



Aboriginal Affairs and
Northern Development Canada

Affaires autochtones et
Développement du Nord Canada

Aboriginal Affairs and Northern Development Canada

Internal Audit Report

Audit of the Implementation of the Child and Family Services Enhanced Prevention Focused Approach

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Audit and Assurance Services Branch

Project # 11-27

September 2012

CIDM #4394407

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ACRONYMS

AANDC	Aboriginal Affairs and Northern Development Canada
EPFA	Enhanced Prevention Focused Approach
ESDPP	Education and Social Development Programs and Partnerships
FNCFS	First Nations Child and Family Services
HQ	Headquarters
PEI	Prince Edward Island

EXECUTIVE SUMMARY

Background

The Aboriginal Affairs and Northern Development Canada's (AANDC) First Nations Child and Family Services (FNCFS) Program (“the Program”) resides under the Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector.

In 2006/07, the Program recognized that, due to increases in numbers of children coming into care and escalating maintenance costs, a new approach was necessary in order to effectively deliver child and family services. Since 1998/99, the annual funding for the FNCFS program has grown from \$238M to \$600M in 2011/12.

To keep step with a number of provinces shifting their own approaches to child and family services towards a greater emphasis on prevention the Program identified that implementing a prevention-based approach to child welfare would represent a more efficient way to improve child and family outcomes, and ultimately in the long term, reduce maintenance costs. The purpose of this approach is to allow for a more flexible method to funding a prevention-based approach for child welfare services on reserve, based on a prevention model that had initially been developed and implemented for a number of years in Alberta. On this basis, AANDC subsequently secured the approval for program authority and additional budget, over and above existing FNCFS budget allocations for the implementation of the new prevention approach.

In 2007, the Program started to roll out the new Enhanced Prevention Focused Approach (EPFA) on a province-by-province basis and the roll out process remains on track. The first framework for the prevention approach was introduced in Alberta and the enhanced prevention model is now underway in six provinces – Alberta, Saskatchewan, Nova Scotia, Quebec, PEI and Manitoba – reaching approximately 68 percent of First Nation children ordinarily resident on reserve across Canada.

The Program has been working with a number of provincial, territorial and First Nations partners in jurisdictions that have not yet transitioned to the EPFA (British Columbia, New Brunswick, Yukon, Ontario and Newfoundland and Labrador) to ensure their readiness for implementing the new funding approach. The goal is to have all remaining jurisdictions implementing the EPFA by 2014/15.

Under the six current frameworks, approximately \$451M of additional investment (over and above existing FNCFS budget allocations) has been secured for the implementation of the EPFA.

Audit Objective and Scope

The objective of this audit was to assess the adequacy and effectiveness of the controls supporting the implementation of the EPFA within the FNCFS Program.

The scope of the audit included the management controls that support the implementation, as well as the delivery and monitoring of prevention-focused FNCFS programming in the AANDC Regions where implementation is underway.

Observed Strengths

Throughout the audit fieldwork, the audit team observed examples of how controls are properly designed and are being applied effectively by Headquarters (HQ) and Regional management. This resulted in several positive findings which are listed below:

- Representatives from the Program at HQ work closely with the Regions and other stakeholders in the development of the implementation accountability frameworks and the costing models;
- In order to receive EPFA funding, the Agencies delivering the enhanced prevention services are required to provide business plans that are linked to Program objectives; and;
- All jurisdictions that are implementing the EPFA take an inclusive Tripartite approach to the implementation that includes representation from AANDC, the Province and the First Nations (through Tripartite Working Groups or equivalent).

Conclusion

Generally, control practices were found to be adequate; however, some opportunities for improvement were noted to strengthen management control practices in the following areas: governance; budgeting and planning; human resources; and, results & performance.

Recommendations

The audit team identified areas where control practices and processes could be improved, resulting in four recommendations.

