friday. The allocation of Prevention funds for 200 cases is not to be found in either the Ts & Cs or Funding Agreement. The Agency was part of the discussions with regards to the prevention allocation for 200 cases when we costed the EPFA formula, but if you're more comfortable, you can omit the sentence referring to 200 cases on page 11. But please keep the other sentence about moving funding streams on page 11.

Similarly, we will not find anything about children-in-care count as at March 31st in either funding agreement or Ts and Cs. We prefer the report shows more clarity on how the 669 count was achieved by adding a breakdown of types of services and providing a footnote that the 669 case files do not all represent children in care out of parental home, as per AANDC definition of funding Maintenance costs. Please don't hesitate to call me or email re: any outstanding questions. And thank you again for your attention to these items in the report.

Lili

Lili Zwart
Senior Policy Analyst
Social Program Reform Branch
Education and Social Development Programs and Partnerships Sector
Aboriginal Affairs & Northern Development Canada
Telephone: (613) 995-9013

Email: Lili.Zwart@ainc-inac.gc.ca

>>> Lili Zwart 5/8/2012 4:58 PM >>>

Hi Kyle;

Attached is the KPMG audit report of Mi'kmaq CFS Agency with two suggested additions in yellow highlighting in Section 5 Observations and Recommendations.

As you requested, below is a detailed listing of the issues we wish to discuss on our conference call this Friday with regards to further revisions:

Tables:

Two tables under Section 1 of the report show a decrease in Maintenance funding from fiscal year 2010-11 to 2011-12 which doesn't make sense because we provided extra funds in 2011-12 in the amount of \$900K and \$632K to cover off shortfalls in Maintenance. Joel Dei is checking the FNITP information we shared with KPMG to understand this inaccuracy - we'll provide further info by Friday for suggested changes to the tables.

669 caseload:

It is unclear whether KPMG reviewed the Agency caseload with AANDC's funding formula under the Enhanced Prevention Focused Approach (EPFA) in mind, particularly in terms of AANDC's definition of Maintenance and how this differs from that of the province's definition. You'll note Objective 1 states "Identifying how the Mi'kmaq Agency expends AANDC resources, according to the EPFA funding formula for program delivery" yet we only see mention of EPFA in one instance in the report (Section 5, Operational Process 1:20 case worker ratio). If this objective was not met in the audit, we would like it mentioned in the report.

It is also unclear whether the 669 cases represent children who came into care more than once in the fiscal year and therefore have more than one case file for the same child. AANDC's EPFA formula for Maintenance is based on "children-in-care out of parental home" count as at March 31st, not on the number of case files on a set date in time. We therefore think it would be good to add a qualifying statement to tables with the 669 figure that explains:

- 1) what exactly was counted to arrive at the 669 figure and
- 2) the 669 files reviewed do not all reflect FNCFS program definition of Maintenance: Children-in-Care out of parental home.

Benchmarking:

Identified as a key element of the audit approach. Does the report include benchmark analysis aside from the 1:20 case worker ratio?

We would like to ask whether KPMG discovered any instances of Family Group Conferencing in their review of case files since we have no authority to fund those cases.

Thank you very much for passing this on to KPMG and we look forward to a fulsome discussion this Friday.

Sincerely,

Lili Zwart
Senior Policy Analyst
Social Program Reform Branch
Education and Social Development Programs and Partnerships Sector
Aboriginal Affairs & Northern Development Canada
Telephone: (613) 995-9013

Email: Lili.Zwart@ainc-inac.gc.ca

Barbara D'Amico - KPMG Breakdown of 669 Caseload

From: Lili Zwart
To: D'Amico, Barbara
Date: Friday, May 18, 2012 11:11 AM
Subject: KPMG Breakdown of 669 Caseload

MI'KMAW FAMILY AND CHILDREN'S SERVICES OF NOVA SCOTIA

Number of Cases per case worker

Mar-12

Office	Children Temp Care TC	Child Protection CP	Children Permanent CC	Children Supervision Orders or Voluntary SO/VH	Total
Total Eskasoni	64	140	101	101	406
Total Indian Brook	25	88	94	56	263
Total Agency	89	228	195	157	669

From: Odette Johnston
To: D'Amico, Barbara <Barbara.DAmico@aadnc-aandc.gc.ca>
Date: Wednesday, June 06, 2012 1:44 PM
Subject: Re: NS Recipient Audit

Yes

>>> Barbara D'Amico 6/6/2012 1:10:46 PM >>>
Am I allowed to share the audit with the agency and province?
Thanks
B

**Pages 770 to / à 774
are not relevant
sont non pertinentes**

**Pages 3505 to / à 3568
are duplicates
sont des duplicatas**

Statement of Work

Recipient Audit of Mi'kmaq Family & Children Service Agency

1. INTRODUCTION

A recipient audit of Mi'kmaq Family & Children Service Agency (the Agency) in Nova Scotia has been requested by the Director General of the Social Policy and Programs Branch (SPPB) and the ESDPP Sector of Aboriginal Affairs and Northern Development Canada (AANDC). The request for this recipient audit was made to the Transfer Payments Centre of Expertise sector to address the areas of concern raised in a Province of Nova Scotia audit of the agency completed in Nov 2010.

2. REQUIREMENT

The Transfer Payments Centre of Expertise of the Aboriginal Affairs and Northern Development Canada (AANDC) project authority is seeking the services of a contractor to complete a Recipient Audit of the Mi'kmaq Family & Children Service Agency.

3. BACKGROUND

The FNCFS program provides funding to child and family services agencies to provide culturally appropriate prevention and protection services to First Nations children and families ordinarily on reserve.

These services are to be provided in accordance with the legislation and standards of the province or territory of residence and in a manner that is reasonably comparable to those available to other provincial residents in similar circumstances within federal Program Authorities.

Child welfare is an area of provincial responsibility whereby each province, in accordance with their legislation, delegates authority to FNCFS agencies to manage and deliver child welfare services on reserve.

The FNCFS Agency, delegated by the province, provides protection services to eligible First Nation children and families, ordinarily resident on-reserve in accordance with provincial legislation and standards.

The agency has gross revenues from AANDC of approximately \$12.0 mil for Child and Family Services and \$800,000 for FVPP. The Agency has stated they are running large deficits and therefore in danger of closing their doors if additional funding is not provided.

The Province of Nova Scotia Audit of the Agency in 2010 concluded the following:

- Inadequate supervisory and frontline social workers
- Lack of expertise in the supervisory level in the Eskasoni office
- Lack of proper management oversight
- Size of jurisdiction greatly exceeds capacity to deliver services

The Province of Nova Scotia concluded the action plan developed to address the concerns highlighted in their audit can only be implemented with additional staffing and other resources.

4. RELATED AUDITS AND REVIEWS

- Compliance review by AANDC, Atlantic Region - Feb 2011 which reviewed case management practices as per provincial standards.
- Program management audit by the Province of Nova Scotia - Nov 2010 which reviewed Operational resources required for effective service delivery.

5.0 RECIPIENT AUDIT OBJECTIVE

There are three (3) objectives for this audit.

Objective 1 is to examine the effectiveness of the operations of the **Mi'kmaq Family & Children Service Agency** in relation to the funding agreement and to gather and evaluate information from the Nova Scotia audit specific to:

- Identifying how the Mi'kmaq Agency expends AANDC resources, according to the Enhanced Prevention Focused Approach funding formula for program delivery.
- How the recipient can improve its management of AANDC resources to respond to the recommendations of the Province of Nova Scotia Audit; and

Objective 2 is to conduct a compliance review on the eligibility of the expenditures, rates and activities, based on provincial guidelines and the First Nations Child and Family Services Program terms and conditions of the funding agreement.

The recipient audit scope will include all funding provided by AANDC to the Mi'kmaq Family & Children Services Agency for the purpose of First Nations Child and Family Services costs, over the fiscal years, 2010-2011 and 2011-2012 Funding Agreements. This coverage period may be revised after conducting the risk assessment at the planning phase.

The recipient audit will include an examination of the following areas:

- the recipient's level of compliance with the terms and conditions of the funding agreement and whether funds, for the purpose of Operations, Prevention and Maintenance costs, are being used for the intended purposes and in the manner required by the terms and conditions of the funding agreement;
- the integrity of any financial data and related program reporting in the context of the funding agreement, specific to program expenditures; and

Objective 3 is to verify that program funding for the Family Violence Prevention Program (FVPP) is managed in accordance within the terms and conditions of the agreement. FVPP funding provided to the agency is to be flowed through to the shelters at a rate of 85% or more must be received by the shelters. The funding recipient may hold back up to 15% for reasonable administration cost.

The recipient audit will verify that:

- the hold back amounts do not exceed 15% of total program funding; and
- the administration costs being expended are reasonable in the circumstances.

This objective may include or overlap with objective one, where an individual performs services for both programs. The fair market value of the time spent on each activity should be reasonable. An assurance that the FVPP funding is not used to compensate the CFS programs and objectives will be required and vice versa.

The audit may include site visits in Nova Scotia, risk based sample testing and the conduct of interviews at the regional office and at the office of the agency and, where necessary, provincial counterparts within the Child and Family Services Ministry. The sampling approach and appropriate coverage will be determined during the planning phase of the audit.

6. RECIPIENT AUDIT SCOPE

The audit scope will assess and identify if the Mi'kmaq Agency expenditures are for services to children ordinarily resident off reserve and whether Operational and Maintenance expenditures for these services are being supported by AANDC resources or the Province of Nova Scotia.

It will be conducted in three distinct Phases in accordance with the guidelines set out below. The Phases will include the following, and may consist of some of the steps listed below:

1 Planning Phase:

- Secure and review background documentation;
- Discussion with key members of AANDC to confirm the audit objectives and scope, to conduct preliminary planning and to complete the initial risk assessment; and
- Draft and finalize a work plan for subsequent phases of the audit to achieve the stated audit objectives.

The audit will include all funding provided by AANDC to the Agency over the past two (2) fiscal years (2010/2011 and 2011/2012 Funding Agreements). It will also include a site visit, risk based sample testing and interviews at the regional office and at the office of the Agency. The sampling approach, appropriate coverage and coverage period will be determined after the risk assessment during the planning phase of the audit. It is expected that the subsequent phases of the audit will include some or all of the following steps.

2 Field Work Phase:

- Review Agency operations and service delivery to determine whether the Agency is managing AANDC's funding for the Enhanced Prevention Focused Approach appropriately in respect to the funding agreement
- Review Provincial budget for Operations for Agencies located off reserve.

- Assess whether additional funding is required to deliver on the recommendations contained in the Nova Scotia audit.
- Review the Agency's level of compliance with the Terms and Conditions of the funding agreement with respect to:
 - Whether funds are being used for the intended purposes and in the manner required by the Terms and Conditions of the funding agreement;
 - The level of management and financial control practices; and
 - The integrity of financial data and related program reporting.
 - Identification of Mi'kmaq Agency expenditures for services to children ordinarily resident OFF reserve and whether Operational and Maintenance expenditures for these services are being supported by AANDC resources or the Province of Nova Scotia; and
- Identify any other concerns that may be of interest and value to AANDC in relation to the funding agreement.

3 Reporting Phase:

- Provide a written report of the audit findings including how the Mi'kmaq Agency expends AANDC resources, according to the Enhanced Prevention Focused Approach funding formula for program delivery; whether the recipient can make improvements in its management of AANDC resources in order to respond to the recommendations provided in the Nova Scotia audit; the risks, if any, of not following the recommendations in the Nova Scotia audit; and identifying any areas of concern or potential improvements and recommendations.

7. RECIPIENT AUDIT APPROACH

The audit will be completed by external contracted resources under the supervision of an Audit Manager from the Audit and Assurance Services Branch who will act as an agent for the CFO. The Audit Manager will act as a representative of the Project Authority, overseeing the on-going activities of the recipient audit. All project deliverables will be reviewed first by the Audit Manager before being recommended for approval by the Project Authority.

The audit will be conducted in accordance with Canadian Auditing Standards (CASs); Treasury Board Secretariat Policy on Internal Audit; Guideline on Recipient Audits under the Policy on Transfer Payments, the Directive on Transfer Payment and the guide on Grants, Contribution and other Transfer Payments. The audit will also follow the Institute of Internal Auditor's Standards for the Professional Practice of Internal Auditing. Others Standards may be relevant.

The audit work will be conducted in three distinct phases. These phases, along with the key steps associated with each phase, are as follows:

Planning phase

1. Secure background documentation;
2. Schedule and conduct preliminary planning interviews;
3. Develop questionnaires and other instruments for data collection;
4. Identify and confirm key program objectives, risks and management controls;

5. Conduct a risk assessment on key risks to confirm audit objective and scope; and
6. Develop audit criteria and finalize a risk-based plan for the conduct phase (audit program) that identifies the controls/processes to be reviewed.

Field work phase

1. Examine files and controls as per approved audit program;
2. Administer and complete with the recipient questionnaires and other instruments for data collection;
3. Conduct follow-up activities and interviews where required;
4. Analyse and document findings;
5. Prepare materials to support debriefings with responsible program management;
6. Debrief the recipient orally on key findings. No written material is to be left with the recipient.

Reporting phase

1. Prepare and distribute draft Recipient Audit report to CFO TPCOE and program management for an initial review;
2. Review and provide feedback on draft follow-up actions on audit findings directed at the recipient, and where applicable, the sector or the department;
3. Revise Recipient Audit report according to relevant comments and finalize;
4. Send the draft Recipient Audit Report for validation to the recipient (the validation seeks confirmation that the report is factually accurate and does not misrepresent the basis for the auditor's observations and or findings);
5. Amend draft Recipient Audit report and follow-up actions to include any corrections and new recipient audit information, if warranted;
6. Resubmit the new draft Recipient Audit and follow-up actions report to CFO TPCOE; and,
7. Prepare and submit management letter to the CFO TPCOE; and,
8. Remit the Recipient Audit file to CFO TPCOE.

8. RESSOURCE REQUIREMENTS

The Contractor must propose a multi-disciplinary team with a strong background in recipient auditing combined with recent and relevant experience working with AANDC. Specifically, resources should reflect experience and expertise in the following areas:

- Knowledge of AANDC's mandate, Treasury Board's Policy on Transfer Payments, Treasury Board's Directive on Transfer Payments and Treasury Board's Guideline on Recipient Audits under the Policy on Transfer Payments and the Directive on Transfer Payment.

Appendix A: Includes a list of each core project team member and their relevant qualifications.

a. Language Requirements

The team must include at least one bilingual resource with the ability to effectively communicate orally and in writing in French.

b. Security Requirements

CFO has advised that the master agreement requires a security level of secret.

c. Quality Assurance Requirements

The contractor must provide an overview of their quality assurance process upon submission of the proposal and must certify that the project will be conducted in accordance with Treasury Board Secretariat and Institute of Internal Auditors requirements. Upon the completion of audit fieldwork and acceptance of a draft final Recipient Audit report, the responsible Audit Manager will request the audit working papers and a certification from the contractor that the project was conducted in accordance with the Treasury Board Internal Audit Policy Suite.

9. PRICING

The project estimate is based on AANDC's expectation of the professional fees required to perform the scope of work described in this statement of work and does not include out-of-pocket or travel expenses.

Additional review and enquiry may be approved by TPCOE, as required for matters that come to AANDC's attention during the course of the audit. Any additional work will be considered as a separate tasking.

10. PROJECT SCHEDULE AND DELIVERABLES

The audit is expected to start in March 2012 and finish prior to March 31, 2012, including all necessary reporting back to AANDC. Timely completion of the audit is subject to the availability of management and staff and the provision of relevant information requested by the audit team.

