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Aboriginal Peoples' Program Audit Report

Office of the Chief Audit and Evaluation Executive
Audit and Assurance Services Directorate

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List of Acronyms

AAB	Aboriginal Affairs Branch
AANDC	Aboriginal Affairs and Northern Development Canada
ALI	Aboriginal Languages Initiative
APD	Aboriginal Peoples' Directorate
APF	Approval and Payment Form
APP	Aboriginal Peoples' Program
ARC	Assessment Review Committee
AWPE	Aboriginal Women's Programming Element
CoE	Centre of Expertise
FAA	Financial Administration Act
FVA	Financial Viability Analysis
NAAA	National Aboriginal Achievement Awards
NAB	Northern Aboriginal Broadcasting
NAD	National Aboriginal Day
PCH	Canadian Heritage
PMERS	Performance Measurement, Evaluation and Risk Strategy
PRAM	Project Risk Assessment and Management
RAF	Recommendation and Approval Form
RBAP	Risk-Based Audit Plan
SYI	Scholarships and Youth Initiatives
TLA	Territorial Language Accords

Executive summary

Introduction

Canadian Heritage (PCH) works with Aboriginal peoples to celebrate and preserve their languages, cultures, histories and contributions as an integral part of Canadian diversity through the Aboriginal Peoples' Program (APP). The APP focuses primarily on strengthening cultural identity, encouraging the full participation of Aboriginal peoples in Canadian life, and supporting the continuation of Aboriginal cultures and languages as living elements of Canadian society. APP programming incorporates Aboriginal cultures and languages into community-driven activities designed to strengthen cultural identity.

On April 1, 2012, the programming for the Aboriginal Friendship Centres, Cultural Connections for Aboriginal Youth, and Young Canada Works for Aboriginal Urban Youth was transferred from PCH to Aboriginal Affairs and Northern Development Canada (AANDC). These resources were transferred at both the national and regional levels to improve the effectiveness of initiatives that support Aboriginal people living in urban areas. It also had a direct impact on the Aboriginal Affairs Branch (AAB). The AAB was incorporated into the Citizenship Participation Branch, Citizenship and Heritage sector, and became the Aboriginal Peoples' Directorate (APD).

The APP managed a budget of \$56.2M in transfer payment funding in the 2011–12 fiscal year and had 39 full-time equivalent positions. Following the transfer to AANDC of some elements and affiliated resources, the APP workforce was reduced to 23 full-time equivalent resources with a budget of approximately \$17.5M in transfer payment funding in the 2012–13 fiscal year.

The authority for this audit is derived from the Multi-Year Risk-Based Audit Plan (RBAP) 2013–14 to 2015–16 which was recommended by the Departmental Audit Committee and approved by the Deputy Minister in March 2013.

The objective of this engagement is to provide assurance that APP risk management, control and governance processes are in place and adequate. The sub-objectives are to:

1. Assess the effectiveness of the management control framework and the practices in place for overseeing, identifying, managing and mitigating the key risks related to the APP;
2. Assess the effectiveness and efficiency of key controls for the identification, monitoring, management and mitigation of risks regarding the APP's financial and operational performance; and
3. Assess the extent to which the APP is managed in compliance with relevant PCH and central agency policies, guidelines and expectations.

The scope of this audit covered the PCH management practices in place for the APP from April 1, 2011, until the completion of audit work in January 2014.

Key findings

Through the audit work, the audit team observed the following examples of good practices and improvements in the management and administration of the APP since it was last audited in 2009:

- The APP has substantially reduced reliance on third-party delivery of transfer payments for Aboriginal Languages Initiative (ALI);
- Tracking forms, assessment tools and checklists have been developed;
- Frequent communication with applicants and recipients was observed;
- Site visits are performed for projects delivered by a third party and Recipient Audits are conducted in collaboration with the Centre of Expertise;
- Performance targets were recently developed and included in the Program's Performance Measurement, Evaluation and Risk Strategy (PMERS);
- Improvements have been made to the funding approach for the National Aboriginal Broadcasting element. Formally named funding recipients, recipient selection and the funding process have been adjusted and are open, transparent and merit-based; and
- The use of project assessment and project performance indicators has improved.

GOVERNANCE

Although there are no formal terms of reference for the Assessment Review Committee and decisions are not formally documented, the audit findings indicate that the APP governance framework provides structures, processes, roles and responsibilities, and accountabilities that are clearly communicated, and understood.