The Audit and Evaluation Sector recommends that the Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector:

1. Ensure that more formal processes be put in place and documented that provide/demonstrate proper governance, accountability, approval and oversight for initial costing models, accountability frameworks, and actual implementation, leading to an overview of expenditures and results. AANDC HQ and Regions should then collaborate with partners to address any arising issues.
2. Ensure that the Program undertakes regular reviews (i.e. annually) of the implementation of EPFA in each jurisdiction that will include an assessment of the costing models and the development of and reporting against business plans both financially and on activity results. Agencies provide the Program with sufficient

information with respect to EPFA expenditures against the activities in the Agency business plans. AANDC HQ and Regions should then collaborate with partners to address any arising issues).

3. Establish a common set of outcome-based non-financial performance measures and baseline for EPFA. These should be communicated to all Regions and incorporated into Agency business plans. In addition, ensure that the development of the new Information Management system incorporates the ability to track and report on the performance measures and baseline.
4. Review the EPFA administrative structure and distribution of Human Resource needs of both HQ and the Regional Offices in order to determine an optimal and/or practical level of staffing necessary to efficiently administer and manage the EPFA.

1. BACKGROUND

1.1 *Enhanced Prevention Focused Approach*

In 2006/07, Aboriginal Affairs and Northern Development Canada's (AANDC) First Nations Child and Family Services (FNCFS) Program (“the Program”) recognized that, due to increases in numbers of children coming into care and escalating maintenance costs, a new approach was necessary in order to effectively deliver child and family services. The Program identified that implementing a prevention-based approach to child welfare would represent a better and more efficient way to improve child and family outcomes, and ultimately in the long term, reduce maintenance costs.

The funding for the FNCFS as a whole has reached some \$600M a year in recent years, including funding for the Enhanced Prevention-Focused Approach (EPFA). Total FNCFS funding has more than doubled since 1998/99 (\$238M) when the Department funded only 34 child welfare service providers and when half the funding went to Maintenance costs, the rest to Operations and Development activities. By 2007/08, Maintenance costs had increased to approximately \$300M, or some 60% of total FNCFS funding (excluding EPFA).

The purpose of the prevention focused approach is to allow for a more flexible method to funding a prevention-based approach for child welfare services on reserve, based on a prevention model that had initially been developed and implemented for a number of years in the Alberta Region. On this basis, AANDC subsequently secured the approval for program authority and additional budget for the implementation of the new prevention approach.

In 2007, the Program started to roll out the new Enhanced Prevention Focused Approach (EPFA) on a province-by-province basis. The first framework for the enhanced prevention focused approach was introduced in Alberta and the enhanced prevention model is now underway in six provinces – Alberta, Saskatchewan, Nova Scotia, Quebec, PEI and Manitoba – reaching approximately 68 percent of First Nation children ordinarily resident on reserve across Canada.

In April 2007, AANDC announced the first investment of \$98.1 million over five years, to implement a Tripartite Accountability Framework on the EPFA to Child and Family Services. In the February 2008 budget, \$10 million over 5 years for Nova Scotia and \$105 million over 5 years for Saskatchewan were allocated to this new approach. Also, in January 2009, Canada’s Economic Action Plan included additional investments of \$60 million over 5 years in Quebec and \$1.7 million over 5 years in Prince Edward Island to continue to move forward with implementing EPFA. By July 2010, \$177 million over five years was invested to implement the new EPFA to Child and Family Services in Manitoba.

To assist jurisdictions in the roll out of the EPFA, the Program provides basic guidelines that offer support to the Regions, recognizing that the Regions are also encouraged to adapt their implementation approach based on individual needs and circumstances. The guidelines include a Readiness Checklist and a Business Plan Template. The Program also works closely with the

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Region and other stakeholders (i.e. the Province and First Nation representatives) in the development of their EPFA accountability framework and costing model, which form the basis for the funding allocation to the Region.

The Program continues to discuss the implementation of the new approach with additional willing provincial/territorial and First Nation partners and the goal is to have all remaining jurisdictions implementing the EPFA by 2014/15.

The Program has been working with a number of provincial, territorial and First Nations partners in jurisdictions that have not yet transitioned to the EPFA (British Columbia, New Brunswick, Yukon, Ontario and Newfoundland and Labrador) to ensure their readiness for implementing the new funding approach. The preparations for ensuring EPFA readiness in British Columbia are at an advanced stage, and discussions in New Brunswick and Yukon are currently underway. For these three jurisdictions, the intent is to position the First Nations Child and Family Services program to request the required incremental funds.