Target dates for the completion of the audit are as follows:

Milestone/Deliverables	Target Completion Date
to be determined on proposal	March 2012
Final Written Report	March 31, 2012
Phase I Planning	March 2012
Phase II Field Work	March 2012
Phase III Reporting	March 2012

* Electronic versions of the report are requested in Microsoft Word format 2003 or a format agreed upon by AANDC and the Contractor (i.e. not PDF). All visuals included as part of the audit report (including flow charts, graphs and organization charts) should be provided in an editable format compatible with Microsoft Office Suite 2007 (e.g. word, PowerPoint, Excel or Visio).

11. LOCATION OF WORK AND TRAVEL REQUIREMENTS

a. Location of Work

The Contractor will be expected to work on their own premises and with their own laptop / workstation. Workspaces will be provided in the event the Contractor is on travel status with the project. Should the Contractor require a workspace while not on travel status, AANDC will provide one on a day-to-day basis.

The Contractor will be expected to be available for meetings and discussions with the Mi'kmaq Family and Children Services Agency.

b. Travel requirements

The Contractor will be expected to conduct work in HQ (and in AANDC Atlantic Regional Office) during the course of the audit. Travel plans will be finalized during the planning phase of the audit and will be approved by the Delegated Financial Authority and Project Authority. Travel expenses will be reimbursed subject to the Treasury Board/National Joint Council *Travel Directive* (2011).

12. OWNERSHIP OF INTELLECTUAL PROPERTY (IP)

The Crown will own the Copyright and IP. The Crown will retain any intellectual Property and copyrights arising from this contract pursuant to TBS IP Policy Section 6.2 and 6.4.

- 6.2, where statutes, regulations, or prior obligations of the Crown to a third party or parties preclude Contractor ownership of the Foreground; and
- 6.4.1, where the main purpose of the Crown Procurement Contract or of the deliverables contracted for, is to generate knowledge and information for public dissemination.

13. GOVERNMENT-PROVIDED SUPPORT

At the outset of the contract, the Project Authority will provide relevant background information and documents, including results of previous AES internal audits, reviews, evaluations, and control-self assessments. Every attempt will be made throughout the course of the contract to provide additional information requested by the Contractor, if deemed relevant to the project. In addition, the Project Authority will be available to respond to inquiries from the Contractor. The Contractor will be provided with access to the Project Authority and staff as required (minimum weekly) and to necessary documents from relevant working groups/committees as deemed relevant by the Project Authority.

14. METHOD AND SOURCE OF ACCEPTANCE

The Project Authority will accept all deliverables, including the draft and final Recipient Audit report, and any subsequent modifications by e-mail and in hard copy. The Contractor will sign the final copy of the Recipient Audit report and will provide a certification that the project was conducted in conformance with the Internal Auditing Standards for the Government of Canada.

15. REPORTING REQUIREMENTS

The Contractor will ensure that the Project Authority receives weekly e-mail updates on the status of the overall project, including reporting issues or problems that could cause delays in the deliverables outlined herein.

The Contractor will be expected to be available for meetings and discussions with the Project Authority.

16. PROJECT MANAGEMENT AND CHANGE MANAGEMENT PROCEDURES

The Project Authority for this project is John Tucciarone, A/Sr. Director Transfer Payments Centre of Expertise, . Any changes in scope or level of effort must be approved by the Project Authority or his delegate.

17. PAYMENT

The Contractor may invoice for each completed and approved milestones by the Project Authority outlined below:

Milestone		
Phase I	TBD based on start date	20%
Phase II	TBD based on start date	60%
Phase III	TBD based on start date	20%

¹ A milestone is not deemed "accepted" until the Project Authority approves the completion of the milestone in writing.

² The contractor must submit an electronic copy of the working papers within 10 working days of the final report's acceptance, as defined above.

18. INTERESTED OFFICES

The following functional areas were consulted in the preparation of the Terms of Reference for the audit:

- Social Programs and Policy Branch HQ
- Atlantic Region
- Transfer Payment Center of Excellence

Appendix A: Engagement Team

The core team for this engagement and their requirements as defined in this statement of work are as follows:

Team Member	Security clearance	Official language requirements
Partner/Managing Director	Secret Level	English Essential
Project Manager/Leader	Secret Level	English Essential
Auditor	Secret Level	English Essential



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Amendment Number 7

All correspondence and invoices must show the file and Contract/Standing Offer Agreement/Supply Arrangement number

Contract/Standing Offer Agreement/Supply Arrangement Number: 9200-07-0040/04	File Number: 1632-11/9200-07-0040/04
KPMG LLP 160 Elgin Street, Suite 2000 Ottawa, Ontario K2P 2P8	Audit Services
	2011-12-12

The Contractor shall continue to provide the services in accordance with the terms and conditions of the original Contract/Standing Offer Agreement/Supply Arrangement and all amendments thereto. The Contract/Standing Offer Agreement/Supply Arrangement is amended as follows:

DATE OF COMPLETION OF WORK :

The date of completion of work (exercising Contract Period no. 2 which is) is extended from December 31, 2011 to December 31, 2012

CONTRACT AMOUNT:

The contract amount has been increased from \$2,000,000.00 to \$3,000,000.00.....\$1,000,000.00
 Total Value of this Amendment\$1,000,000.00

All other terms and conditions remain the same.

A Original Contract/Standing Offer Agreement/Supply Arrangement value	\$2,000,000.00
B Net change by amendment numbers 1 to 6	\$0.00
C This amendment number 7	\$1,000,000.00
D Revised total value of Contract/Standing Offer Agreement/Supply Arrangement	\$3,000,000.00
We acknowledge receipt of this Amendment number 3 and agree to the Terms and Conditions set out therein	Signed, sealed and delivered on behalf of Her Majesty
<i>KPMG LLP</i> Contractor <i>per [Signature]</i>	<i>[Signature]</i> Céline Lafontaine-Lachapelle Acting Director
<i>Dec 13/11</i> Date	<i>Dec 16/11</i> Date

Canada



Amendment Number 6

All correspondence and invoices must show the file and Contract/Standing Offer Agreement/Supply Arrangement number

Contract/Standing Offer Agreement/Supply Arrangement Number: 9200-07-0040/04	File Number: 1632-11/9200-07-0040/04
KPMG LLP 160 Elgin Street, Suite 2000 Ottawa, ON K2P 2P8	Audit professional Services SA
	2011-10-19

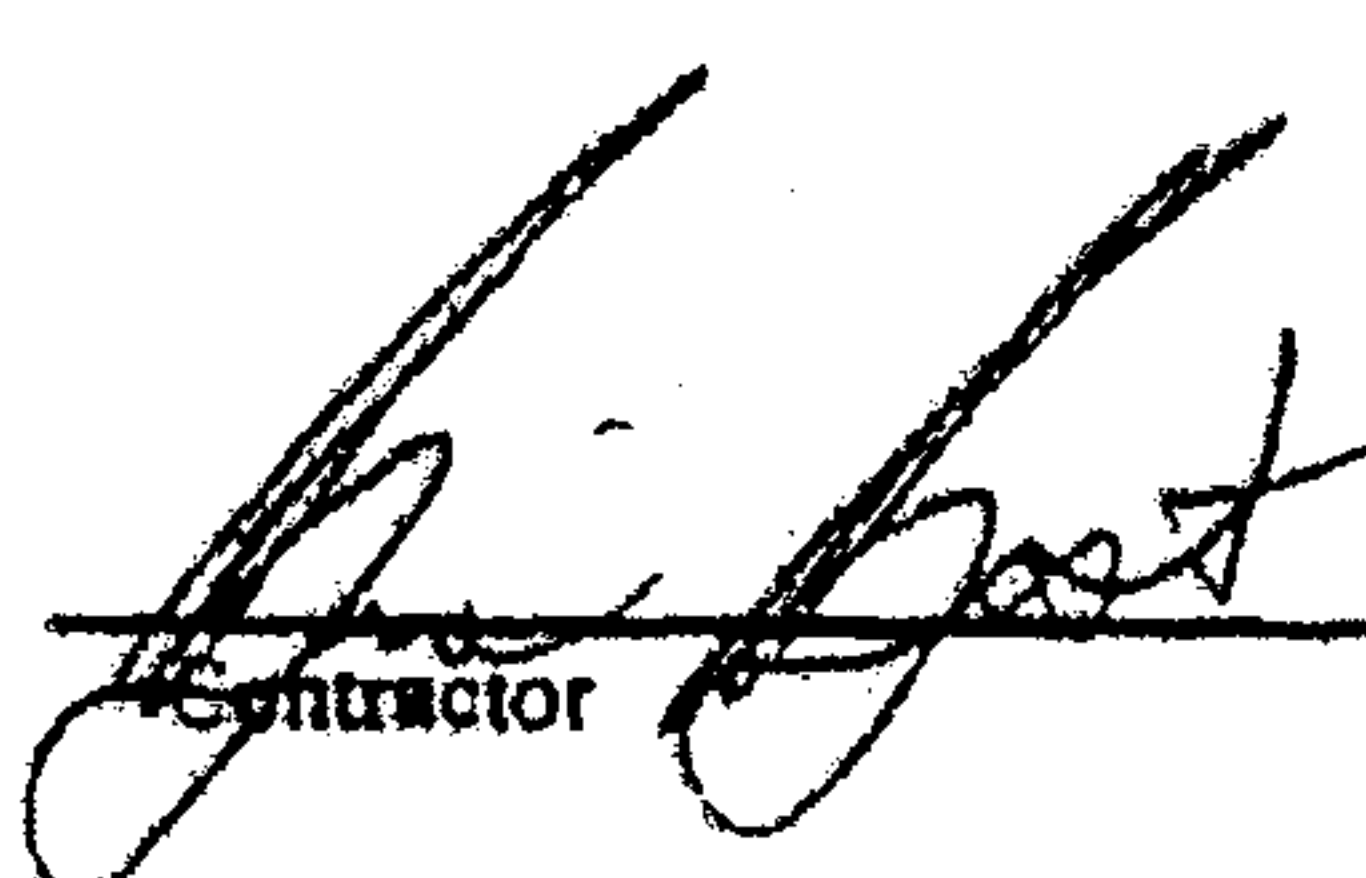
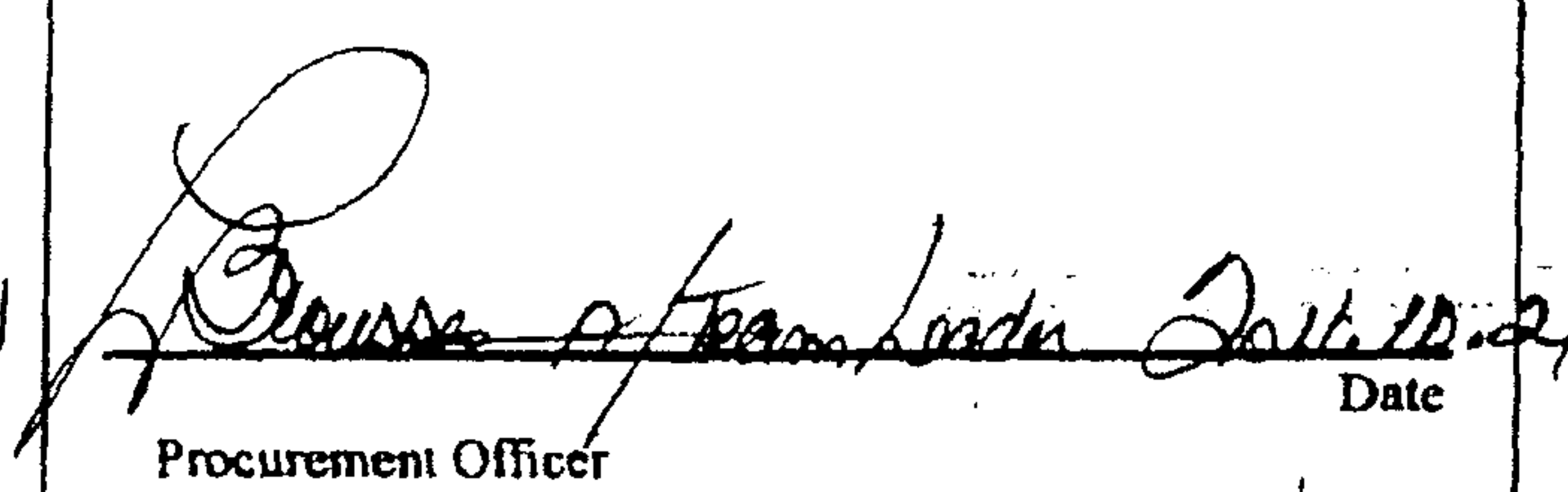
The Contractor shall continue to provide the services in accordance with the terms and conditions of the original Contract/Standing Offer Agreement/Supply Arrangement and all amendments thereto. The Contract/Standing Offer Agreement/Supply Arrangement is amended as follows:

1. This amendment is raised to add the following resource:

- Danielle Poirier - senior auditor

Total Value of this Amendment \$0.00.

All other terms and conditions remain the same.

A Original Contract/Standing Offer Agreement/Supply Arrangement value	\$2,000,000.00
B Net change by amendment numbers 1 - 5	\$0.00
C This amendment number 6	\$0.00
D Revised total value of Contract/Standing Offer Agreement/Supply Arrangement	\$2,000,000.00
We acknowledge receipt of this Amendment number 6 and agree to the Terms and Conditions set out therein	Signed, sealed and delivered on behalf of Her Majesty
 Contractor	 Procurement Officer
Oct 19/11 Date	Oct 10/11 Date



Amendment Number 5

All correspondence and invoices must show the file and Contract/Standing Offer Agreement/Supply Arrangement number

Contract/Standing Offer Agreement/Supply Arrangement Number: 9200-07-0040/04	File Number: 1632-11/9200-07-0040/04
KPMG LLP 160 Elgin Street, Suite 2000 Ottawa, ON K2P 2P8	Audit professional Services SA
	2011-09-15