INTERNAL CONTROL

The audit findings indicate that:

- Financial records are properly managed and periodically verified; however, non-financial records are not consistently understood, treated and managed;
- APP payment procedures and assessment practices are generally aligned with departmental and other relevant central agency requirements. However, the APP internal procedures manual relating to specific program procedures and practices is outdated and contains inaccurate or incomplete information, and is not applied consistently; and
- Limited processes and practices for gathering feedback are in place; however, feedback is not systematically compiled and analyzed.

RISK MANAGEMENT

The audit findings indicate that, in spite of the fact that mechanisms and tools exist to systematically identify, assess, mitigate, monitor and report on risks in achieving the APP objectives, they are inconsistently applied.

Recommendations

GOVERNANCE

The Director General, Citizen Participation Branch, should formalize existing Assessment Review Committee roles and responsibilities, accountabilities and decisions by:

- Developing terms of reference for the Assessment Review Committee;
- Establishing a practice of preparing written records of decisions related to assessment reviews of APP project files through the Assessment Review Committee.

INTERNAL CONTROL

The Director General, Citizen Participation Branch, should:

- Formalize the records reconciliation process;
- Establish the practice of archiving program and project procedures;
- Ensure that the APP implements a formalized approach to collect and analyze the feedback obtained from recipients.

The Director, APP, should ensure that:

- The procedures manual is up to date and maintained on an ongoing basis;
- The APP staff members receive appropriate and periodic training on APP procedures;
- The APP's use of established procedures and processes is monitored and reinforced.

RISK MANAGEMENT

The Director, APP, should ensure a consistent understanding and application of the requirements for project assessment and the evidence to be included in the official project file.

Statement of Conformance

In my professional judgment as Chief Audit and Evaluation Executive, the audit was conducted in accordance with the Internal Auditing Standards for the Government of Canada. A practice inspection has been conducted and is awaiting approval.

Audit opinion

In my opinion, the Aboriginal Peoples' Program is generally controlled, but requires improvements in the following areas: risk management, control and governance processes concerning the formal documentation of project review and challenges; feedback from recipients on program performance; consistently maintaining and applying APP procedures; and information and record management completeness and reconciliation.

Original signed

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1. Introduction and context

1.1 Project Authority

The authority for this audit is derived from the 2013–14 to 2015–16 Multi-Year Risk-Based Audit Plan (RBAP) which was recommended by the Departmental Audit Committee and approved by the Deputy Minister in March 2013.

1.2 Background

Canadian Heritage (PCH) works with Aboriginal peoples to celebrate and preserve their languages, cultures, histories and contributions as an integral part of Canadian diversity through the Aboriginal Peoples' Program (APP).

The APP focuses primarily on strengthening cultural identity, encouraging the full participation of Aboriginal peoples in Canadian life, and supporting the continuation of Aboriginal cultures and languages as living elements of Canadian society. APP programming incorporates Aboriginal cultures and languages into community-driven activities designed to strengthen cultural identity.

On April 1, 2012, the Aboriginal Friendship Centres, Cultural Connections for Aboriginal Youth, and Young Canada Works for Aboriginal Urban Youth programming was transferred from Canadian Heritage to Aboriginal Affairs and Northern Development Canada (AANDC). These resources were transferred at both the national and regional levels to increase the effectiveness of initiatives that support Aboriginal people living in urban areas. It also had a direct impact on the Aboriginal Affairs Branch (AAB). The AAB was incorporated into the Citizenship Participation Branch, Citizenship and Heritage sector, and became the Aboriginal Peoples' Directorate (APD).

The APP continues to provide investments that help support the efforts of Aboriginal communities to develop and deliver innovative and culturally appropriate projects through funding elements such as the Aboriginal Women's Programming Element (AWPE), Aboriginal Language Initiative (ALI), Northern Aboriginal Broadcasting (NAB), Scholarships and Youth Initiatives (SYI), Territorial Language Accords (TLA), National Aboriginal Day (NAD), and the National Aboriginal Achievement Awards (NAAA). Except for the AWPE which is delivered by PCH regional offices, all programming elements are delivered by the National Office. The TLA are respectively delivered in conjunction with the Government of the Northwest Territories and the Government of Nunavut.

The APP funding elements, listed above, that are offered to eligible Aboriginal organizations are described in Appendix B.

The APP managed a budget of \$56.2M in transfer payment funding during the 2011–12 fiscal year and had 39 full-time equivalent positions. After the transfer of some program elements and resources to AANDC, the APP had a work force of 23 full-time equivalent resources, with a budget of approximately \$17.5M in transfer payment funding in fiscal year 2012–13.