The Program is also planning to begin formal engagement with Ontario and Newfoundland and Labrador this coming year with a view to moving forward on seeking a source of funds and subsequent approvals in 2014. Funding in Nunavut and the Northwest Territories is provided by the Department of Finance through transfer payments with the territorial governments.

AANDC provides the funding for the program but does not deliver the actual services of the program. Children are protected by provincial child welfare legislation and the delivery of services is a matter of provincial jurisdiction. AANDC provides FNCFS funding, which may include additional EPFA funding, to the individual Agencies (via allocations to the Regions) and, while there is an expectation that the Agencies operate within the overall budget envelope, they develop and set their own detailed budgets for the provision of services.

Under the six current frameworks, approximately \$451M of additional investment (over and above existing FNCFS budget allocations) has been secured for the implementation of the EPFA. The following table provides information on the level of EPFA investment for each of the six current frameworks over their initial five year period:

Framework	Number of Agencies	Implementation Budget (over 5 years, \$Ms)
Manitoba	14	\$177M
Saskatchewan	18	\$105M
Quebec	15	\$60M
Nova Scotia	1	\$10M
Alberta	18	\$98.1M
PEI	1	\$1.7M
Total	67	\$451.8M

Source: Better Outcomes for First Nation Children, 2012

It is noted that the EPFA implementation budgets are set for an initial five year period and that for year six onwards the annual budget remains equivalent to the allocation provided in year five.

2. AUDIT OBJECTIVE AND SCOPE

2.1 *Audit Objective*

The objective of this audit was to assess the adequacy and effectiveness of the controls supporting the implementation of the EPFA within the FNCFS Program.

2.2 *Audit Scope*

The scope of the audit included the management controls that support the implementation, as well as the delivery and monitoring of prevention-focused FNCFS programming in the AANDC Regions where implementation is underway.

Audit fieldwork was conducted in the Regional Offices in Manitoba, Saskatchewan, Atlantic and Quebec during the time period from March 12th to April 29th, 2012.

3. STATEMENT OF ASSURANCE

In my professional judgment as Chief Audit and Evaluation Executive, sufficient and appropriate audit procedures have been performed and evidence gathered to support the accuracy of the conclusions reached and contained in this report. The conclusions were based on observations and analyses of the situations as they existed at the time against the audit criteria. The conclusions are only applicable to the Audit of the Implementation of Child and Family Services Enhanced Prevention Focused Approach. The evidence was gathered in accordance with the *Internal Auditing Standards for the Government of Canada* and the *International Standards for the Professional Practice of Internal Auditing*.

4. APPROACH AND METHODOLOGY

The audit of the Enhanced Prevention Focused Approach (EPFA) was planned and conducted to be in accordance with the *Internal Auditing Standards for the Government of Canada* as set out in the Treasury Board *Policy on Internal Audit*.

Sufficient and appropriate audit procedures have been conducted and evidence gathered to support the audit conclusion provided and contained in this report.

Four jurisdictions were selected during the planning phase for site visits (Manitoba, Saskatchewan, Atlantic and Quebec), with the remaining two jurisdictions (Alberta and PEI) reviewed via a desk-based exercise. In addition, individuals within the Program based at AANDC Headquarters were also selected for management interviews and a desk-based review was undertaken of relevant supporting documentation.

The principal audit techniques used included:

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- Interviews and conference calls with key management and staff personnel;
- Review of relevant documentation related to the implementation of the EPFA;
- Site visits to four jurisdictions (Manitoba, Saskatchewan, Nova Scotia and Quebec), supplemented by desk-based documentation review of other jurisdictions (Alberta, PEI) as well as HQ; and,
- Evaluation of the system of internal controls over governance, stewardship (planning and budgeting), people and results & performance for the implementation of the EPFA for processes within the audit scope.

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

5. OBSERVATIONS AND RECOMMENDATIONS

Based on a combination of the evidence gathered through the examination of documentation, analysis and interviews, each audit criterion was assessed by the audit team and a conclusion for each audit criterion was determined. Where a significant difference between the audit criterion and the observed practice was found, the risk of the gap was evaluated and used to develop a conclusion and to document recommendations for improvement.