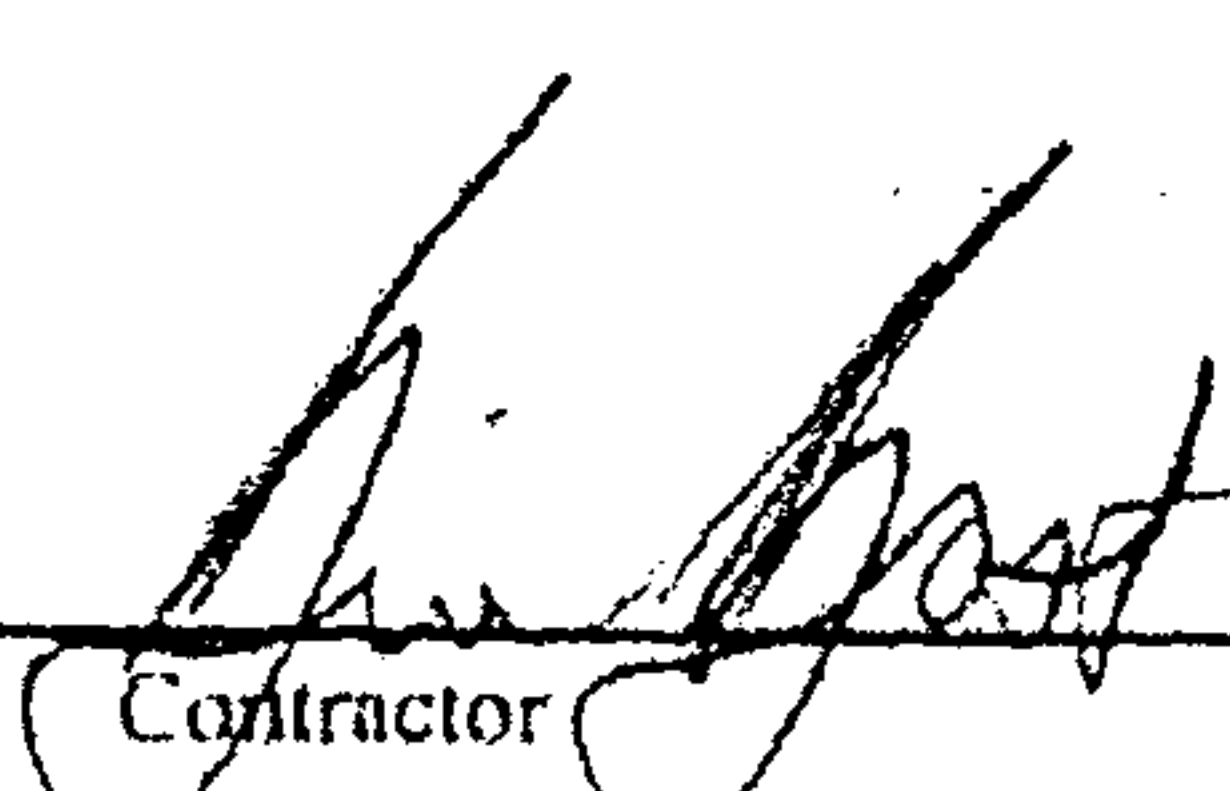
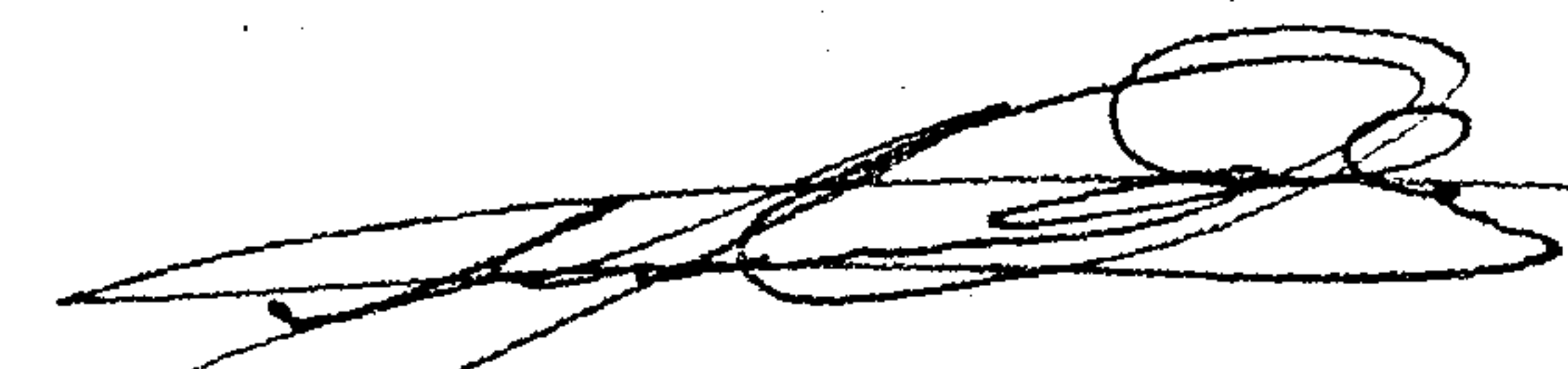
The Contractor shall continue to provide the services in accordance with the terms and conditions of the original Contract/Standing Offer Agreement/Supply Arrangement and all amendments thereto. The Contract/Standing Offer Agreement/Supply Arrangement is amended as follows:

1. This amendment is raised to add the following resources:

- Kevin Kollianatis as a Manager
- Jules Beaudet as a Manager

Total Value of this Amendment \$0.00.

All other terms and conditions remain the same.

A Original Contract/Standing Offer Agreement/Supply Arrangement value	\$2,000,000.00
B Net change by amendment numbers 1 - 4	\$0.00
C This amendment number 5	\$0.00
D Revised total value of Contract/Standing Offer Agreement/Supply Arrangement	\$2,000,000.00
We acknowledge receipt of this Amendment number 3 and agree to the Terms and Conditions set out therein	Signed, sealed and delivered on behalf of Her Majesty
 Contractor	 Procurement Officer
Sep 15/11 Date	16/9/11 Date



Amendment Number 4

All correspondence and invoices must show the file and Contract/Standing Offer Agreement/Supply Arrangement number

Contract/Standing Offer Agreement/Supply Arrangement Number: 9200-07-0040/04	File Number: 1632-11/9200-07-0040/04
KPMG LLP 160 Elgin Street, Suite 2000 Ottawa, ON K2P 2P8	Audit professional Services SA
	2011-06-16


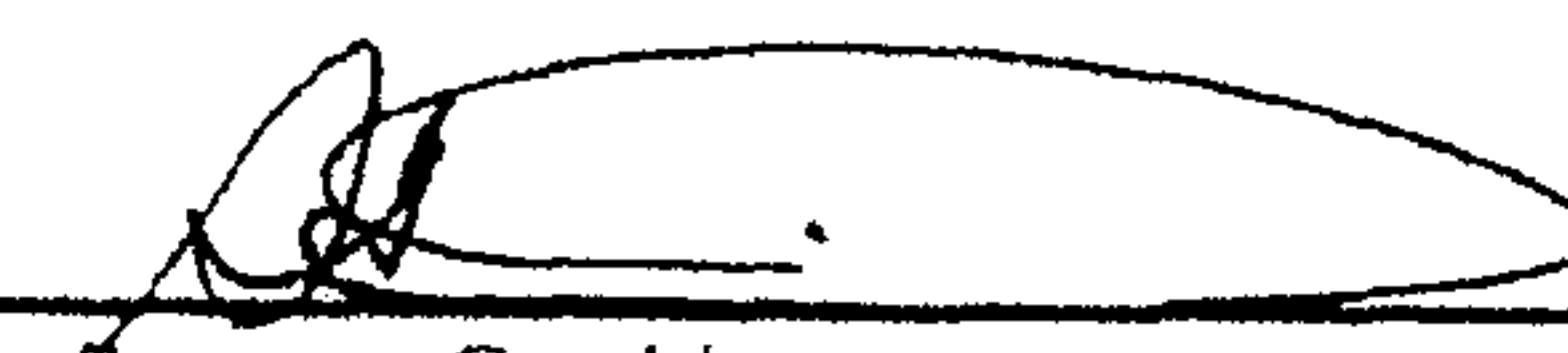


The Contractor shall continue to provide the services in accordance with the terms and conditions of the original Contract/Standing Offer Agreement/Supply Arrangement and all amendments thereto. The Contract/Standing Offer Agreement/Supply Arrangement is amended as follows:

1. This amendment is raised to add the following resources:

- Arthur Smolarkiewicz as an Auditor
- Erin Joy Murphy as an Auditor
- Clarissa Crane as a Manager

Total Value of this Amendment \$0.00.

All other terms and conditions remain the same.

A Original Contract/Standing Offer Agreement/Supply Arrangement value	\$2,000,000.00
B Net change by amendment numbers 1 & 3	\$0.00
C This amendment number 4	\$0.00
D Revised total value of Contract/Standing Offer Agreement/Supply Arrangement	\$2,000,000.00
We acknowledge receipt of this Amendment number 3 and agree to the Terms and Conditions set out therein	Signed, sealed and delivered on behalf of Her Majesty
 Contractor	 Suzanne Gauthier Procurement Officer
 Date	 Date



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Amendment Number 3

All correspondence and invoices must show the file and Contract/Standing Offer Agreement/Supply Arrangement number

Contract/Standing Offer Agreement/Supply Arrangement Number: 9200-07-0040/04	File Number: 1632-11/9200-07-0040/04
KPMG LLP 160 Elgin Street, Suite 2000 Ottawa, ON K2P 2P8	Audit professional Services SA
	2011-01-04

The Contractor shall continue to provide the services in accordance with the terms and conditions of the original Contract/Standing Offer Agreement/Supply Arrangement and all amendments thereto. The Contract/Standing Offer Agreement/Supply Arrangement is amended as follows:

1. This amendment is raised to add Clarissa Crane as an Auditor on this contract. 3

Total Value of this Amendment..... \$0.00.

All other terms and conditions remain the same.

A Original Contract/Standing Offer Agreement/Supply Arrangement value	\$2,000,000.00
B Net change by amendment numbers 1 & 2	\$0.00
C This amendment number 3	\$0.00
D Revised total value of Contract/Standing Offer Agreement/Supply Arrangement	\$2,000,000.00
We acknowledge receipt of this Amendment number 3 and agree to the Terms and Conditions set out therein	Signed, sealed and delivered on behalf of Her Majesty
<i>KPMG LLP</i> Contractor <i>[Signature]</i>	<i>[Signature]</i> Christian Martineau Procurement Officer
<i>Jan 4/11</i> Date	<i>le 7 janvier/10.</i> Date

Canada

A0632-004 (2010-10-15)



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Amendment Number 2

All correspondence and invoices must show the file and Contract/Standing Offer Agreement/Supply Arrangement number

Contract/Standing Offer Agreement/Supply Arrangement Number: 9200-07-0040/04	File Number: 1632-11/9200-07-0040/04
KPMG LLP 160 Elgin Street, Suite 2000 Ottawa, ON K2P 2P8	Audit professional Services SA
	2010-12-22

The Contractor shall continue to provide the services in accordance with the terms and conditions of the original Contract/Standing Offer Agreement/Supply Arrangement and all amendments thereto. The Contract/Standing Offer Agreement/Supply Arrangement is amended as follows:

1. Exercise the First Option year from January 1, 2011 to December 31, 2011.

Total Value of this Amendment \$0.00.

All other terms and conditions remain the same.

A Original Contract/Standing Offer Agreement/Supply Arrangement value	\$2,000,000.00
B Net change by amendment numbers 1	\$0.00
C This amendment number 2	\$0.00
D Revised total value of Contract/Standing Offer Agreement/Supply Arrangement	\$2,000,000.00
We acknowledge receipt of this Amendment number 2 and agree to the Terms and Conditions set out therein KPMG LLP per Nancy Chase Dec 22 2010 Contractor Date	Signed, sealed and delivered on behalf of Her Majesty Yves Charbonneau A/Team Leader Dec. 22, 2010 Date

Canada

Canada

A0632-004 (2010-10-15)



Indian and Northern
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Affaires Indiennes
et du Nord Canada

Contract No.: 9200-07-0040/04

Date: May 8, 2009

Page 1 of 2

Contract Amendment

The referenced document is hereby amended: unless otherwise indicated, all other terms and conditions of the contract remain the same.

Amendment No.4, as detailed herein, shall apply to and form part of Contract No.9200-07-0040/04

Previous Contract Value (including GST/HST) \$2,000,00.00 (maximum)

Estimated Amendment Cost (including GST/HST) \$ 0.00

Revised Estimated Cost of Contract (including GST) \$2,000,00.00 (maximum)

The vendor hereby accepts/acknowledges this Amendment.

Contractor Name

KPMG LLP
160 Elgin Street, Suite 2000
Ottawa, Ontario
K2P 2P8

Name of Person Authorized to sign

Signature:

Date:

Brian Best
May 8/09

Person Authorized to sign for Indian & Northern Affairs Canada

Name:

Position:

Telephone #:

Facsimile #:

Cindy Miller
A/Senior Procurement Officer - DIAND
(819) 994-7304
(819) 953-7830

Signature for the Minister

Date

C Miller
May 8/09



Indian and Northern
Affairs Canada

Affaires Indiennes
et du Nord Canada

Contract No.: 9200-07-0040/04

Date: May 8, 2009

Page 2 of 2

THIS AMENDMENT IS RAISED TO REVISE THE "PROJECT AUTHORITY" AND TO ADD A RESOURCE:

AT BLOCK "PROJECT AUTHORITY" SECTION 5.2, PAGE 5 OF 34:
DELETE IN ITS ENTIRETY

SUBSTITUTE WITH THE FOLLOWING:

5.2 PROJECT AUTHORITY

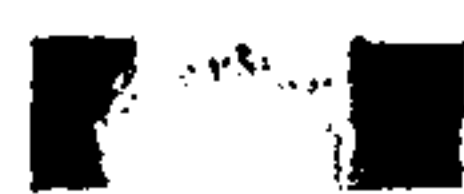
The Project Authority for the CONTRACT is:

Name: Anne Scotton
Title: Chief Audit and Evaluation Executive
Address: Indian Affairs and Northern Development Canada
10 Wellington, Room 740
Gatineau, Quebec K1A 0H4
Tel: (819) 934-1581
Fax: (819) 997-3992
E-mail: anne.scotton@ainc-inac.gc.ca

ADD RESOURCE:

DANIEL MURPHY -- SENIOR AUDITOR

ALL OTHER TERMS AND CONDITIONS OF THE CONTRACT REMAIN UNCHANGED.



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Affaires indiennes
et du Nord Canada

Contract No.: 9200-07-0040/04

Date: March 30, 2009

Page 1 of 2

Contract Amendment

The referenced document is hereby amended: unless otherwise indicated, all other terms and conditions of the contract remain the same.

Amendment No.3, as detailed herein, shall apply to and form part of Contract No.9200-07-0040/04

Previous Contract Value (including GST/HST) \$2,000,00.00 (maximum)

Estimated Amendment Cost (including GST/HST) \$ 0.00

Revised Estimated Cost of Contract (including GST) \$2,000,00.00 (maximum)

The vendor hereby accepts/acknowledges this Amendment.

Contractor Name

KPMG LLP
160 Elgin Street, Suite 2000
Ottawa, Ontario
K2P 2P8

Name of Person Authorized to sign

Signature:

Date:

Janice Horne
APRIL 15/09

Person Authorized to sign for Indian & Northern Affairs Canada

Name:

Position:

Telephone #:

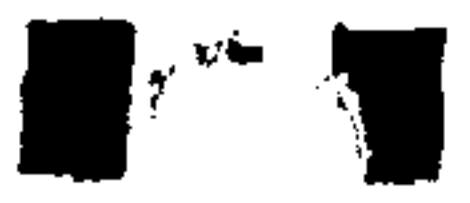
Facsimile #:

Cindy Miller
Senior Procurement Officer - INAC
(819) 994-7304
(819) 953-7830

Signature for the Minister

Date

C. Miller
MAR 30/09



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

Contract No.: 9200-07-0040/04

Date: March 30, 2009

Page 2 of 2

THIS AMENDMENT IS RAISED TO ADD RESOURCES:

1. JANICE HORNE - PARTNER
2. HEATHER LANDRY - PROJECT MANAGER
3. SHOSHANA MOSS - SENIOR AUDITOR.

ALL OTHER TERMS AND CONDITIONS OF THE CONTRACT REMAIN UNCHANGED.



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

RECEIVED
JAN 26 2009

Contract No.: 9200-07-0040/04

Date: January 22, 2009

Page 1 of 2

Contract Amendment

The referenced document is hereby amended: unless otherwise indicated, all other terms and conditions of the contract remain the same.

Amendment No.2, as detailed herein, shall apply to and form part of Contract No.9200-07-0040/04

Previous Contract Value (including GST/HST) \$2,000,00.00 (maximum)

Estimated Amendment Cost (including GST/HST) \$ 0.00

Revised Estimated Cost of Contract (including GST) \$2,000,00.00 (maximum)

The vendor hereby accepts/acknowledges this Amendment.