Funding for the Aboriginal Language Initiative (ALI) will end on March 31, 2014. The APP is in the process of renewing this program element's funding.

2. Objective

The preliminary objective of this engagement identified in the 2013–14 to 2015–16 Risk-Based Audit Plan is to provide assurance that risk management, control and governance processes for the program are in place and are adequate.

The sub-objectives of the audit are to:

1. Assess the effectiveness of the PCH management control framework and practices in place to oversee, identify, manage and mitigate key risks related to the APP;
2. Assess the effectiveness and efficiency of key controls for the identification, monitoring, management and mitigation of risks in the APP's financial and operational performance; and
3. Assess the extent to which the APP is managed in compliance with relevant PCH and central agency policies, guidelines and expectations.

3. Scope

This audit covered a period beginning April 1, 2011, to the completion of audit work in January 2014.

The audit sub-objectives and criteria were identified by the audit team following a preliminary assessment of core management controls and an assessment of APP management risks. The audit included the management of all elements of the APP, including program activities undertaken in the national program office and in three regional offices.

4. Approach and methodology

All audit work was conducted in accordance with the Treasury Board Secretariat's *Internal Auditing Standards for the Government of Canada* and *Policy on Internal Audit*, and the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*.

Audit criteria identify the standards against which an assessment is made and form the basis for the audit work plan and conduct of the audit. Audit criteria are specific to each

audit's objectives and scope. The detailed audit criteria for the Aboriginal Peoples' Program audit objectives are provided in Appendix A. Audit criteria were developed based on the Treasury Board Secretariat's *Audit Criteria related to the Management Accountability Framework* and policies and directives relevant to grant and contribution programs and third party delivery models, including Treasury Board's *Policy on Transfer Payments*.

The audit methodology included:

- Reviewing APP and PCH's documentation, guidelines and procedures, policies and processes relevant to third party delivery;
- Conducting interviews with 13 representatives from the APP organization at headquarters, four representatives from regional offices, two representatives from the Citizenship and Heritage sector's resource management, and one representative from the departmental grants and contributions Centre of Expertise;
- Reviewing a stratified sample of APP application and project-related file documentation stratified by fiscal year, program element and status; and
- Analyzing information obtained through a review of documentation and interviews.

5. Observations and recommendations

This section presents the observations made during the fieldwork conducted in the Aboriginal Peoples' Program audit. The observations are based on a combination of the evidence gathered through documentation and file review and testing, analysis, and interviews conducted for each audit criterion. Appendix A provides a summary of all findings and conclusions for each of the criteria assessed by the audit team.

5.1 Governance

5.1.1 APP governance framework

Although there are no formal terms of reference for the Assessment Review Committee and decisions are not formally documented, the audit findings indicate that the APP governance framework provides structures, processes, roles and responsibilities, and accountabilities that are clearly communicated, and understood.

The audit team expected to find that the Aboriginal Peoples' Program (APP) was managed through an appropriate management structure and business processes. The roles, responsibilities and accountabilities of program officers, supervisors and managers were expected to be clearly defined and effectively communicated. Further, sound program and project governance requires documentation that demonstrates the review, challenge and disposition of applications for program funding. The audit team reviewed the APP's organizational chart and related job descriptions, examined annotated agendas from the Assessment Review Committee, and interviewed APP program officers, supervisors and managers.

The APP governance structure includes three (3) separate managers and a senior program advisor, each reporting to the Director, Aboriginal Peoples' Program:

- Manager, Policy – Provides policy advice to Senior Manager; responsible for Briefing Notes, MCs and other policy documents as required.
- National Manager, APP – Liaises with regional management for the delivery of the AWPE, manages G&C budget and approval process, supports corporate reporting, and manages Treasury Board submission.
- Manager, Treaty Unit – Responsible for providing analysis and input into Aboriginal treaty negotiations, ensures the Minister's interests in culture and heritage and reflected in treaties (domestic and international), provides advice to the Department on the legal duty to consult.
- Senior Program Advisor – Lead on program policy, audit and evaluations, recipient audits, and third party contribution agreements.

Based on interviews with the Assessment Review Committee (ARC) members, the ARC does not have terms of reference. Interviews confirmed that the ARC is not an oversight committee, but rather an internal decision-making committee, chaired by the Director, APP, to review and challenge program officers' funding application analyses and recommendations. The members of the ARC are the National Manager and the two supervisors. Interviews confirmed that the members of the ARC and APP personnel have a clear understanding of their roles and responsibilities, which were communicated to them through meetings.