Observations include both management practices considered to be strong as well as those requiring improvement. Accompanying the observations of management areas identified for improvement and recommendations for corrective actions.

5.1 Governance

5.1.1 Governance and Oversight Arrangements

Governance and oversight arrangements for Program activities are the foundation for all other components of internal control, providing discipline and structure. Governance bodies should receive sufficient, complete, timely and accurate information in order to maintain an effective oversight role and ensure that there is adequate challenge and discussion on all matters related to the EPFA. Without adequate governance and oversight arrangements in place for the Program, there is the increased risk of a lack of accountability, challenge, discussion and ability to change direction with respect to responding to significant issues. Ultimately, effective governance is necessary to ensure the achievement of expected results and the monitoring of progress against stated objectives. The audit expected to observe that the governance arrangements in place are sufficient to evidence clearly documented approval of the key aspects of EPFA implementation, including the accountability frameworks, costing models and business plans. In the majority of jurisdictions, evidence of the approval of these documents could not be provided to the audit team due to a lack of an appropriate audit trail.

Within the jurisdictions that have implemented the EPFA, the key oversight bodies are Tripartite Working Groups (or equivalent), comprising representatives from the Program, the Provinces and the First Nations. The Working Groups are established to provide oversight of all aspects of the implementation and generally meet on a quarterly basis. It is noted that not all of the Working Groups have established a formal Terms of Reference and do not always maintain formal records of their meetings.

Without adequate and effective oversight mechanisms there is an increased risk that there would be a lack of evidence to support challenge and decision making, leading to a lack of audit trail and an inability to fully demonstrate transparency and effective governance.

With the Program at HQ, there is no specific oversight body/committee that reviews the implementation of the EPFA or the finances and activities of the Regions/Agencies. We did note, however, that the Regions are tasked with the overall implementation of the EPFA and meet with stakeholders via tripartite oversight committees. In addition, the Program undertakes some oversight activities, including:

- Program staff at HQ meet informally on a weekly basis to discuss ongoing program matters and program implementation and regular discussions also occur daily on a case by case basis;
- The Program facilitates a formal monthly conference call with Regional staff, which discusses all aspects of the Program as well as the EPFA implementation. This includes a roundtable in order to inform HQ staff and other Regions of current and anticipated EPFA issues. This forum also presents Regions with the opportunity to ask each other questions about specific EPFA issues that others may have experience mitigating and allows for knowledge sharing and open discussion;
- The Program and Regions provide quarterly reports to the Associate DM, on the activities and issues relating to the FNCFS and within this the Program and Regions provides status updates on the progress being made on EPFA implementation; and,
- The Program also facilitates 1-2 annual meetings, spread over three days, that enables the Director to hold face to face meetings with Regional representatives to discuss EPFA implementation progress, issues and concerns as well as allowing for general Program discussions on future strategies and policy alternatives.

Recommendations:

It is recommended that the Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector:

1. Ensure that more formal processes be put in place and documented that provide/demonstrate proper governance, accountability, approval and oversight for initial costing models, accountability frameworks, and actual implementation, leading to an

overview of expenditures and results. AANDC HQ and Regions should then collaborate with partners to address any arising issues.

5.2 Stewardship

5.2.1 Planning

Business plans provide the opportunity to look ahead, allocate resources, focus on key activities and objectives, and identify financial and staffing resources, etc. To be effective, business plans should be measurable in order that results can be tracked and compared against expectations.

To help monitor and report on performance against Agency business plans, it is important to have a rigorous and formalized process for periodic review (e.g. at least annually). The purpose of this review is to assess the progress being made against stated objectives, plans and activities and enable the measurement of performance. Ultimately, this will enable the Director General of the Social Policy and Programs Branch to demonstrate the success of the EPFA implementation and the impact of the new enhanced prevention focused approach on child welfare.

The process for the development of business plans works well in that the Program and the Region both provide support, advice, templates/tools and guidance to the Agencies in the early stages of implementation. This provides for both consistencies of approach as well as supporting efficiencies in the approach and, as the Agencies become more experienced and knowledgeable in the development of their business plans over time, this will aid in identifying further efficiencies and help reduce the administrative burden.