Contractor Name

KPMG LLP
160 Elgin Street, Suite 2000
Ottawa, Ontario
K2P 2P8

Name of Person Authorized to sign

Signature:

Date:

Bryan Bost
Jan 22/09

Person Authorized to sign for Indian & Northern Affairs Canada

Name:

Position:

Telephone #:

Facsimile #:

Wendy D. Webber
Senior Procurement Officer - INAC
(819)953-8129
(819)953-7830

Signature for the Minister

Date

Wendy D. Webber
January 22, 2009

Canada



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

Contract No.: 9200-07-0040/04

Date: January 22, 2009

Page 2 of 2

THIS AMENDMENT IS RAISED TO ADD A RESOURCE:

1. **LEENA PATEL IS ADDED AS A RESOURCE UNDER THE LARMS WORKSTREAM II RESOURCE CATEGORY: MANAGER.**

ALL OTHER TERMS AND CONDITIONS OF THE CONTRACT REMAIN UNCHANGED.

Canada



KPMG LLP
Advisory Services
160 Elgin Street, Suite 2000
Ottawa, ON K2P 2P8
Canada

Telephone (613) 212-5764
Telefax (613) 212-2896
www.kpmg.ca

To Wendy Webber
Organization INAC
Fax (819) 953-7830

Date January 22, 2009

Subject **Contract 9200-07-0040/04**

From Brian Bost

Fax

Page 1 of 1

The information contained in this facsimile message is privileged and confidential and intended solely for the use of the addressee listed above. If you are neither the intended recipient nor the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any disclosure, copying, or distribution and the taking of any action in reliance on the information contained herein are strictly prohibited. If you have received this facsimile message in error, please immediately notify the sender by telephone to arrange for the return of the original document to us.

KPMG LLP, a Canadian limited liability partnership is the Canadian member firm of KPMG International, a Swiss cooperative.

Indian and Northern Affairs Canada / Affaires Indiennes et du Nord Canada

Contract No.: 9200-07-0040/04
September 23, 2008
Page 1 of 3

Contract Amendment

The referenced document is hereby amended: unless otherwise indicated, all other terms and conditions of the contract remain the same.

Amendment No. 1, as detailed herein, shall apply to and form part of Contract No. 9200-07-0040/4.

Previous Contract Value (including GST/HST) \$ 2,000,000.00 (maximum)

Estimated Amendment Cost (including GST/HST) \$ 0.00

Revised Estimated Cost of Contract (including GST) \$ 2,000,000.00(maximum)

The vendor hereby accepts/acknowledges this Amendment.

Contractor Name: KPMG LLP
Address: 160 Elgin Street, Suite 2000
Ottawa, Ontario K2P 2P8

Name of Person Authorized to sign
Signature:
Date:

Brian Best
[Signature]
October 14/08

Person Authorized to sign for Indian and Northern Affairs Canada - Resolution Sector

Name: Cal Johnston
Position: A/Manager
Material and Assets Management Division
Telephone #: (819) 997-6332
Fax #: (819) 953-7830

Signature for the Minister

Date

[Signature]
October 7, 2008



10/08/2008 WED 13:53 FAX 819 934 7211 IRBRC\RDPTC

0003/007

Indian and Northern Affairs Canada
Affaires Indiennes et du Nord Canada

Contract No.: 9200-07-0040/04
September 23, 2008
Page 2 of 3

THIS AMENDMENT IS RAISED TO REVISE THE "PROJECT AUTHORITY, THE TECHNICAL AUTHORITY AND THE CONTRACTING AUTHORITY" AS FOLLOWS:

AT BLOCK "DEPARTMENTAL REPRESENTATIVE", Page 2 of 34:

DELETE IN ITS ENTIRETY

SUBSTITUTE WITH THE FOLLOWING:

5.1 For the purpose of the contract, the Minister hereby designates Cameron Dawson or his designate, as the Departmental Representative.

This contract has been executed on behalf of the Contractor and on behalf of Her Majesty the Queen in right of Canada by their duly authorized officers.

AT BLOCK "PROJECT AUTHORITY" SECTION 5.2, Page 5 of 34:

DELETE IN ITS ENTIRETY

SUBSTITUTE WITH THE FOLLOWING:

5.2 PROJECT AUTHORITY

The Project Authority for the CONTRACT is:

Name: Cameron Dawson
Title: Director of Audit and Assurance Services Branch
Address: Indian and Northern Affairs Canada
10 Wellington, Room 740
Gatineau, Quebec K1A 0H4
Tel. (819) 934-1571
Fax. (819) 934-1580
Email: DawsonCM@ainc-inac.gc.ca

The Project Authority will be responsible for all matters concerning the technical requirements of the Work to be performed by the Contractor. The Project Authority's responsibilities also include any authority expressly stated in this RFP and in the resulting Contract. Any proposed changes to the scope of the Work are to be discussed with the Project Authority, but any resulting change can only be confirmed by a contract amendment issued by the Contracting Authority.

AT BLOCK "INVOICING INSTRUCTIONS", Page 29 of 34:

DELETE NAME AND ADDRESS FOR INVOICING IN SECTION 11.1

Canada

Contract No.: 9700-07-0040/04

Date: September 23, 2008

Page 3 of 3

SUBSTITUTE WITH THE FOLLOWING:

11.1 Send one copy with all required receipts to:

Cameron Dawson
Director of Audit and Assurance Services Branch
Indian and Northern Affairs Canada
10 Wellington, Room 740
Gatineau, Quebec K1A 0H4
Internal Audit, Review and Professional Practices Service Contract Invoice
Supply Arrangement #

IN ANNEX "D", Where indicated Technical Authority", Page 32 and 33:

DELETE "TECHNICAL AUTHORITY"

AND

DELETE "PWGSC CONTRACTING AUTHORITY"

SUBSTITUTE WITH THE FOLLOWING: "INAC CONTRACTING AUTHORITY"

IN THE TASKS AUTHORIZATION FORM,

DELETE "TECHNICAL AUTHORITY"

SUBSTITUTE WITH THE FOLLOWING: "PROJECT AUTHORITY"

ALL OTHER TERMS AND CONDITIONS OF THE CONTRACT REMAIN UNCHANGED.

Canada



**ARTICLES OF AGREEMENT – CONTRACT UNDER IARMS
SUPPLY ARRANGEMENT V99205-010004**

Contract Number: 9200-07-0040/04

File Number: 9200-07-0040

These Articles of Agreement are made as of Award, between Her Majesty The Queen in right of Canada (referred to in the contract as "Her Majesty") represented by the Minister of Indian Affairs and Northern Development (referred to in the contract as the "Minister")

and

KPMG LLP
160 Elgin Street, Suite 2000
Ottawa, Ontario
K2P 2P8

(referred to in the contract as the "Contractor").

Her Majesty and the Contractor agree as follows:

A1 CONTRACT

1.1 The following documents and any amendments relating thereto form the contract between Her Majesty and the Contractor:

1.1.1 these Articles of Agreement;

1.1.2 the document attached hereto as Appendix "A" and entitled "General Conditions", referred to herein as the General Conditions;

1.1.3 the document attached hereto as Appendix "B" and entitled "Supplementary Conditions", referred to herein as the Supplementary Conditions;

1.1.4 the document attached hereto as Appendix "C" and entitled "Terms of Payment", referred to herein as the Terms of Payment;

1.1.5 the document attached hereto as Appendix "D" and entitled "Statement of Work", referred to herein as the Statement of Work; and

1.2 In the event of discrepancies, inconsistencies or ambiguities of the wording of these documents, the wording of the document that first appears on the above list shall prevail over the wording of a document subsequently appearing on the list.

A2 DATE OF COMPLETION OF WORK AND DESCRIPTION OF WORK

2.1 The Contractor shall, between the date of these Articles of Agreement and December 31, 2010, perform and complete with care, skill, diligence and efficiency the work that is described in the Statement of Work.

Option Periods

2.2 Should the Supply Arrangement be authorized for use beyond the initial period, the Contractor hereby offers to provide services for two (2) additional one-year periods under the same conditions and at the rate/prices specified herein from:

Option Year No. 1: January 1, 2011 to December 31, 2011

Option Year No. 2: January 1, 2012 to December 31, 2012



ARTICLES OF AGREEMENT SUPPLY ARRANGEMENT

A3 CONTRACT AMOUNT

3.1 Subject to the terms and conditions of this contract and in consideration for the performance of the work, Her Majesty shall pay to the Contractor:

3.1.1 a sum not to exceed \$2,000,000.00 (Maximum) (GST/HST included).

A4 APPROPRIATE LAW

4.1 This contract shall be governed by and construed in accordance with laws in force in the Province of **Ontario** and the laws of Canada as applicable.

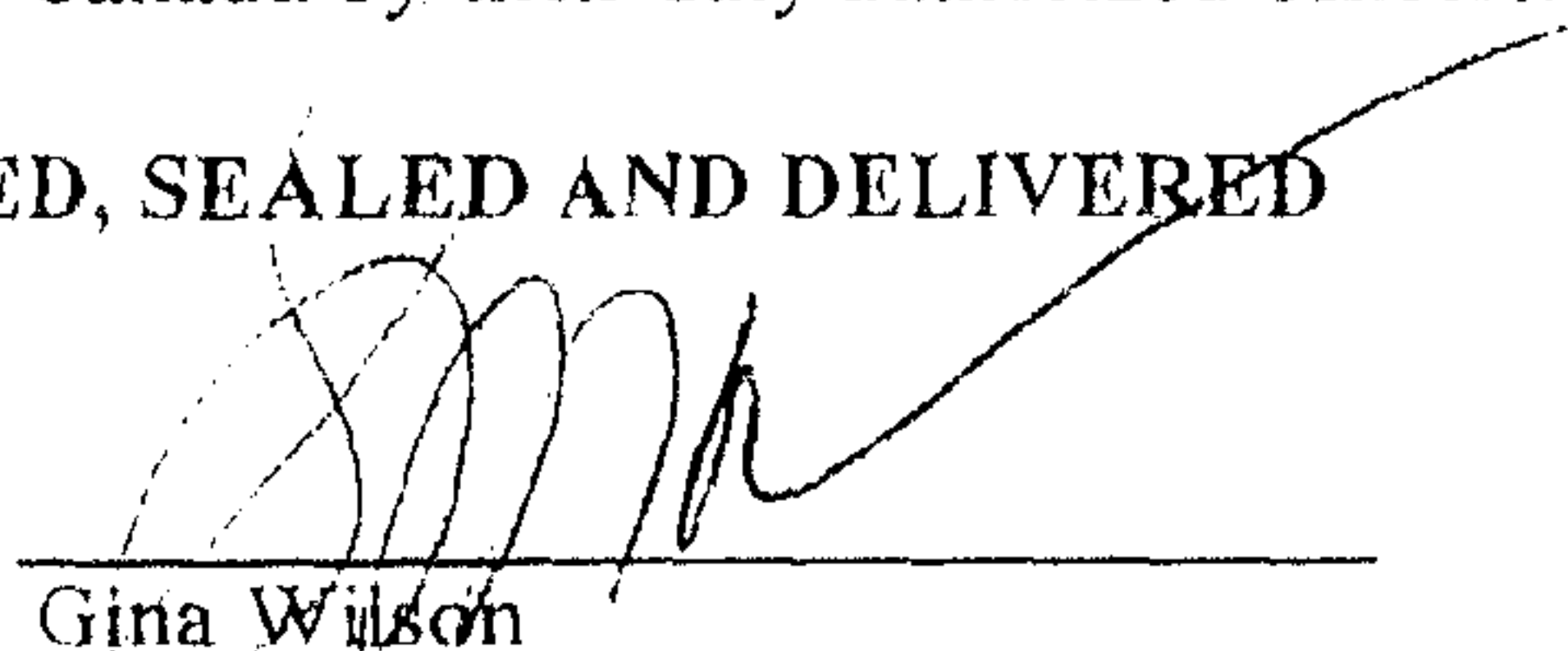
A5 DEPARTMENTAL REPRESENTATIVE

5.1 For the purpose of the contract, the Minister hereby designates **Fred Gloade or his designate**, as the Departmental Representative.

This contract has been executed on behalf of the Contractor and on behalf of Her Majesty the Queen in right of Canada by their duly authorized officers.

SIGNED, SEALED AND DELIVERED

By

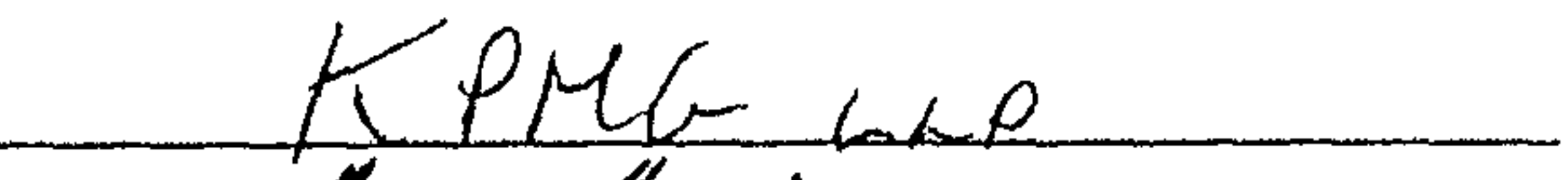


Gina Wilson
Assistant Deputy Minister

in the presence of _____

Date JUN 25 2008

SIGNED, SEALED AND DELIVERED

By


per 

the Contractor

in the presence of Lauree Whitty

Date June 20/08



APPENDIX "A" RESULTING CONTRACT CLAUSES

1.0 Security Requirements

1. The Contractor must, prior to the performance of any work under the Contract, hold a valid Designated Organization Screening (DOS), with approved Document Safeguarding at the level of PROTECTED B, issued by the Canadian and International Industrial Security Directorate, Public Works and Government Services Canada.
2. The Contractor personnel requiring access to PROTECTED information, assets or sensitive work site(s) must EACH hold a valid SECRET STATUS, granted or approved by the Canadian and International Industrial Security Directorate (CIISD), Public Works and Government Services Canada (PWGSC). Until the security screening of the Contractor personnel required by this Contract/Supply Arrangement has been completed satisfactorily by the Canadian and International Industrial Security Directorate, Public Works and Government Services Canada, the Contractor personnel MAY NOT ENTER sites without an escort, provided by the department or agency for which the Work is being performed. Clearance at the level of SECRET Status can be arranged by the IRSRC.
3. The Contractor MUST NOT remove any DESIGNATED information or assets from the identified work site(s), and the Contractor must ensure that its personnel are made aware of and comply with this restriction.
4. Subcontracts which contain security requirements are NOT to be awarded without the prior written permission of CIISD/PWGSC.
5. The Contractor must comply with the provisions of the:
 - (a) Security Requirements Check List, attached at Annex "E" of this RFP;
 - (b) Industrial Security Manual (June 1992).

2.0 CONDITIONS AND APPLICABLE SACC CLAUSES

2.1 Standard Instructions and Conditions

Standard Acquisition Clauses and Conditions Manual

All instructions, general terms, conditions and clauses identified herein by title, number and date are set out in the Standard Acquisition Clauses and Conditions (SACC) Manual, issued by Public Works and Government Services Canada (PWGSC), bearing Catalogue No. P60-4/1-1998E and revised as of December 10, 2004.

A hard copy of the SACC Manual may be obtained from:

Canadian Government Publishing
Phone: (819) 956-4800

An electronic version may also be viewed at the following PWGSC Internet address:
<http://www.pwgsc.gc.ca/sacc>.