By reviewing the procedures manual and confirming through interviews, the audit team observed that recommendations on projects such as ALI funding requests are presented, challenged and defended at the ARC, thus underscoring the importance of this committee in the decision-making process.

It was confirmed through interviews and a review of documentation that there is no evidence of ARC records of decision; there are only agendas on which the various ARC members take notes. The formal documentation of ARC related decisions, roles, responsibilities, and accountabilities may not have been a priority for the Program as there is no departmental requirement for programs to have an independent oversight body.

Risk assessment

Without terms of reference for the ARC, there is a risk that roles, responsibilities, and accountabilities will not be transferred and understood properly when new members join the Committee.

There is a risk that the Aboriginal Peoples' Program does not demonstrate full transparency in the assessment review of project files without evidence of ARC records of decision. There is also a risk that ARC decisions will be misinterpreted, or that action will not be taken or follow-up not conducted.

Recommendation

1. The Director General of the Citizen Participation Branch should formalize existing ARC roles, responsibilities, accountabilities and decisions by:
 - 1.1 Developing terms of reference for the ARC;
 - 1.2 Establishing a practice of preparing written records of decisions related to the assessment review of APP project files through the ARC.

5.2 Internal control

5.2.1 Financial and non-financial records

Financial records are properly managed and periodically verified; however, non-financial records are not consistently understood, treated and managed.

The audit revealed that different record management systems are in place at the APP; the audit team expected to find a reconciliation process to ensure consistency between various records. A comparison of the latest procedures manual to recent directions provided by APP management was conducted to ensure it has been updated. The audit team reviewed a sample of 39 project files to assess the completeness of project documentation, as prescribed in the APP procedures manual, including appropriate evidence of analysis and rationale.

Interviews with APP staff and management indicated that there was some confusion within APP concerning what should be considered official project files or records. While some considered that the information available in GCIMS to be official records, others indicated that paper files should be considered official records.

While the version of the APP procedures manual obtained by the audit team did not contain any indication regarding project records reconciliation, the team was unable to obtain previous versions of the procedures manual. The manual is updated as needed; however, interviews revealed that it was last updated in summer 2012. Without proper archives of APP procedures, it is difficult to determine whether project files have been historically compliant with program and project requirements. Furthermore, improvements in program and project administration and operations cannot be assessed and confirmed.

The review of files showed inconsistencies in the use of required checklists and tracking forms. Testing of 19 APP project files approved for funding showed that 13 files did not

contain an open file checklist in the file, and 14 did not have an intake and open file tracking form.

Risk assessment

Clear understanding of the reconciliation process will ensure better record management and support the accuracy of the information used by management for decision making.

Recommendations

2. The Director General, Citizen Participation Branch, should:
 - 2.1 Formalize the records reconciliation process;
 - 2.2 Establish a practice for archiving program and project procedures.

5.2.2 APP procedures and practices

The result of the Audit indicates that the APP payment procedures and assessment practices are generally aligned with departmental and other relevant central agency requirements. However, the APP internal procedures manual relating to specific program procedures and practices is outdated and contains inaccurate or incomplete information, and is not applied consistently.

Audit procedures included inquiries on whether the information included in APP project recommendations is reviewed and challenged, and how this is done. The audit team analysed the rationales to determine their completeness and accuracy. A review of the APP procedures manual was conducted as part of a review of PCH's guidelines and grants and contributions policies. Evidence gathered included the examination of a sample of project files from various officers for completeness and accuracy of information and evidence of supervisory review.

The audit confirmed that a procedures manual is in place within APP to guide the program officers in processing applications; however, the manual is outdated and contains inaccurate or incomplete information.

The audit did not find evidence of procedures specific to the Territorial Language Accords (TLA). It was noted that no specific training is offered to APP staff pertaining to the procedures manual.

The audit team observed that redirected files are not scanned or archived, as per the program's procedures manual. A review of project paper files that were approved for funding revealed that 8 out of 19 files did not contain formal evidence of supervisory review.

Risk assessment

Identified weaknesses in the procedures manual contribute to a risk that application files will not be processed in a manner consistent with the established administrative standards, and PCH and central agency policies, guidelines and expectations.

There is a risk of inconsistency in the administration of agreements without a clear and specific procedure for the TLA.