All Agencies are required to provide a business plan in order to receive the additional funding for EPFA. It should be noted that the process of business planning is new to the Agencies that are implementing the EPFA and, recognizing this, the Program provided the Regions with a Business Plan Template to ensure a consistency of approach. In addition, Program staff from both HQ and the Regional Offices provided advice and support to the Agencies in the development of their business plans as they transitioned to the new enhanced prevention focused approach in order to help reduce the administrative burden. While audit testing noted that business plans differ in size and complexity between Regions, this is not unexpected due to differing needs, pressures, and caseloads. It was also noted that all of the Agency business plans sampled during audit testing complied with the Business Plan Template and all plans document the activities that are aimed at achieving the stated EPFA objectives.

Recommendation:

No recommendations were identified in this area.

5.2.2 Budgeting

Effective stewardship includes following a rigorous and timely process for developing budgets and forecasts, including a challenge of resource allocation decisions. It is also important that approved budgets and forecasts are monitored by Regional management regularly.

For EPFA (and child and family services generally) the Program provides the overall funding but does not set the budgets for service delivery. The Agencies that implement the EPFA use their existing child and family services resource allocations with additional incremental funding to support enhanced prevention. It is the combination of the resources that is then applied to the implementation of the new EPFA approach on a flexible funding basis. This flexible funding approach means that the budgets are developed and managed by the individual Agencies and they may manage their budgets as they wish while remaining within the overall budget envelope of total resources. There is an expectation that, in time, the cost of historical child maintenance activities will reduce as the enhanced prevention focused approach becomes fully embedded into the delivery of child and family services.

The allocation of EPFA funds to the Regions and thereafter to the Agencies is based on cost models, each of which is adjusted for each jurisdiction, based on tripartite discussions and reflective of circumstances and need. The cost models consider a range of variables, examples include:

- Number of children served in the jurisdiction;
- Average number of children per family;
- Number of children in care;
- Staffing ratios;
- Administrative overheads; and,
- Agency administration salaries.

The development of the cost models are led by the Program at HQ in order to ensure consistency. The early stages of the development of the cost models includes a process of consultation with the Region and the Province to confirm a common understanding and clear expectations in terms of moving forward. Provinces deliver child welfare through Ministries or Departments that have mandates that are often much broader than simply child welfare. The cost model must therefore reflect the approach to service delivery (e.g. direct delivery by provincial staff, third party service providers, voluntary organizations), and how these services are funded (caseload and staffing ratios, salary scales, etc.).

Subsequent to the initial meetings with provincial officials, numerous tripartite discussions take place with representatives from First Nations, First Nation Child and Family Service Agencies and organizations, the Province and AANDC (HQ and Regional). Tripartite Working Groups are

established in all jurisdictions and are tasked with developing the costing model. The Working Groups consider the relevant elements and variables used to determine the funding that will flow to each Agency to deliver the services that are outlined in their business plans, enabling them to achieve their goals and improve outcomes for children and families within their communities.

The funding models are developed collaboratively with First Nations and provincial representatives, and reflect federal funding commitments that meet or exceed provincial funding for comparable funding elements.

Although letters of support are provided through the tri-partite collaborations, we found that, due to a lack of formal meeting records for the Tripartite Working Groups, formal approval of the costing models by these groups could not be evidenced. In addition, there is a lack of documentary evidence that the process and underlying assumptions to develop the cost models and prepare the EPFA budgets are challenged and that decisions resulting from the challenge process are recorded.

Cost models are not revised after they are initially set and there is the risk that they become outdated, particularly with respect to salary increases, Provincial changes to their service delivery models, and Provincial cost pressures. There is a need to analyze and, where relevant, revise the cost models on an annual basis to reflect any changes to the cost-base assumptions during EPFA implementation.

Program Officers in the Regions undertake budget analysis and forecasting against Agency expenditure through the receipt of quarterly reports from the Agencies. While it is acceptable for the Agencies to use the additional funding for the delivery of all their child and family services, it is noted that the expenditure information received is in relation to maintenance costs and not specifically the EPFA prevention expenditures. Consequently, there is no specific oversight of the EPFA expenditures and the EPFA funding investment cannot be tracked and fully accounted for (i.e. the reconciliation between actual expenditures and the activities detailed with Agency business plans).