Terms and Conditions of the Contract

Pursuant to the Department of Public Works and Government Services Act, S.C. 1996, c.16;



(a) the general terms, conditions and clauses identified herein by title, number and date, are hereby incorporated by reference into and form part of this Contract, as though expressly set out herein, subject to any other express terms and conditions herein contained.

(b) the "Conditions" set out in part B of the Standard Instructions and Conditions DSS-MAS 9403-5 (as dated in the SA) set out in the SACC Manual are hereby incorporated by reference into and form part of this Contract.

2.2 Conditions

General Conditions

DSS-MAS 9676 (as dated in the SA) General Conditions - Services

2.3 SACC Manual Clauses

The following clause set out in the SACC Manual will form part of the CONTRACT:

SACC CLAUSE NUMBER	ISSUE DATE	CLAUSE TITLE
C0100D	(1999/12/13)	Discretionary Audit
C0701D	(1996/10/30)	Time Verification
A9062D	(1993/10/29)	Site Regulations
B6806C	(1998/02/16)	Work Location

3.0 REQUIREMENT

The Contractor shall provide the Internal Audit, Review and Professional Practices Services, to supplement in-house capacity to complete the planned audits and reviews scheduled within the completed Multi-Year Risk-Based Audit and Evaluation Plan (2007/2008 to 2009/2010), on an as-and-when-required basis, in accordance with Annex "A" – Statement of Work, attached hereto and forming part of this document.

4.0 CONTRACT PERIOD

The period of the Contract shall commence upon Award, and shall conclude December 31, 2010.

4.1 OPTION TO EXTEND:

The Contractor grants to Canada the irrevocable option to extend the period of the Contract by up to two (2) additional one (1) year periods, at its exclusive option, under the same terms and conditions.

Canada may exercise this option at any time by sending a written notice to the Contractor at least thirty (30) calendar days prior to the Contract expiry date, or any extension thereof.

The option may only be exercised by the Contracting Authority, and will be evidenced for administrative purposes only, through a formal Contract Amendment.

The applicable rate(s) will be in accordance with those established at the time of Contract award.



5.0
0

AUTHORITIES

The Contracting Authority named on Page 1 of this document is responsible for the management of this Contract and any changes to the Contract must be authorized by a formal Contract amendment issued by the Contracting Authority. The Contractor is not to perform work in excess of or outside the scope of this Contract based on verbal or written requests or instructions from any government personnel other than the aforementioned authority.

The Contracting Authority will be responsible for all matters concerning the authorization, issuing, and management of Contract(s). Any notice or other communication required or permitted to be given pursuant to a Contract must be made in writing by the Contracting Authority.

5.2 PROJECT AUTHORITY

The Project Authority for the CONTRACT is:

Name: Fred Gloade
Title: Chief Auditor
Address: 90 Sparks Street
Tel. (613) 947-5209
Fax. (613) 947-7452
Email: Gloadef@irsr-rqpi-gc.ca

The Project Authority will be responsible for all matters concerning the technical requirements of the Work to be performed by the Contractor. The Project Authority's responsibilities also include any authority expressly stated in this RFP and in the resulting Contract. Any proposed changes to the scope of the Work are to be discussed with the Project Authority, but any resulting change can only be confirmed by a contract amendment issued by the Contracting Authority.

6.0 Priority of Documents

The documents specified below form part of and are incorporated into the Contract. If there is a discrepancy between the wordings of any documents which appear on the list, the wording of the document which first appears on the list shall prevail over the wording of any document which subsequently appears on the list:

1. The Articles of Agreement;
2. Supplemental General Conditions – DSS-MAS 9601-7 (as dated in the SA);
3. General Conditions - DSS-MAS 9676-Services (as dated in the SA);
4. The Statement of Work of the Contract, Annex A;
5. The Basis of Payment of the Contract, Annex B,
6. The SRCL of the Contract, Annex E, if applicable;
7. Contractor's Proposal dated, April 11, 2008.

7.0 BASIS OF PAYMENT

During the period of the Contract and any extension thereof, the Contractor will be paid in accordance with the provisions specified hereunder and the Basis of Payment Annex "B" attached hereto and forming part of this Contract.



7.1 STREAMS 2 and 3 - SUBJECT TO A CEILING PRICE

The Contractor will be paid its costs reasonably and properly incurred in the performance of the Work, to the ceiling price specified for each Stream under Annex "B" attached hereto and forming part of this Contract.

The ceiling price for each Stream is subject to downward adjustment so as not to exceed the actual charges and costs reasonably incurred in the performance of the Work and computed in accordance with the Basis of Payment.

No increase in the total liability of Canada or in the price of the Work resulting from any design changes, modifications or interpretations of the Specifications will be authorized or paid to the Contractor unless such design changes, modifications or interpretations have been approved, in writing, by the Contracting Authority prior to their incorporation into the Work.

7.2 WORK PERFORMED UNDER AN APPROVED TASK AUTHORIZATION (TA)

For Work performed under an approved Task Authorization (TA), the most appropriate basis of payment will be determined at the time a TA pursuant to the Contract is issued. Choices are:

7.2.1 TA subject to a Ceiling Price

The Contractor will be paid its costs reasonably and properly incurred in the performance of the Work under the TA, to the ceiling price specified in the applicable TA document, which shall be established based on the rates and other provisions set out in Annex "B".

The ceiling price is subject to downward adjustment so as not to exceed the actual charges and costs reasonably incurred in the performance of the work and computed in accordance with the Basis of Payment specified in the TA document.

No increase in the total liability of Canada or in the price of the Work resulting from any design changes, modifications or interpretations of the Specifications will be authorized or paid to the Contractor unless such design changes, modifications or interpretations have been approved, in writing, by the TA approval Authority (Technical Authority or Contracting Authority, as the case may be), prior to their incorporation into the work.

7.2.2 TA subject to a Limitation of Expenditure

The Contractor will be paid its costs reasonably and properly incurred in the performance of the work under the TA, in accordance with the Basis of Payment specified in the applicable TA document, which shall be established based on the rates and other provisions set out in Annex "B".

- (a) Canada's total liability under the TA shall not exceed the "\$400,000.00 (GST/HST included)" specified in the applicable TA document.
- (b) No increase in the total liability of Canada or in the price of the work resulting from any design changes, modifications or interpretations of specifications, made by the Contractor, will be authorized or paid to the Contractor unless such changes, modifications or interpretations, have been approved, in writing, by the Technical Authority, prior to their incorporation into the work. The Contractor shall not be obliged to perform any work or provide any service that would cause the total liability of Canada to be exceeded without the prior written approval of the Technical Authority. The Contractor shall notify the Technical Authority in writing as to the adequacy of this sum when:
 - (i) it is 75 percent committed, or
 - (ii) four (4) months prior to the Task Authorization expiry date, or



(iii) if the Contractor considers the funds provided are inadequate for the completion of the work,

whichever comes first.

(c) In the event that the notification refers to inadequate funds, the Contractor shall provide to the Technical Authority, in writing, an estimate for the additional funds required. Provision of such notification and estimate for the additional funds does not increase Canada's liability.

8.0 LIMITATION OF EXPENDITURE

1. Canada's total liability under this Contract shall not exceed (to be determined upon contract award), the Goods and Services Tax or Harmonized Sales Tax extra, if applicable.
2. Canada's total liability under a Task Authorization shall not exceed the "\$2,000,000.00 (GST/HST included" specified in the applicable Task Authorization document.
3. No increase in the total liability of Canada to the Contractor or in the price of the Work resulting from any design changes, modifications or interpretations of the Specifications will be authorized or paid to the Contractor unless such design changes, modifications or interpretations have been approved, in writing, by the Contracting Authority prior to their incorporation into the Work. The Contractor shall not be obliged to perform any work or provide any service that would cause the total liability of Canada to be exceeded without the prior written approval of the Contracting Authority. The Contractor shall notify the Contracting Authority, in writing, as to the adequacy of this sum when:
 - (a) it is 75 percent committed, or
 - (b) four (4) months prior to the Contract expiry date, or
 - (a) if the Contractor considers that the funds provided are inadequate for the completion of the Work,

whichever comes first.

3. In the event that the notification refers to inadequate funds, the Contractor shall provide to the Contracting Authority, in writing, an estimate for the additional funds required. Provision of such notification and estimate for the additional funds does not increase Canada's liability.

Minimum Work Guarantee

1. In this clause, "Maximum Contract Value" means the amount specified in the Limitation of Expenditure clause set out in the Contract; and "Minimum Contract Value" means 1% of the Maximum Contract Value.
2. The Contractor must perform the Work described in the Contract as and when requested by Canada during the period of the Contract. Canada's obligation under the Contract is to request Work in the amount of the Minimum Contract Value or, at Canada's option, to pay the Contractor at the end of the Contract in accordance with paragraph 3. In consideration of such obligation, the Contractor agrees to stand in readiness throughout the Contract period to perform the Work described in the Contract. Canada's maximum liability for work performed under the Contract must not exceed the Maximum Contract Value, unless an increase is authorized in writing by the Contracting Authority.
3. In the event that Canada does not request work in the amount of the Minimum Contract Value



Minimum Contract Value and the cost of the Work requested.

4. Canada will have no obligation to the Contractor under this clause if Canada terminates the Contract in whole or in part for default.

9.0 METHOD OF PAYMENT

Payment will be made not more frequently than once a month, upon submission of an invoice in a form, and containing information, acceptable to the Project Authority specified herein. Timesheets must be provided to support any time being claimed.

Payment by Canada to the Contractor for the Work will be made:

- (a) in the case of a payment other than the final payment, within thirty (30) days following the date of receipt of a duly completed invoice; or
- (b) in the case of a final payment, within thirty (30) days following the date of receipt of a duly completed invoice, or within thirty (30) days following the date on which the Work is completed, whichever date is the later;

If Canada has any objection to the form of an invoice, within fifteen (15) days of its receipt, Canada will notify the Contractor of the nature of the objection. "Form of the invoice" means an invoice which contains or is accompanied by such substantiating documentation as Canada requires. Failure by Canada to act within fifteen (15) days will only result in the date specified in paragraphs 2(a) and (b) of this clause applying for the sole purpose of calculating interest on overdue accounts.

10.0 INVOICING INSTRUCTIONS

Payment will only be made upon submission of a satisfactory invoice duly supported by specified release documents and other documents called for under the Contract.

Invoices must be submitted on the Contractor's own invoice form and must be prepared to show:

- a. the date;
- b. Contractor name and address
- c. Designated User name and address;
- d. Contract Serial Number and Supply Arrangement Serial Number;
- e. Financial codes, including GST or HST financial codes (as applicable);
- f. Period in which services were rendered,
- g. The Firm Per Diem Rate(s) and the number of days worked for each category of personnel being invoiced for Ceiling price Contracts and Limitation of Expenditure Contracts.
- h. Total dollar amount inclusive of GST/HST;
- i. Deliverable and /or brief description of work performed;
- j. Designated User Reference Number.

Timesheets, supporting all time claimed, shall accompany all invoices. Timesheets must be in a format acceptable to the Project Authority.

The original and one (1) copy of the invoice together with attachments; must be forwarded to the Project Authority.

One copy of each invoice, together with attachments, must be forwarded to the Contracting Authority.

11.0 T4A Supplementary slip requirement

Pursuant to paragraph 221 (1) (d) of the Income Tax Act, payments made by departments and agencies under applicable services contracts (including contracts involving a mix of goods and services) must be



reported on a T4A Supplementary Slip. To enable client departments and agencies to comply with this requirement, contractors are required to provide information as to their legal name and status, business number, and/or Social Insurance Number or other identifying Supplier information as applicable along with a certification as to the completeness and accuracy of the information.

12.0 T4A SUPPLEMENTARY SLIP REQUIREMENT - INVOICING PROCEDURES

The Contractor must provide the information listed below with its first invoice. Where the required information includes a Social Insurance Number (SIN) (when the Contractor is an individual or in partnership), the information should be provided in a separate envelope marked "protected" and attached to the invoice:

- (a) the legal name of the entity or individual, as applicable, i.e. the name associated with the Social Insurance Number (SIN) or Business Number (BN), as well as the address and the postal code;
- (b) the status of the Contractor, i.e. individual, partnership, or corporation;
- (c) for individuals, the Contractor's SIN and, if applicable, the BN, or if applicable, the Goods and Services Tax (GST)/Harmonized Sales Tax (HST) number;
- (d) for partnerships and corporations, the BN, or if this is not available, the GST/HST number. If there is no BN or GST/HST number, corporations must provide their T2 Corporation Tax number, while partnerships must provide the SIN of the partner who has signed the contract; and,
- (e) the following certification signed by the Contractor or an authorized officer:

"I certify that I have examined the information provided above, including the legal name, address, and Canada Revenue Agency identifier, (c) or (d) as applicable, and that it is correct and complete, and fully discloses the identification of this Contractor."

13.0 REPLACEMENT OF PERSONNEL

At the "Replacement of Personnel" clause that forms part of DSS-MAS 9676 (as dated in the SA) General Conditions - Services, change "provide notice in writing" to "provide 5 working days notice in writing".

14.0 Crown Facilities, Equipment, Documentation & Personnel

Crown facilities, equipment, documentation and personnel are not automatically at the disposal of the Contractor. The Contractor is responsible for timely identification of the need for access to the referenced facilities, equipment, documentation and personnel. Canada is responsible for the timely provision of said facilities, equipment, documentation and personnel to the Contractor when such access is approved. Access may be provided on a one-time or on-going basis, as the Project Authority may determine, and as ongoing operational needs and cooperative working arrangements between the Contractor and Crown personnel shall reasonably require. Access to and sharing of said facilities, equipment and documentation shall be carried out in good faith between the parties in order to optimize the conduct of the work.

15.0 Privacy

It is understood and agreed that all information obtained and all records, research, working papers, submissions and reports, final or otherwise, prepared in connection with a Contract must be submitted to the Designated User and will be the sole and exclusive property of the Designated User.

Contractor must not use or release this information without the written consent of the Designated User. The Privacy Act applies to all personal information recorded in any form by the Contractor in connection with any services rendered pursuant to this agreement.

16.0 Information Storage and Retrieval

All information storage and retrieval disks and tapes are to be electronically scanned for computer viruses and other coding intended to cause malfunctions, prior to being used on Crown equipment. The Contractor or Contractor's personnel shall immediately inform the Project Authority or Project Authority designate, if disks or tapes used for Work on this requirement are found to contain computer viruses or coding intended to cause malfunctions.

17.0 Mandatory Certifications

Compliance with the Certifications the Contractor has provided Canada is a condition of this Contract and subject to verification by Canada during the entire period of the Contract. In the event that the Contractor does not comply with any certification or that it is determined that any certification made by the Contractor is untrue, whether made knowingly or unknowingly, the Minister will have the right, pursuant to the default provisions of the Contract, to terminate the Contract for default.

18.0 APPLICABLE LAWS

The Contract must be interpreted and governed, and the relations between the Parties, determined by the laws in force in the Province of Ontario.

19.0 WORK FORCE REDUCTION PROGRAMS

1. It is a term of this Contract:

- a. that the Contractor has declared to the Contracting Authority whether the Contractor has received a lump sum payment made pursuant to any work force reduction program, including but not limited to the Work Force Adjustment Directive, the Early Departure Incentive Program, the Early Retirement Incentive Program or the Executive Employment Transition Program, which has been implemented to reduce the public service;
- b. that the Contractor has informed the Contracting Authority of the terms and conditions of that work force reduction program, pursuant to which the Contractor was made a lump sum payment, including the termination date, the amount of the lump sum payment and the rate of pay on which the lump sum payment was based, and
- c. that the Contractor has informed the Contracting Authority of any exemption in respect of the abatement of a contract fee received by the Contractor under the Early Departure Incentive Program Order or paragraph 4 of Policy Notice 1995-8, of July 28, 1995.