Without training on the procedures manual, a misinterpretation or misunderstanding of the manual could result in inconsistent project analyses and supporting documentation in project files.

Recommendations

3. The Director, APP, should ensure that:
 - 3.1 The procedures manual is up to date and maintained on an ongoing basis;
 - 3.2 APP staff members receive appropriate and periodic training on APP procedures;
 - 3.3 The use of established procedures and processes within APP is monitored and reinforced.

5.2.3 Feedback gathering and analysis

Limited processes and practices for gathering feedback are in place; however, feedback is not systematically compiled and analyzed.

The aim is to determine whether APP management solicits feedback from program officers, recipients, applicants and other stakeholders concerning program administration, orientation and policy-making in order to enhance program results and efficiency.

Treasure Board's *Directive on Transfer Payments* (6.9) states in part that programs responsible for the management of transfer payments to Aboriginal recipients and transfer programs that are specifically targeted to Aboriginal people are responsible for ensuring that there is focussed and sustained leadership in working toward consistent approaches that are more reflective of the needs of Aboriginal people, with emphasis on the recipient engagement strategy.

Based on interviews, the APP gathered recipients' feedback through site visits and telephone surveys. These revealed that the recipients were selected to participate in a telephone survey based on their history of responding quickly. The audit team did not find any evidence of analysis of feedback received.

The program funding recipients are given an opportunity to include project feedback by way of a comment section in final project activity reports. The audit team's review of project files and subsequent follow-up audit efforts did not identify evidence of any analysis, synthesis or corresponding action resulting from the recorded comments.

Risk assessment

The recipient selection method for the telephone survey may be selective and may not allow for effective feedback.

Without feedback from applicants, there is a risk that the APP may not take into account information that could impact program orientation, administration, policy-making, or ultimately, its expected results and efficiency.

Recommendation

4. The Director General, Citizen Participation Branch, should ensure that the APP implements a formalized approach to collect and analyze the feedback obtained from recipients.

5.3 Risk management

5.3.1 Application of risk management mechanisms and tools

The audit findings indicate that, in spite of the fact that mechanisms and tools exist to systematically identify, assess, mitigate, monitor and report on risks in achieving the APP objectives, they are inconsistently applied.

The audit examined the risk management mechanisms and tools used by the APP, and assessed whether these mechanisms and tools were appropriate and sufficient to adequately mitigate and monitor risks identified by the program. Key documents were analyzed to confirm whether risks related to the objectives of the program delivered by third party organizations have been identified. The audit also interviewed APP management and personnel to confirm the risk management practices used to identify, assess, prioritize, mitigate and monitor risks identified by the program.

A sample of 19 APP project files approved for funding was tested. The audit test revealed that a Project Risk Assessment and Management (PRAM) tool was completed in accordance with the PCH directive in 14 files. In three cases, the audit team could not find the risk factor related to the environmental scan in the paper file, but other risk factors and the risk assessment summary were included in the file. In two other cases, there was no PRAM for Territorial Language Accords (TLA) projects, yet according to the Department's *Directive on Project Risk Assessment and Management*, such projects should not have been excluded.

The Program assesses applications using a project assessment tool and a budget analysis tool with both forms being developed internally to supplement work completed in the actual system. The audit noted that of the 19 files tested six cases of assessment and seven of the budget analysis forms were not completed.

Risk assessment

A complete project assessment with supportive analysis will address areas of potential concern and support recommendations.

Recommendation

5. The Director, APP, should ensure a consistent understanding of the requirements for project assessments and evidence to be included in the official project file.

Appendix A – Audit criteria

Appendix A – Audit criteria

The conclusions reached for each of the audit criteria used in the audit were developed according to the following definitions:

Numerical Categorization	Conclusion on Audit Criteria	Definition of Conclusion
1	Well Controlled	<ul style="list-style-type: none"> • well managed, no material weaknesses noted; and • effective.
2	Controlled	<ul style="list-style-type: none"> • well managed, but minor improvements are needed; and • effective.
3	Moderate Issues	<p>Has moderate issues requiring management focus (at least one of the following two criteria need to be met):</p> <ul style="list-style-type: none"> • control weaknesses, but exposure is limited because likelihood of risk occurring is not high; • control weaknesses, but exposure is limited because impact of the risk is not high.
4	Significant Improvements Required	<p>Requires significant improvements (at least one of the following three criteria need to be met):</p> <ul style="list-style-type: none"> • financial adjustments material to line item or area or to the department; or • control deficiencies represent serious exposure; or • major deficiencies in overall control structure. <p>Note: Every audit criteria that is categorized as a “4” must be immediately disclosed to the CAEE and the subjects matter’s Director General or higher level for corrective action.</p>

The following are the audit criteria and examples of key evidence and/or observations noted which were analyzed and against which conclusions were drawn.