Recommendation:

It is recommended that the Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector:

2. Ensure that the Program undertakes regular reviews (i.e. annually) of the implementation of EPFA in each jurisdiction that will include an assessment of the costing models and the development of and reporting against business plans both financially and on activity results. Agencies provide the Program with sufficient information with respect to EPFA expenditures against the activities in the Agency business plans. AANDC HQ and Regions should then collaborate with partners in trying to address any arising issues.

5.3 Results and Performance

5.3.1 Performance Measurement and Reporting

Performance measurement is necessary in order to aid in the setting of goals and objectives, the planning of activities to accomplish these goals and to facilitate the monitoring and evaluation of the progress made towards the achievement of the established goals and objectives.

Effective results reporting allows for a clear demonstration of the achievement of objectives and/or support for the progress being made to achieve those objectives. This is necessary in order to demonstrate that the Program is effective, and there is an adequate and acceptable return on the investment, and to ensure accountability. A rigorous results reporting process also facilitates and challenges decision making, allowing the Program to adjust its course if needed and allowing the Director General to demonstrate the impact and success of the EPFA implementation.

As stated previously at (5.2.1), all Agencies are required to provide a business plan in order to receive funding for the enhanced prevention focused approach. The business plans all state the expected objectives, goals and activities for the EPFA that are aligned with Program objectives. It was noted, however, that the business plans are inconsistent in the documentation of their performance measurement targets. While some Agency business plans do state specific performance measures that are supported by specific targets, the majority document their performance measures but state that their performance targets are “equal or greater than baseline” although the baseline targets have not been identified. Consequently, there are weaknesses with respect to the ability to fully demonstrate results and measure the success (or failure) of the EPFA.

The accountability frameworks for the implementation of the EPFA indicate that each Agency is required to provide annual results-based reports on the progress being made against the objectives, goals and activities identified within their business plans. For practical reasons, a general practice is that the Regions that have Agencies that are transitioning onto the new enhanced prevention approach do not expect annual reports in the first two years of implementation as there is a focus on business planning and in implementing the changes in service delivery resulting from the new approach. Audit testing identified inconsistencies in the extent of Agency annual reporting. While it is noted that some jurisdictions remain in transition to the new approach and have therefore not yet provided annual reports, a number of those that are well established with respect to EPFA implementation are producing annual reports that do not reconcile to business plans and do not clearly state the progress being made against objectives.

EPFA-specific performance measurement is currently not undertaken by the Program at HQ as there are currently difficulties in capturing relevant data (e.g. identifying common data sets and addressing data privacy concerns) and producing meaningful reports. A new Information

Management system is being developed for which a pilot project is planned for 2014/15. This project remains in its very early stages as the Program continues to define system requirements ahead of the development stage. The progress of the implementation of the EPFA is monitored by the Program and the status of implementation is reported to the Assistant Deputy Minister within the Education and Social Development Programs and Partnerships (ESDPP) Sector and to the Associate Deputy Minister in quarterly reports.

Recommendation:

It is recommended that the Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector:

3. Establish a common set of outcome-based non-financial performance measures and baseline for EPFA. These should be communicated to all Regions and incorporated into Agency business plans. In addition, ensure that the development of the new Information Management system incorporates the ability to track and report on the performance measures and baseline.

5.4 People

5.4.1 Staffing to Support EPFA Implementation

To ensure the implementation and ongoing administration and management of the EPFA is successful, it is important that human resource planning be aligned with strategic and business planning and an optimal level of resources distributed between HQ and Regions. Without a good understanding of the human and financial resources required to administer and manage the implementation of the EPFA, it is difficult for management to properly determine human resource needs in HQ and in the Regions and ensure that adequate support is provided to the Regional teams.