2. The Contractor represents and warrants that the information submitted with its bid is accurate and complete. The Contractor acknowledges that the Minister has relied upon such representation to enter into this Contract. Such representation may be verified in such manner as the Minister may reasonably require.
3. The Contractor acknowledges that in the event of a breach of such covenant, the Minister will have the right to rescind the Contract.
4. Nothing in this clause must be interpreted as limiting the rights and remedies which Canada or the Minister may otherwise have in relation to or pursuant to this Contract.



20.0 Conflict of interest

In order to provide impartial and objective advice to Canada and to avoid any real or apparent conflict of interest, the Contractor represents and warrants that any proposed individual(s) assigned to perform any work under the Contract must not be in a situation of conflict of interest that would render it unable to provide impartial assistance or advice to Canada, or affect or otherwise impair its objectivity in performing the work.

21.0 International Sanctions

1. Persons in Canada, and Canadians outside of Canada, are bound by economic sanctions imposed by Canada. As a result, the Government of Canada cannot accept delivery of goods or services that originate, either directly or indirectly, from the countries or persons subject to economic sanctions.

Details on existing sanctions can be found at:
[Http://www.dfait-maeci.gc.ca/trade/sanctions-e.asp](http://www.dfait-maeci.gc.ca/trade/sanctions-e.asp)

2. It is a condition of this Contract that the Contractor not supply to the Government of Canada any goods or services which are subject to economic sanctions.
3. By law, the Contractor must comply with changes to the regulations imposed during the life of the Contract. During the performance of the CONTRACT should the imposition of sanctions against a country or person or the addition of a good or service to the list of sanctioned goods and services prevent the Contractor from performing all or part of its contractual obligations, the Contractor shall treat the situation as a force majeure. The Contractor must forthwith inform Canada of the situation; the procedures applicable to force majeure will then apply.

22.0 Non-permanent Resident (Canadian Contractor)

The Contractor is responsible for compliance with the immigration requirements applicable to non-permanent residents entering Canada to work on a temporary basis in fulfillment of the Contract. In some instances, the employment authorization necessary to enter Canada cannot be issued without prior approval of a Human Resources Centre Canada (HRCC). HRCC should always be contacted as soon as the decision to bring in a non-permanent resident is made. The Contractor will be responsible for all costs incurred as a result of non-compliance with immigration requirements.

23.0 PROTECTION AND RESTRICTION ON DISCLOSURE OF INFORMATION CONDITIONS

1. "Information" as used in this condition, means information provided by Canada or developed under any Contract let pursuant to this requirement.
2. Work described in the attached SOW may involve access by the Contractor to sensitive technical and/or financial information proprietary to Canada or third party contractor(s). The Contractor must keep secret and confidential and not disclose or divulge orally, electronically, in writing or in any other way, either to any third party or to any person in its own organization who does not "need to know", any information, whether or not labeled as proprietary or sensitive, of which it becomes aware during the performance of its Contract, regardless of the form or medium in which it is received by the Contractor.
3. The Contractor must indemnify and hold harmless Canada and its officers, servants and/or agents, against any claim that may be made by any third party against Canada or its officers, servants and/or agents, as a result of the Contractor's failure to meet its obligation under this provision.



4. The Contractor must not use any information for any purpose other than to perform work under Contract in accordance with its terms and conditions.



Annex "A"
Statement of Work
THE PROVISION OF PROFESSIONAL AUDIT SERVICES

SW 1 BACKGROUND

- 1.1 Indian Residential Schools Resolution Canada (IRSRC) is the federal Department dedicated to strengthening partnerships within government and with Aboriginal people, religious denominations, and other citizens to address and resolve issues arising from the legacy of Indian residential schools.
- 1.2 IRSRC works with Aboriginal people and other Canadians in initiatives that explore and acknowledge our history, build programs and projects which address the needs of people today, and strengthen our future.
- 1.3 In the completion of its work, the IRSRC:
 - a. works with former students, families and communities in support of projects that promote healing and reconciliation;
 - b. moves cases away from the courts and into other methods of dispute resolution that are faster and less painful for the individuals;
 - c. resolves claims in a more timely fashion, though where necessary, IRSRC also represents the Government of Canada in litigation;
 - d. liaises with federal departments, provincial governments, Aboriginals, churches and other interested groups in implementing the federal government's wider objectives of healing and reconciliation;
 - e. informs and educates Canadians about the impacts of Indian residential schools; and
 - f. works with church organizations to reach an agreement concerning their shared liability to compensate victims of sexual and physical abuse.
- 1.4 The Audit and Evaluation Branch (AEB) within IRSRC provides the Deputy Minister and Departmental management with an independent capability to perform audits, evaluations and reviews that are consistent with departmental and central agency policies; respond to departmental priorities; ensure compliance with applicable laws, regulation and directives; and enhance the efficiency, effectiveness and economy of IRSRC operations.
- 1.5 Audit and Evaluation is a key function within government. It is the primary tool to demonstrate stewardship and accountability in the spending of public funds and it plays a key role in a strengthened comptrollership function. A strengthened Audit and Evaluation function across government is a key element of the current *Strengthening the Public Sector Management Initiative*.
- 1.6 Additionally, with the implementation of the new Policy on Internal Audit, as well as Treasury Board's increased scrutiny in recent years on expenditures and the introduction of the Management Accountability Framework (MAF), there is a stronger, more critical emphasis on program and policy relevance, cost effectiveness, and management accountability.
- 1.7 As such, AEB has recently undergone the Audit and Evaluation planning process to ensure compliance with policy expectations and to support a value-added oversight process. Each Audit and Evaluation plan responds to management priorities by providing audits, evaluations and reviews at key points of major change efforts. Additionally, AEB conducted a consultative



process with senior management to validate and help identify any project or activity which would benefit from some form of oversight activity (i.e. audit, evaluation and reviews).

SW 2 OBJECTIVE

- 2.1 As a result of the completed Audit and Evaluation Planning process, AEB has determined a requirement for Internal Audit, Review and Professional Practices Services to supplement in-house capacity to complete the planned audits and reviews scheduled within the completed Multi-Year Risk-Based Audit and Evaluation Plan (2007/2008 to 2009/2010).
- 2.2 In order to meet operational demands and IRSRC's diverse requirements, IRSRC's objective is to establish competitively-awarded up to 3 vendors capable of providing IRSRC with Internal Audit, Review and Professional Practices Services on an as-and-when-required basis.

SW 3 ESTIMATED VALUE

- 3.1 The estimated value of all contracts resulting from this Request for Proposals (RFP) is not expected to exceed the ceiling price of \$2,000,000 (CAN).
- 3.2 GST/HST is included in this amount.
- 3.3 Travel is included in this amount and will be specified upon Award by IRSRC.
- 3.4 IRSRC anticipates that approximately seven (7) audits and two (2) reviews will be completed in the first year of this Contract, five (5) audits and nine (9) reviews in the second year, and five (5) audits and six (6) reviews in the third year. The estimated value of each audit is expected to be between \$100,000 and \$150,000 (CAN); the annual estimated value of planned audits and reviews is not expected to exceed \$1,000,000 (CAN). The Department cannot provide assurances as to the minimum value of work under the Contracts resulting from this RFP.
- 3.5 The Contractors who are awarded a Contract will be selected based, in IRSRC's exclusive opinion, on the capacity, suitability and availability of each given Contractor for any particular project.

SW 4 DEFINITIONS

AEB	Audit and Evaluation Branch
Contract	Under a valid SOA, a document prepared by IRSRC and issued by the IRSRC Project Authority to the Contractor, through which IRSRC will acquire the required services; and which will contain requirements for the provision of said services, which will be consistent with the Statement of Work, and may consist of any combination of the required services listed in Section SW6, 'Scope of Work'.
Contractor	The qualified supplier selected pursuant to the competitive selection process, who is eligible to be considered for any resulting Contracts.
IIA	Institute of Internal Auditors



IRSRC	Indian Residential Schools Resolution Canada
MAF	Management Accountability Framework
NCR	National Capital Region
Project Authority	The Project Authority is the officer or employee of the Crown who is authorized by the Minister to perform any of the Project Authority's functions under the Contract, as described in the Articles of Agreement. The Project Authority or his/her delegate is responsible for all matters concerning the technical content of the work against the Contract.
SA	Supply Arrangement
SOW	Statement of Work
Standing Offer Agreement (SOA)	An overarching agreement between IRSRC and a qualified supplier to provide services on an as-and-when-required basis. An SOA does not constitute a Contract. Individual service requirements will be initiated via a Call-up document duly authorized by the IRSRC Project Authority. Upon acceptance of the Call-up by the Contractor, the Call-up forms a binding Contractual commitment.
TBS	Treasury Board Secretariat

SW 5 BUSINESS AND TECHNICAL ENVIRONMENT

5.1 Business Environment

- 5.1.1 IRSRC's regular working hours are Monday to Friday, 8 a.m. to 5 p.m. EST.
- 5.1.2 As required and as specified in any resulting Contract, the Contractor shall be available to provide service during regular operating hours, as identified in section 5.1.1 above.

5.2 Technical Environment

- 5.2.1 As required, it is the responsibility of the Contractor to ensure that all deliverables and services provided under any resulting Contract are in conformance with IRSRC's standard desktop operating software, currently Microsoft 2000 Suite (Word, Excel, Outlook, and PowerPoint) and any upgrades thereto.

SW 6 SCOPE OF WORK

Supporting IRSRC's requirements as described in this Statement of Work (SOW), the Contractor shall provide Internal Audit, Review and Professional Practices Services based on the provision of specific types of specialized expertise, on an as-and-when-required basis.

Specific input activities (tasks/work required) will be specified in any resulting Contract. The Contractor shall provide Internal Audit, Review and Professional Practices Services in accordance with



the required Resource Category roles, as defined in PWGSC Supply Arrangement - Resource Categories, and as specified in any resulting Task Authorization. This may include, but is not limited to:

6.1 Internal Audit

Internal audits are identified in the Treasury Board Secretariat (TBS) Policy on Internal Audit as assurance services: “objective examinations of evidence for the purposes of providing an independent assessment of risk management strategies and practices, management control frameworks and practices, and information used for decision making and reporting.”

Internal audit encompasses independent assessments that provide assurance and information on the management and cost-effectiveness of program delivery activities and operations, corporate functions, the systems and built-in controls, the economical and efficient use and protection of resources, the integrity of information, risk management, and compliance with statutes and policies.

IRSRC’s anticipated requirements for Audit Services will encompass a range of services, which may include, but are not limited to, the following:

a) **Financial (Attest) Audit**

Financial (Attest) Audits test whether financial transactions support the amounts and disclosures in the financial statements issued by the Department. Financial audits also include, but are not necessarily limited to, work related to financial systems, accounts payable and receivable, financial planning and budgeting, and cost accounting. Audit procedures employed in Financial (Attest) Audits may include (but are not limited to) comparing the results of operations with planned results, assessing the reliability of the Department’s financial control systems, and checking samples of transactions and balances.

b) **Forensic Audit**

Forensic audits are carried out to determine if a false representation of a matter of fact has been made to create a deception for purposes of unlawful gain. They comprise a review of all acts, omissions and concealments involving a breach of a legal or equitable duty and resulting in damage to another. The review can also encompass a determination of misappropriation of assets or misrepresentations of financial information either to conceal misappropriation of assets or for other purposes. Any evidence of alleged acts of fraud or dishonesty found in a Forensic Audit within IRSRC may result in the requirement to conduct fraud investigations and to provide litigation support to the Department.

c) **Performance Audit**

Performance audits are the objective and systematic analysis of a sector, area, organization, division, program, activity or function to determine if it is being managed with due regard for economy and efficiency, and if mechanisms are in place to measure its effectiveness.

d) **Compliance Audit**

Compliance Audits determine the degree to which existing practices and procedures comply with applicable laws and regulations, published manuals, terms and conditions of agreements, policies, as well as adherence to established management control frameworks.



Performance or Compliance Audits may be undertaken in a variety of areas, including, but not limited to, the following:

- Financial management;
- HR management;
- Program evaluation;
- Grants and Contribution evaluation;
- Environment and social development;
- Departmental policies and framework.

e) **Information Technology (IT)/Systems under Development Audit**

IT and Systems audits may include review and assessments of IT and Systems governance and of computerized systems used (or to be used) by the Department, including (but not limited to) internal computerized controls (preventive, detective, corrective and access controls), data integrity, reporting capabilities, due diligence and security reviews, systems under development, training and system documentation.

The Contractor shall, in support of IRSRC AEB's activities for Internal Audit (on an as-and-when-required basis, and as detailed in a Contract issued by the Department), provide qualified resources capable of providing Internal Audit Services as described in section 6.1 of this Statement of Work.

In completing audits, either independently or as a member of an IRSRC team, the Contractor's responsibilities shall include (but are not limited to) any combination of the following:

- 6.1.1 Reviewing and analyzing existing background documentation and other information relevant to the assignment, as supplied by IRSRC and other sources;
- 6.1.2 Liaising with and interviewing IRSRC personnel and other stakeholders identified by the IRSRC Project Authority, as required, to obtain, clarify and exchange information, and in order to coordinate and expedite the delivery of services requested in the Contract;
- 6.1.3 Completing the planning phase for audits, which shall include (but is not limited to), any combination of the following:
 - I. conducting background research and completing analytical reviews;
 - II. reviewing and documenting the Contractor's understanding of the entity to be audited (e.g. branch, program) and the relevant Acts, regulations, policies, procedures and controls that will apply to the audit, to ensure that the Contractor acquires an in-depth understanding of the context within which the audit will occur and to guide the Contractor's later work;
 - III. defining the nature and scope of the audit, based on an assessment of risk and with due regard for applicable legal and regulatory requirements and the needs of potential users of the audit report;
 - IV. defining the objectives of the audit in accordance with the nature and scope of the assignment. The objectives shall be defined in a manner which ensures the feasibility of issuing findings against them, as shall be detailed in the audit report;
 - V. developing the audit criteria to provide the context for understanding the results of the



- VI. developing an audit schedule in accordance with the Project Authority's deadlines established in the Contract, and the constraints of the Department;
- 6.1.4 Determining and applying the audit procedures and programs that allow credible and useful findings to be made on the audit objectives. These procedures and programs shall:
 - I. cover in detail each of the selected audit criteria;
 - II. provide for the procedures needed to gather sufficient and adequate valid information; and
 - III. maintain an audit trail showing the structure and the rationale of the audit approach;
 - 6.1.5 Developing and maintaining documented working papers to support the conclusions and judgments made in the final audit report, and submitting these to the Project Authority with the Contractor's final audit report;
 - 6.1.6 Completing and reviewing the substantiation binder that contains audit evidence most pertinent to the report content, to support all observations, conclusions and recommendations, prior to issuing the Contractor's final audit report;
 - 6.1.7 Drafting preliminary and final versions of the audit report, which shall include, (but are not limited to), the following:
 - I. an executive summary;
 - II. background information on the areas audited;
 - III. the objective, nature and scope of the audit;
 - IV. the methodologies employed in the conduct of the audit;
 - V. the detailed observations, findings and recommendations for each audit objective, including the criteria selected;
 - VI. management responses for each recommendation; and
 - VII. a hard copy of a slide deck presentation summarizing the audit, its key findings and recommendations;
 - 6.1.8 Developing slide deck presentations and presenting these orally to management and other stakeholders for comments, feedback and approval;
 - 6.1.9 Incorporating comments and feedback into final versions of reports and presentations; and
 - 6.1.10 Providing Audit Quality Assurance on the audit work completed by the Contractor.