Audit Sub-Objective 1: To assess the effectiveness of the management control framework and practices in place to oversee, identify, manage and mitigate key risks related to the APP.			
Criteria	Audit Criteria	Conclusion	Examples of Key Evidence/Observation
1.1	The Aboriginal Peoples' Program (APP) governance framework includes structures, processes, roles, responsibilities, and accountabilities that are clearly defined, communicated, and understood.	2	<p>The Assessment Review Committee (ARC) is not an oversight committee, but rather an internal decision-making committee that uses project recommendations, and is chaired by the Director, APP.</p> <p>Based on interviews with ARC members, the ARC does not have formal terms of reference. An examination of the organizational chart provides evidence that an appropriate governance structure is in place.</p> <p>Based on a review of job descriptions, it was confirmed that specific responsibilities are clearly defined, and in the case of supervisory positions, there is a specific section on accountability.</p> <p>The appropriate individuals have access to the Grants and Contributions Information Management System (GCIMS), and access is limited to authorized personnel.</p>
1.2	Senior management and oversight bodies receive sufficient, complete and accurate decision-making information.	2	<p>Senior Management of APP, reported that they received the appropriate quantity and quality of information about program operations to identify and respond to challenges in a timely manner.</p> <p>There was no evidence of a project assessment review and challenge of recommendations on approved files by the ARC;</p>

			<p>moreover, there are no ARC records of decision or minutes.</p> <p>18 of the 19 APP project files approved for funding and reviewed included justification on how the recommended funding would impact the program's expected results (Recommendation and Approval Form).</p>
1.3	APP management uses independent oversight activities to monitor and provide assurance on the quality of risk management and due diligence in risk-based decision-making	1	<p>The departmental Centre of Expertise (CoE) for Programs has no specific requirement for an independent oversight body to monitor and provide assurance on the quality of risk management and due diligence in risk-based decision-making.</p> <p>Interviews confirmed that the CoE plays a role in monitoring APP management's compliance with departmental policies and procedures.</p> <p>The CoE performs no direct oversight of APP; however, it does conduct "enhanced monitoring" of projects and is involved in the audit of program recipients.</p>
1.4	Results expected from APP activities and objectives are clear, measurable, communicated, and directly support the achievement of the program's objectives.	1	<p>The Performance Measurement, Evaluation and Risk Strategy (PMERS) for APP has been documented and it includes performance measures and targets consistent with the expected outcomes defined in the contribution agreements.</p> <p>Performance measurement strategy targets and achievement dates were being developed at the time of the audit. The audit work did confirm that these had</p>

			<p>been developed by August 2013, following the transfer of some elements of the program.</p> <p>On April 1, 2012, some elements of the APP were transferred to Aboriginal Affairs and Northern Development Canada (AANDC). This change was reflected in the financial resources and new utility model approved in spring/summer 2013.</p>
1.5	A mechanism exists to systematically identify, assess, mitigate, monitor and report on risks to achieving APP objectives and is documented.	3	<p>The testing of 19 APP project files approved for funding showed that the Project Risk Assessment and Management (PRAM) was completed in accordance with the PCH directive for 14 files. In three cases, the audit team could not find Risk Factor 1 (External Environment) in the paper file, but other risk factors, as well as the risk assessment summary were included in the file. In 2 cases, there was no PRAM for Territorial Language Accords (TLA) projects, yet according to the Department's Directive on Project Risk Assessment and Management, such projects should not have been excluded.</p> <p>In 7 out of 19 APP project files reviewed and approved for funding, the budget analysis tool was incomplete (either not included in the file or included but without analysis of expenses).</p> <p>In 6 out 19 of APP project files reviewed and approved for funding, the project assessment tool was incomplete (either</p>