6.2 Review

Reviews are more descriptive or exploratory in nature than audits. While still focussed on assurance services, they usually concentrate on describing a subject or developing an information base; exploring that subject or information base; or developing a method to assess that subject or information base in the future.

Reviews may be undertaken in a variety of areas, including, but not limited to, the following:

- Governance and Strategic direction;
- Public Service values;
- Training and Skills development;
- Risk management;



- Organizational Structure;
- Budgets and Forecasts.

Reviews may consist of qualitative and/or quantitative research and employ a variety of research techniques including, but not limited to: thematic reviews; surveys; focus groups; key stakeholder interviews; etc.

The Contractor shall, in support of IRSRC AEB's activities for Review (on an as-and-when-required basis, and as detailed in a Contract issued by the Department), provide qualified resources capable of providing Review Services as described in section 6.2 of this Statement of Work.

In completing reviews, either independently or as a member of an IRSRC team, the Contractor's responsibilities shall include (but are not limited to) any combination of the following:

- 6.2.1 Reviewing and analyzing existing background documentation and other information relevant to the assignment, as supplied by IRSRC and other sources;
- 6.2.2 Liaising with and interviewing IRSRC personnel and other stakeholders identified by the IRSRC Project Authority, as required, to obtain, clarify and exchange information, and in order to coordinate and expedite the delivery of services requested in the Contract;
- 6.2.3 Completing the planning phase for reviews, which shall include (but is not limited to), any combination of the following:
 - I. conducting background research and completing analytical reviews;
 - II. reviewing and documenting the Contractor's understanding of the entity to be reviewed (e.g. branch, program) and the relevant Acts, regulations, policies, procedures and controls that will apply to the review, to ensure that the Contractor acquires an in-depth understanding of the context within which the review will occur and to guide the Contractor's later work;
 - III. defining the nature and scope of the review, based on an assessment of risk and with due regard for applicable legal and regulatory requirements and the needs of potential users of the review report;
 - IV. defining the objectives of the review in accordance with the nature and scope of the assignment. The objectives shall be defined in a manner which ensures the feasibility of issuing findings against them, as shall be detailed in the review report;
 - V. developing the review criteria to provide the context for understanding the results of the review. The criteria developed shall be relevant, reliable, neutral and comprehensive; and
 - VI. developing an review schedule in accordance with the Project Authority's deadlines established in the Contract, and the constraints of the Department;
- 6.2.4 Determining and applying the review procedures and programs that allow credible and useful findings to be made on the review objectives. These procedures and programs shall:
 - I. cover in detail each of the selected review criteria;
 - II. provide for the procedures needed to gather sufficient and adequate valid information; and
 - III. maintain a consistent trail showing the structure and the rationale of the review approach;



- 6.2.5 Developing and maintaining documented working papers to support the conclusions and judgments made in the final review report, and submitting these to the Project Authority with the Contractor's final review report;
- 6.2.6 Completing and reviewing the substantiation binder that contains review data most pertinent to the report content, to support all observations, conclusions and recommendations, prior to issuing the Contractor's final review report;
- 6.2.7 Drafting preliminary and final versions of the review report, which shall include, (but are not limited to), the following:
 - I. an executive summary;
 - II. background information on the areas reviewed;
 - III. the objective, nature and scope of the review;
 - IV. the methodologies employed in the conduct of the review;
 - V. the detailed observations, findings and recommendations for each review objective, including the criteria selected;
 - VI. management responses for each recommendation; and
 - VII. a hard copy of a slide deck presentation summarizing the review, its key findings and recommendations;
- 6.2.8 Developing slide deck presentations and presenting these orally to management and other stakeholders for comments, feedback and approval; and
- 6.2.9 Incorporating comments and feedback into final versions of reports and presentations.

6.3 Professional Practices

The Contractor shall, in support of IRSRC AEB's activities for Professional Practices (on an as-and-when-required basis, and as detailed in a Contract issued by the Department), provide qualified resources capable of providing Professional Practices Services as described in section 6.3 of this Statement of Work.

In completing professional practices, either independently or as a member of an IRSRC team, the Contractor's responsibilities shall include (but are not limited to) any combination of the following:

- 6.3.1 Providing knowledge transfer, through coaching and formal training, to IRSRC, aimed at enhancing IRSRC's capacity in the fulfillment of its mandate. This shall include, but is not limited to:
 - I. assisting in the development of AEB's long-term training strategy, training plan and program to enhance the capacity of auditors to conduct audits and reviews that are consistent with the Branch's and the GoC's policies and practices; and
 - II. providing expert advice to IRSRC's audit practitioners and professional development stakeholders regarding the implementation of the application of professional standards and professional development programs;
- 6.3.2 Assisting with the development of strategic plans, frameworks and procedures to support capacity building within IRSRC. This shall include, but is not limited to, assisting in



developing IRSRC's audit management policies, standards and guidelines and providing on-going advice to support IRSRC in ensuring that the Branch's audit policies and practices are current with GoC legislation, professional audit standards and best practices;

- 6.3.3 Assisting with the development of sound audit methodologies and assessment techniques, guides, procedures, tools and other related items to support IRSRC's work in this area, including, but not limited to, assisting in the development of audit support frameworks, tools, guides, manuals and associated audit products;
- 6.3.4 Providing as required advice, document review and commentary, and other related support to IRSRC, aimed at capacity building, knowledge transfer and enhancement of IRSRC's work in relation to its internal audit function. This shall include, but is not limited to, providing advice and guidance on audit policies, audit/strategic plans, professional standards, practices and methodologies designed to provide assurance of the professional integrity of internal audits and reviews carried out by AEB; and
- 6.3.5 Providing risk management and risk assessment services including, but not limited to:
 - I. Identifying risks which threaten the achievement of objectives and priorities and identifying improvement opportunities;
 - II. Assessing the likelihood of an identified risk occurring, and identifying its impact; and
 - III. Proposing Risk Responses to mitigate the likelihood of occurrence or the impact to objectives of the identified risks.

V 7 OUTPUT/DELIVERABLES

- 7.1 The Contractor shall submit to the IRSRC Project Authority all deliverables/services as specified in each Contract. The Contractor may expect to submit to the IRSRC Project Authority any combination of the work described in the Scope of Work (SW6). The scope of work attached to each Contract shall identify the particular deliverable(s), tasks, and other relevant areas of consideration that are required to be implemented by the Contractor in the provision of services.
- 7.2 All work shall be completed in conformity with the instructions issued by the IRSRC Project Authority, and in accordance with the Performance Standards as described in SW10, below. In addition, the Contractor shall provide written progress/status reports relating to the delivery of specific services and the completion of assigned tasks (Refer to SW9 Reporting).
- 7.3 Payment will be made upon receipt of a monthly invoice, following the month(s) in which the Contractor has rendered the services, as accepted by the IRSRC Project Authority. IRSRC reserves the right to verify completion of any/all services/deliverables prior to authorizing any payment to the Contractor. Should any deliverable or service provided not be to the satisfaction of the IRSRC Project Authority, as submitted, the IRSRC Project Authority will have the right to reject it or require correction by the Contractor before any payment will be authorized to the Contractor by IRSRC.



SW 8 REPORTING

- 8.1 As specified in the Contract(s), the Contractor shall provide regular Status reports and various *ad hoc* oral status updates to the IRSRC Project Authority in relation to any Contract(s) issued to the Contractor.
- 8.2 It is the responsibility of the Contractor to facilitate and maintain regular communication with the IRSRC Project Authority. In addition, the Contractor is to immediately notify the IRSRC Project Authority of any issues, problems, or areas of concern in relation to any work completed under the Contract as they arise.

SW 9 PERFORMANCE STANDARDS

- 9.1 In providing Internal Audit, Review and Professional Practices Services to IRSRC, as described in SW6 and SW7 above, the Contractor shall, at a minimum, conform to the following Performance Standards and Quality Assurance requirements:
 - 9.1.1 Efficient time management is of utmost importance to IRSRC's Internal Audit, Review and Professional Practices Services. At the issuance of each Contract, IRSRC will establish with the Contractor a schedule of milestones and reporting for the work to be completed on the basis of its congruence with the conditions of the Contract document. The Contractor shall deliver the services by the deadlines established by the IRSRC Project Authority, as specified within the Contract document. Every effort shall be made by IRSRC to provide the Contractor with reasonable deadlines.
 - 9.1.2 In addition to the requirement for Contractor Performance, there is an inherent Quality Assurance Standard associated with any/all Contracts. The Contractor shall apply a rigorous Quality Assurance methodology to ensure the accuracy and quality of all deliverables and services provided.
- 9.2 All deliverables rendered under any Contract are subject to inspection by the IRSRC Project Authority or a designated representative. The IRSRC Project Authority reserves the right to verify the accuracy and completeness of all deliverables and services submitted by the Contractor.
- 9.3 In the event that the Contractor fails to comply with the conditions of the Contract, and as identified in IRSRC's review of the Contractor's work, IRSRC reserves the right to terminate the Contract and award a Contract to another qualified Contractor in order to complete the work, in accordance with Appendix "A" - General Conditions.
- 9.4 The management by the Contractor of service delivery to IRSRC in relation to any resulting Contract shall be undertaken in accordance with all applicable Acts, Codes, Departmental and/or federal government regulations, codes and policies.
- 9.5 The Contractor shall ensure that all resources deployed in the provision of services under the resultant Contracts are properly trained and qualified to fulfill their responsibilities. In addition, the Contractor shall ensure that all deployed resources are operating at all times in accordance with all applicable legislation, regulations, codes and policies.



- 9.6 It is the responsibility of the Contractor to, at all times, conduct itself and to ensure the performance of its deployed resource(s) in accordance with the terms and conditions of the Contract, and in the spirit of the Values and Ethics Code for the Public Service. The Contractor is responsible for the quality and completeness of all work completed and submitted to IRSRC in fulfillment of any Contract(s).
- 9.7 The Contractor shall fully comply with the internal auditing standards for the Government of Canada and the standards and practices of the Institute of Internal Auditors (IIA).

The TBS Policy and standards can be found at the following internet website: www.tbs-sct.gc.ca

The Institute of Internal Auditors can be found at the following internet website: www.theiia.org

SW 10 CONTRACTOR RESPONSIBILITIES

In fulfilling the terms and conditions of any resultant Contract(s), the Contractor shall:

- 10.1 Provide a mutually agreed-upon principal contact person for each Contract, who shall be actively involved in, and responsible for, all activities undertaken;
- 10.2 Confirm with IRSRC, in writing, the receipt and successful completion of all Contract requests;
- 10.3 Work in conjunction and close contact with IRSRC personnel and other Contractors, and ensure that IRSRC personnel are acquiring appropriate expertise and knowledge transfer from the Contractor;
- 10.4 Complete assigned work according to pre-defined schedules and standards;
- 10.5 Provide Quality Assurance monitoring on all deliverables, and
- 10.6 As required, liaise with the IRSRC Project Authority for meetings, project reviews and other related project management activities.

SW 11 DEPARTMENTAL SUPPORT

- 11.1 IRSRC's Project Authority will provide the Contractor with the Contract documents, which will contain at a minimum, a description of the requirement, and the specific Resource Categories required to complete the project.
- 11.2 The IRSRC Project Authority will be named in individual Contract(s) documents. Alternative representatives will be made available in the event that the named IRSRC Project Authority is not available.
- 11.3 IRSRC will provide the following to the Contractor, as required for the completion of the work under this Contract:



- 11.3.1 Access to all necessary data and documents, such as audit, evaluation and review services information, methodologies and other data and documents as required;
- 11.3.2 Access to appropriate Departmental personnel and subject matter experts from within the organization to discuss and provide content material, as well as facilitate cooperation with IRSRC end-user and/or client representatives and other stakeholders, as required;
- 11.3.3 Access to on-site work area(s) and computer systems/software, as required;
- 11.3.4 Review of reports/submissions, as required, and the provision of comments/suggested revisions, in a timely manner;
- 11.3.5 Any other information, data and/or assistance which is not readily available to the Contractor and is required to complete the tasks and deliverables; and
- 11.3.6 Should travel be required to Indian Residential Schools and other locations, as specified under any resulting Contract, IRSRC's Project Authority will provide the Contractor with the applicable number of Visitor Passes.
- 11.4.1 In addition to the reports provided to IRSRC by the Contractor, IRSRC will monitor the Contractor's ongoing service levels by conducting review meetings with the Contractor on an as-and-when-required basis, to monitor Internal Audit, Review and Professional Practices Services progress, as well as to exchange information relevant to: chronic problem areas, action plans, and pending planning activity.

SW 12 LOCATION OF WORK AND TRAVEL

- 12.1 The primary location of work under the Contract shall be the Contractor's facilities, unless stipulated otherwise within the Contract document(s).
- 12.2 The Contractor shall be available to meet at IRSRC's National Capital Region (NCR) facilities, if required. The Contractor shall be responsible for all costs related to its own personal expenses within the NCR, as well as all expenses involving travel to and from the NCR from its permanent work-site location.
- 12.3 Specific to any resulting Contract, there may be a requirement for the Contractor to travel to Indian Residential Schools or other locations to provide Internal Audit, Review and Professional Practices Services. Should travel be required, as specified under any resulting Contract, all costs will be reimbursed in accordance with the Treasury Board Travel Directive. All Contractor travel must be authorized in advance by the IRSRC Project Authority.

W 13 CONSTRAINTS

- 13.1 There are no unique or exceptional risks or constraints anticipated that may impact the Contractor in fulfilling its obligations under the Contract.



14 LANGUAGE OF WORK

- 14.1 As a Department of the federal government, IRSRC is required under the *Official Languages Act* to provide its services in either official language of Canada. As such, and given the nature of the requirements, the Contractor shall have the capacity to provide services and deliverables in both English and French, when required. Specific language requirements will be defined within individual Contracts.

SW 15 GREEN PROCUREMENT AND SERVICES

- 15.1.1 The Contractor shall ensure, where possible, that all materials employed and work methods utilized by both the Contractor and its deployed resources shall accommodate IRSRC's commitment to the Government of Canada's Green Procurement Strategy.



ANNEX "B"
BASIS OF PAYMENT OF THE CONTRACT

1.0 WORK STREAMS:

The Contractor will be paid the following firm per diem rates to the specified ceiling price for costs reasonably and properly incurred in the performance of all work and services on each Stream as described in Annex "A"-Statement of Work during the period of the Initial Contract Period.

Initial Contract Period: From Date of Contract award to December 31, 2010

DELIVERABLE	CATEGORY AND LEVEL OF PERSONNEL	FIRM PER DIEM RATE (\$)	
		Option Year 1	Option Year 2
STREAM 2	Partner		
	Manager		
	Senior Auditor		
	Auditor		
STREAM 3	Partner		
	Manager		
	Senior Auditor		
	Auditor		

s.20(1)(b)

Subject to Canada exercising the Contract option to extend the Contract period, the Contractor will be paid the following firm per diem rates to the specified ceiling price for costs reasonably and properly incurred in the performance of all work and services on each report type and for the translation of the report types as described in Annex "A"-Statement of Work during the period of the Contract extension.

Option Year 1: January 1, 2011 to December 31, 2012
Option Year 2: January 1, 2012 to December 31, 2013

*Dates should be:
Jan 1/2011 - Dec 31/2011
Jan 1/2012 - Dec 31/2012*

DELIVERABLE	CATEGORY AND LEVEL OF PERSONNEL	FIRM PER DIEM RATE (\$)	
		Option Year 1	Option Year 2
STREAM 2	Partner		
	Manager		
	Senior Auditor		
	Auditor		
STREAM 3	Partner		
	Manager		
	Senior Auditor		
	Auditor		

s.20(1)(b)



1.6 Task Authorizations

For work to be performed pursuant to a Task Authorization, the Contractor will be paid its costs reasonably and properly incurred in the performance of the Work under the Task Authorization, to the ceiling price specified in the applicable Task Authorization document, which shall be established based on the per diem rates for the Contract Year and Option periods, if applicable.

- 3.0. **Travel and Living Expenses:** The Contractor will be paid its authorized travel and living expenses, reasonably and properly incurred in the performance of the Work, at cost, without any allowance for overhead or profit, in accordance with the meal, private vehicle and incidental allowances specified in Appendices B, C and D of the Treasury Board (TB) Travel Directive http://www.tbs-sct.gc.ca/hr-rh/gtla-vgcl/index_e.asp, and with the other provisions of the directive referring to “travellers”, rather than those referring to “employees”.

All travel must have the prior authorization of the Technical Authority.

- 4.0 **Total Estimated Cost to a Limitation of Expenditure: \$ 2,000,000.00 (GST/HST extra)**



TERMS OF PAYMENT

TP1 Payment for the satisfactory performance of the work under this agreement shall be in accordance with the rates provided in Appendix "C.1", Fee Schedule, FSI for actual work performed and the method of payment shall be detailed in the Call-up document.

The Supply Arrangement amount is only an estimate and the Contractor shall be paid only for those services carried out to the satisfaction of the Departmental Representative.

Maximum Authorized Fees

Fees in accordance with Appendix "C.1", Fee Schedule.

Miscellaneous administrative expenses directly related to the work under this agreement as may be authorized by the Departmental Representative.

Actual and reasonable travel expenses for transportation, accommodation, meals and incidentals incurred by the Contractor as may be authorized by the Departmental Representative.

Maximum GST Payable 5%

TP2 This Supply Arrangement value shall not be exceeded without the approval of the contract signing authority.

TP3 Payments in accordance with the Terms of Payment herein will be made to the Contractor upon receipt of invoices therefore approved by the Departmental Representative for satisfactory performance of this agreement. It is understood and agreed that the Departmental Representative shall be the final judge concerning the quality and acceptability of the work.

TP4 **For contracts with administrative expenses:** The reimbursement of the miscellaneous expenses as authorized under TP1 shall be contingent upon the submission by the Contractor of invoices and original receipts supporting such expenses as applicable, and/or a Statement of Expenses which shall set out the purpose and cost of each expense incurred.

TP5 **For contracts with travel expenses:** The travel and accommodation expenses shall not exceed the charges allowed in the current issue of the Treasury Board Travel Directive as set out within this document under the section "Travel Expenses Information". These expenses shall be substantiated to the satisfaction of the Departmental Representative with the supporting documents and original receipts as required by the said Directive.

TP6 **For contracts with administrative and travel expenses:** The respective allowances for miscellaneous administrative expenses and for travel expenses are estimates only, and where the cumulative expenses incurred under one of these two allowances exhaust and thereafter exceed the stated maximum, the overage may be paid out of the balance of funds remaining in the other allowance.

Notwithstanding the foregoing, the must, in advance of the required draw against the other allowance, advise the Departmental Representative and obtain his/her concurrence that the expenses requiring this action are necessary to the conduct of the work. All such expenses must be substantiated by receipts or statement of expenses in accordance with the instructions set out herein.



APPENDIX "C" TERMS OF PAYMENT

- TP7** Payment will be issued to the Contractor 30 days after the work (or part thereof, where provided for under TP1) is satisfactorily completed and an invoice received therefor. Where payment is not made within the 30 day payment period, and where the government is responsible for the delay, interest will be paid on the invoice amount at the Bank of Canada rate in effect on the date on which the amount is paid, plus 3%.
- TP8** Interest is payable on acceptable invoices that are not paid within the 30 day payment period. Interest will not be paid on invoices paid within the 30 day payment period. Interest will not be paid on an interim basis; nor will interest be paid on interest charges. In respect of interest amounts which are less than ten dollars (\$10.00) in value, said interest shall not be paid unless the Contractor so demands by means of written communication to the Departmental Representative. Interest payments in excess of ten dollars (\$10.00) will be paid automatically.
- TP9** The period for which interest will be paid will be from the day after the end of the 30 day payment period to the date that payment is issued.
- TP10 For GST or HST Registrants:** Any amount levied against Her Majesty in respect of the federal Goods and Services Tax (GST) or Harmonized Sales Tax (HST) shall be shown separately on all invoices and claims for progress payments submitted by the Contractor. The appropriate GST or HST levy shall be paid from the Government of Canada Refundable Advance Account to the Contractor in addition to the amounts paid from the departmental appropriation for the work done. The Contractor agrees to remit the GST or HST to the Canada Customs and Revenue Agency.

11 INVOICING INSTRUCTIONS

11.1 Send one copy with all required receipts to:

Fred Gloade
Indian Residential Schools Resolution Canada
90 Sparks Street
Ottawa, ON K1A 0H4
Internal Audit, Review and Professional Practices Service Contract Invoice
Supply Arrangement #

Supplemental Invoicing Instructions

Pursuant to paragraph 221 (1) (d) of the *Income Tax Act*, payments made by departments and agencies under applicable service contracts must be reported on a T1204 supplementary slip. To comply with this requirement, Contractors are required to provide the following information on each invoice:

- a) the legal name of the entity or individual, as applicable, i.e. the name associated with the Social Insurance Number or Business Number (BN), as well as the address and the postal code;



APPENDIX "C" TERMS OF PAYMENT

- b) the status of the Contractor, i.e. individual, unincorporated business, or corporation;
- c) for individuals and unincorporated businesses, the Contractor's SIN and, if applicable, the BN or if applicable, the Goods and Services Tax (GST) Harmonized Sales Tax (HST) number;
- d) for corporations, the BN, or if this is not available, the GST/HST number. If there is no BN or GST/HST number, the T2 Corporation Tax number must be shown; and
- e) the following certification signed by the Contractor or an authorized officer:

"I certify that I have examined the information provided above, including the legal name, address, and Canada Customs and Revenue Agency identifier, c) or d) as applicable, and that it is correct and complete, and fully discloses the identification of this Contractor."

TRAVEL EXPENSE INFORMATION

1. The following are the maximum rates allowed in the current issue of the Treasury Board Travel Directive and in accordance with the Special Travel Authorities of Treasury Board. Some rates are subject to change every April 1st and October 1st of each year.

Air Travel The standard for air travel is economy class only. Under no circumstances will the Department defray the cost of business class travel by a Contractor. The Department may limit the reimbursement of the air travel portion when the lowest appropriate rate is not obtained.

Rail Travel The standard for rail travel is the next higher class after the full economy class.

Taxis Receipts are only required to justify individual taxi fares in excess of ten dollars (\$10.00).

Private Motor Vehicles Privately-owned vehicles are only to be used in instances where the use of a privately-owned vehicle is cost-effective in relation to commercial transportation, and, upon prior authorization of the Departmental Representative identified in the contract.

Insurance premiums related to the use of privately-owned vehicles are the responsibility of the Contractor. Contractors may request reimbursement of parking through the submission of receipts.



APPENDIX "C" TERMS OF PAYMENT

The following kilometric rates (taxes included) are applicable effective April 1, 2008:

Cents/km (Taxes Included)			
<i>British Columbia</i>	50.5	<i>New Brunswick</i>	49.0
<i>Alberta</i>	50.5	<i>Prince Edward Island</i>	49.5
<i>Saskatchewan</i>	46.5	<i>Newfoundland and Labrador</i>	53.0
<i>Manitoba</i>	48	<i>Yukon</i>	61.0
<i>Ontario</i>	52.5	<i>Northwest Terr.</i>	58.0
<i>Quebec</i>	55.5	<i>Nunavut</i>	58.0
<i>Nova Scotia</i>	50.0		

Hotels Contractors are expected to use moderately priced hotels. Only partial reimbursement of actual costs may be made by the Department should claims be for unreasonably high-priced accommodation.

Meals The following rates (taxes included) are applicable effective April 1, 2008.

<u>CANADA & USA</u>	<u>YUKON & ALASKA</u>	<u>NWT</u>	<u>NUNAVUT</u>
<i>Breakfast:</i> \$13.60	<i>Breakfast:</i> \$15.20	<i>Breakfast:</i> \$16.10	<i>Breakfast:</i> \$19.90
<i>Lunch:</i> \$12.85	<i>Lunch:</i> \$15.20	<i>Lunch:</i> \$16.65	<i>Lunch:</i> \$26.95
<i>Dinner:</i> \$36.30	<i>Dinner:</i> \$45.75	<i>Dinner:</i> \$52.25	<i>Dinner:</i> \$57.10

Incidental Expenses The Contractor may claim seventeen dollars and thirty cents (\$17.30) GST/HST inclusive for each day of stay in commercial accommodations.

2. Receipt Requirements

Only original receipts will be accepted from Contractors; photocopies of hotel bills, air/train tickets, taxi receipts, etc. are not claimable.

Receipts are required for the following:

1. *Air or ground transportation (e.g. train, bus, car rental, parking costs, etc.)*
2. *Taxis in excess of \$10.00.*
3. *Hotel accommodation.*



ANNEX "D"
TASK AUTHORIZATION FORM

TASK NO.:

TASK TITLE:

1.0 TO BE COMPLETED BY THE TECHNICAL AUTHORITY:

You are requested to consider the following task and to submit, without delay, your proposal for the performance of this Work, in accordance with the provisions of the TASK AUTHORIZATION clause of the above referenced contract.

DESCRIPTION: AS FOLLOWS ____; SEE ATTACHED _____

DELIVERABLES: AS FOLLOWS ____; SEE ATTACHED _____

REQUIRED DELIVERY DATE: _____

TECHNICAL AUTHORITY:

Name

Signature

Date

2.0 PRICE PROPOSAL - TO BE COMPLETED BY CONTRACTOR :

2.1 COST BREAKDOWN:

(a) LABOUR:

Name	Category	Rate	Days/Hours	Amount
Total Estimated Labour:				\$

Total Estimated Other Direct Expenses:

\$ _____



(c) **TRAVEL & LIVING** - The Contractor will be paid its authorized travel and living expenses, reasonably and properly incurred in the performance of the Work, at cost, without any allowance for overhead or profit, in accordance with the meal, private vehicle and incidental allowances specified in Appendices B, C and D of the Treasury Board (TB) Travel Directive http://www.tbs-sct.gc.ca/hr-rh/gtla-vgcl/index_e.asp, and with the other provisions of the directive referring to "travellers", rather than those referring to "employees".

All travel must have the prior authorization of the Technical Authority.

Specify: _____

Total Estimated Travel and Living:

\$ _____

TOTAL ESTIMATED COST:

\$ _____

(GST/HST extra, as applicable)

2.2 BASIS OF PAYMENT REQUESTED:

_____ Limitation of Expenditure	\$ _____	(GST/HST extra)
_____ Ceiling Price	\$ _____	(GST/HST extra)

2.3 METHOD OF PAYMENT:

_____ Progress payments.

CONTRACTOR:

_____	_____	_____
Name of person authorized to sign on behalf of Contractor	Signature	Date



3.0 APPROVALS:

Statement of Work:

The Contractor shall perform the Work in accordance with:

_____ the Statement of Work attached hereto.

_____ the Contractor's Technical Proposal for the Task Authorization,
dated _____.

*Remark: If clarifications were requested from the Contractor, add, as applicable: as clarified
by the Contractor's _____ dated _____.*

Deliverables:

_____ as specified in the Statement of Work attached hereto.

_____ as specified in the Contractor's Technical Proposal specified above for the Task

Authorization.

_____ as follows:

Specify: _____

Delivery Date(s): _____

APPROVED: _____

_____ Technical Authority Signature Date

APPROVED: _____

_____ PWGSC Contracting Authority Signature Date

**INDIAN RESIDENTIAL SCHOOLS RESOLUTION CANADA
TASK AUTHORIZATION FORM FOR:
CONTRACT # 9200-07-0040/04**

KPMG LLP
160 Elgin Street, Suite 2000
OTTAWA, Ontario K2P 2P8

Financial Coding: 1.120.3453.23206.0000.6015.0901

TASK NO.: 19

TASK TITLE: Recipient Audit of the Mi'kmaq Family and Children Services Agency

1.0 TO BE COMPLETED BY THE PROJECT AUTHORITY:

You are requested to consider the following task and to submit, without delay, your proposal for the performance of this work, in accordance with the provisions of the TASK AUTHORIZATION clauses of the above referenced contract.

DESCRIPTION: AS FOLLOWS _____; SEE ATTACHED_X_____

DELIVERABLES: AS FOLLOWS _____; SEE ATTACHED_X_____

REQUIRED DELIVERY DATE: March 31, 2012

PROJECT AUTHORITY:

Name

Signature

Date

A. Scott 07/03/12

2.0 PRICE PROPOSAL - TO BE COMPLETED BY CONTRACTOR :

2.1 COST BREAKDOWN:

(a) LABOUR:

Name	Category	Rate	Days/Hours	Amount
Brian Bost/Nancy Chase	Partner			
Phil Mostert/Jules Beaudet	Manager			
Arthur Smolarkiewicz	Auditor			
Total Estimated Labour:				\$83,450.00

s.20(1)(b)

Total Estimated Other Direct Expenses: \$ _____

(c) **TRAVEL & LIVING** - The Contractor will be paid its authorized travel and living expenses, reasonably and properly incurred in the performance of the Work, at cost, without any allowance for overhead or profit, in accordance with the meal, private vehicle and incidental allowances specified in Appendices B, C and D of the Treasury Board (TB) Travel Directive http://www.tbs-sct.gc.ca/hr-rh/gtla-vgcl/index_e.asp, and with the other provisions of the directive referring to "travellers", rather than those referring to "employees".

All travel must have the prior authorization of the Project Authority.

Specify: _____

Total Estimated Travel and Living: \$10,000.00
(GST/HST extra, as applicable)

TOTAL ESTIMATED COST: \$93,450.00
(GST/HST extra, as applicable)

2.2 BASIS OF PAYMENT REQUESTED:

Limitation of Expenditure \$ _____ (GST/HST extra)
 Ceiling Price \$ _____ (GST/HST extra)

2.3 METHOD OF PAYMENT:

Progress payments

CONTRACTOR:

Brian Bost
Name of person authorized to sign on behalf of Contractor

KPMG LLP March 7/12
Signature Date

3.0 **APPROVALS:**

Statement of Work:

The Contractor shall perform the Work in accordance with:

X the Statement of Work attached hereto.

X the Contractor's Technical Proposal for the Task Authorization, dated March 6, 2012.

Remark:

Deliverables:

X as specified in the Statement of Work attached hereto.

X as specified in the Contractor's Technical Proposal specified above for the Task Authorization.

X as follows:

Specify: _

Delivery Date(s): March 31, 2012.

APPROVED: _____ A. Scott 09/03/12
Project Authority Signature Date

APPROVED: Lina Brusseau L. Brusseau 2012/3/9
AANDC Contracting Authority Signature Date

RECOMMENDED: Marie Fort Marie Fort 4/1/12
AANDC RC Manager Signature Date

RECOMMENDED: Bonnie Altman Bonnie Altman 2012-03-08
AANDC Audit Director Signature Date

**Pages 866 to / à 868
are not relevant
sont non pertinentes**