			<p>absent, partially included in the file, or not signed).</p> <p>The interview revealed that there are no additional processes for identifying risks related to program elements delivered by third party.</p>
Audit Sub-Objective 2: To assess the effectiveness and efficiency of key controls in the identification, monitoring, management and mitigation of risks concerning the APP's financial and operational performance.			
2.1	<p>A budget for the APP is developed prior to the start of the fiscal year and APP management prepares monthly forecasts which are reviewed and compared with past program (expenditure) patterns/performance.</p>	2	<p>The audit team obtained and reviewed evidence of monthly projections, and compared planned expenditures, actuals and commitments</p> <p>Monthly forecasts are reviewed by APP management and explanations of variances by APP management are compiled by the Hub.</p> <p>A report that compares previous results with current ones is produced and shows the APP's financial situation as part of Citizen Participation Branch.</p> <p>The Audit team did not find evidence of a review and comparison with past program expenditure patterns/performance.</p>
2.2	<p>Payments made to recipient organizations are accurate, adequately supported and approved in accordance with the contribution agreements and the Treasury Board <i>Policy on Transfer Payments</i>.</p>	2	<p>15 of the 19 approved project files reviewed and tested contained Section-32 of the Financial Administration Act (FAA) signatures by the proper delegated authority.</p> <p>All of the approved project files reviewed and tested, except one, contained Section-34 FAA signatures by proper delegated authority.</p>

			<p>Payments are not authorized according to contribution agreement payment schedule for 14 of the 19 reviewed and tested APP project files that were approved for funding.</p>
2.3	<p>Expected results are monitored and communicated on a regular basis and support management decision-making.</p>	1	<p>Information received from the recipients is analyzed and compiled into various reports at different stages of the application.</p> <p>The recipient cash flow, budget, Financial Viability Analysis (FVA), and PRAM are used during the application eligibility process.</p> <p>The Recommendation and Approval Form (RAF) is a document produced by the program officer, reviewed by the supervisor recommending the project (with overall assessment and justification) to the manager/director for approval or rejection.</p> <p>The interim activity/progress report and the interim financial report are received from the recipient to ensure compliance with reporting requirements as per the contribution agreement and to ensure that all payment conditions have been met, before a payment can be released by APP.</p> <p>The payment analysis, the payment memo, and the Approval and Payment Form (APF) are prepared by the program officer and presented for management review</p>

			<p>(depending on risk level to CoE) with supporting payment analysis.</p> <p>The final report analysis is prepared by the program officer after receiving the final report from the recipient. This analysis compares expected results with outcomes.</p>
2.4	Financial and non-financial records are properly managed and periodically verified.	3	<p>The audit team was unable to obtain previous versions of the APP procedures manual.</p> <p>The procedures manual is updated as needed; however, interviews revealed that it was last updated in summer 2012.</p> <p>Based on interviews with APP staff, there is some confusion on what should be considered the official project file/records (i.e., GCIMS vs. paper file).</p> <p>There are discrepancies in the APP staff's understanding of the reconciliation process to ensure consistency between various records (GCIMS, SAP, paper file, Excel spreadsheet, G:/ drive, and Lotus Notes Library). There was no indication in the procedures manual regarding project record reconciliation.</p>
Audit Sub-Objective 3: To assess the extent to which APP is managed in compliance with relevant PCH and central agency policies, guidelines and expectations.			
3.1	The APP's procedures, guidelines and assessment practices are consistently applied within the Program, and are aligned with departmental and other relevant central agency requirements.	3	A procedures manual is in place at APP to guide the program officers through the various steps of processing an application; however, the manual is outdated and inconsistent, and it contains inaccurate or incomplete information.

			<p>There is no evidence of procedures specific to the Territorial Language Accords.</p> <p>Through interviews, the audit confirmed that no specific training is given to APP staff members on the procedures manual.</p> <p>Based on a file review, 8 out of 19 APP project files approved for funding did not contain evidence of supervisory review.</p> <p>Redirected files are not scanned and archived as per the program's procedures manual.</p>
3.2	Processes and practices related to change initiatives and feedback gathering are in place and well communicated on a timely basis.	2	<p>APP gathers recipients' feedback through site visits and telephone surveys. Recipients also have the opportunity to include project feedback in a comment section in final project activity reports.</p> <p>The audit team did not find any evidence of analysis of feedback received.</p>

Appendix B – APP funding elements for eligible Aboriginal organizations

Aboriginal Women’s Programming Elements (AWPE)

- Women’s Community Initiatives (WCI) – Supports Aboriginal women’s projects that address issues affecting them and their families, and that contribute to strengthening their cultural identity and traditions.
- Family Violence Initiative (FVI) – Supports community-based culturally appropriate approaches to addressing the issue of family and violence within Aboriginal families.
- Women’s Self-Government Participation Initiative (WSGP) – Supports Aboriginal women’s participation in self-government design and advancement.

Aboriginal Language Initiative (ALI)

Supports community-based projects that contribute to the revitalization and preservation of Aboriginal languages.

Northern Aboriginal Broadcasting (NAB)

Supports the production and distribution of Aboriginal audio and video content.

Through other funding arrangements, Canadian Heritage also supports Aboriginal peoples as follows:

Scholarships and Youth Initiatives (SYI)

Provides support to the National Aboriginal Achievement Foundation (NAAF) to provide scholarships and arrange career fairs for Aboriginal youth.

Territorial Language Accords (TLA)

Partnerships with the Government of the Northwest Territories and the Government of Nunavut for the preservation, development and enhancement of Aboriginal languages.

National Aboriginal Day (NAD)

Supports activities that provide opportunities to become better acquainted with the cultural diversity of Inuit, Métis and First Nations peoples, discover the unique accomplishments of Aboriginal people in fields as varied as agriculture, the environment and the arts, and celebrate their significant contribution to Canadian society.

National Aboriginal Achievement Awards (NAAA)

Supports the televising of the National Aboriginal Achievement Awards.

Appendix C – Management Action Plan

Project Title: Aboriginal Peoples' Program Audit

Management Action Plan			
5.1 Governance			
Recommendation	Actions	Who	Target Date
1. The Director General of the Citizen Participation Branch should formalize existing Assessment Review Committee roles and responsibilities, accountabilities and decisions by:	Agreed.		
1.1 Developing Terms of Reference for the Assessment Review Committee.	1.1 Terms and Reference for the Assessment Review Committee (ARC) clearly outlining roles and responsibilities will be developed in written form prior to the 2014-2015 assessment review.	Director General and Director	June 2014
1.2 Establishing the practice for written records of decisions related to the assessment review of APP project files through the Assessment Review Committee.	1.2 A mechanism to record decisions related to the assessment review of Aboriginal Peoples' Program (APP) project files through the ARC will be formalized and implemented for use in the 2014-2015 assessment review, and yearly after that.	Director General and Director	June 2014
5.2 Internal Control			

Recommendation	Actions	Who	Target Date
2. The Director General of the Citizen Participation Branch should:	Agreed.		
2.1 Formalize records reconciliation process.	2.1 We have begun to formalize the records reconciliation process by establishing guidelines on how to manage official records. These guidelines will be incorporated into the Procedures Manual.	Director General and Director	October 2014
2.2 Establish practice for archiving of program and project procedures.	2.2 An archiving process for program and project procedures is being established and incorporated into the Procedures Manual, in conjunction with the Departmental Record Keeping and Modernization Initiative (RKMI).	Director General and Director	October 2014
Recommendation	Actions	Who	Target Date
3. The Director of Aboriginal Peoples' Program should ensure that:	Agreed.		
3.1 The Procedures Manual is up-to-date and maintained on an ongoing basis.	3.1 The update of the Procedures Manual will be completed by the target date and will be updated on an ongoing basis	Director and National Manager	October 2014
3.2 APP staff receives appropriate and periodic training on APP procedures.	3.2 A training plan with appropriate training procedures for new and existing	Director and National	October 2014

3.3 The use of established procedures and processes within APP is monitored and reinforced.	<p>staff is currently being updated. All staff will be trained by fiscal year 2014-2015 and ongoing after that.</p> <p>3.3 The use of established procedures within the APP will be monitored and reinforced. A monitoring framework will be developed and communicated to those with appropriate accountability, at Headquarters and in the Regions, to ensure consistency and completeness. This document will be incorporated into the Procedures Manual.</p>	<p>Manager</p> <p>Director and National Manager</p>	September 2014
Recommendation	Actions	Who	Target Date
4. The Director General of the Citizen Participation Branch should ensure that APP implements a formalized approach to collect and analyse the feedback obtained from recipients.	<p>Agreed.</p> <p>A mechanism to collect and analyse feedback information obtained from recipients will be formalized and implemented for use in the 2014-2015, and yearly after that.</p>	Director General and Director	October 2014
5.3 Risk Management			
Recommendation	Actions	Who	Target Date

<p>5. The Director of APP should ensure consistent comprehension on the requirements for project assessment and evidence that should be included in the paper file.</p>	<p>Agreed.</p> <p>A revised standardized file assessment and management practice framework will be implemented within the existing Procedures Manual. The standardization will be communicated to all those with appropriate accountability, both at HQ and in the Regions.</p>	<p>Director and National Manager</p>	<p>June 2014</p>
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