The EPFA does not include new human resource funds to administer and manage the program. All of the Regions that were included in the scope of this audit, as well as program management at HQ, expressed significant concern that the allocation of resources needs to be assessed to ensure the effective and efficient administration of the EPFA, particularly as the Regions transition further into the new enhanced prevention focused approach. At the time of the audit, the Regions had not yet developed EPFA-specific Human Resource plans and had therefore not identified their future EPFA staffing needs. The re-alignment of resources undertaken within the context of current reorganization efforts being made with respect to the Government's Deficit Reduction Action Plan (DRAP) represent an opportunity to collaborate with other relevant Sectors and Regions to assess and determine optimal and/or practical distribution of staffing levels between HQ and the Regions under the current economic environment.

The risk is high that a shortage of staffing at the Regional Offices will have an impact on the capacity of the Regions to effectively and efficiently undertake all necessary administration duties (i.e. development of business plans, analysis of Agency annual reports against planned

objectives and activities, analysis of budgets and preparation of forecasts, provision of advice and guidance, oversight responsibilities, etc.) and to efficiently manage the EPFA.

The implementation of the new enhanced focused approach is a long-term commitment by the Program and it is essential that the future human resource needs for the administration and management of the EPFA are understood and are reflected in Sector and Region staffing plans.

Recommendation:

It is recommended that the Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector in collaboration with the Senior Assistant Deputy Minister of Regional Operations:

4. Review the EPFA administrative structure and distribution of Human Resource needs of both HQ and the Regional Offices in order to determine an optimal and/or practical level of staffing necessary to efficiently administer and manage the EPFA.

6. CONCLUSION

Generally, control practices were found to be adequate; however, some opportunities for improvement were noted to strengthen management control practices in the following areas: governance; stewardship; people; and results & performance.

7. MANAGEMENT ACTION PLAN

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>1. Ensure that more formal processes be put in place that provide/ demonstrate proper governance, accountability and oversight for initial costing models, accountability frameworks, and actual implementation leading to an overview of expenditures and results. AANDC HQ and Regions should then collaborate with partners in trying to address arising issues.</p>	<p>Education and Social Development Programs and Partnerships (ESDPP) will analyze what may be necessary to have within formal tripartite processes and will discuss these needs with relevant stakeholders.</p> <p>With this information, ESDPP will formalize EPFA processes for:</p> <ul style="list-style-type: none"> a) Establishing initial costing models; b) Establishing accountability frameworks; c) Regular monitoring of implementation, expenditures and results. <p>In addition, ESDPP will produce records of EPFA bilateral and tripartite meetings.</p> <p>ESDPP will organize and host regular conference calls and face-to-face/ videoconference meetings with regional partners to address implementation issues as they arise within specific jurisdictions.</p>	<p>Assistant Deputy Minister of Education and Social Development Programs and Partnership Sector</p>	<p>September 2013</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>2. Ensure that the Program undertakes regular reviews (i.e. annually) of the implementation of EPFA in each jurisdiction that will include an assessment of the costing models and the development of and reporting against business plans both financially and on activity results. Agencies provide the Program with sufficient information with respect to EPFA expenditures against the activities in the Agency business plans. AANDC HQ and Regions should then collaborate with partners in trying to address any arising issues.</p>	<p>ESDPP will continue to liaise with regions through monthly conference calls and informal conversations to review financial pressures that may arise during EPFA implementation. These conversations have/will allow HQ to forecast future costing while also allowing HQ and Regions to develop possible mitigation strategies for arising issues.</p> <p>ESDPP HQ will also begin the process of annually reviewing a sample of Business Plans in order to allow ESDPP to better report against business plans both financially and on results.</p> <p>In the last quarter of fiscal year 2011/12, ESDPP reviewed the 5-year Business Plan templates and has ensured consistent use of the tool by clarifying that the intent is for recipients to provide annual updates which project ahead 5 years.</p>	<p>Assistant Deputy Minister of Education and Social Development Programs and Partnership Sector</p>	<p>September 2013</p>
<p>3. Establish a common set of outcome-based non-financial performance measures and baseline for EPFA. These should be communicated to all Regions</p>	<p>The program will develop and establish baseline measures of their First Nation Child and Family Services (FNCFS) National Child Welfare Outcomes Matrix indicators by March 31, 2013.</p>	<p>Assistant Deputy Minister of Education and Social Development Programs and</p>	<p>March 31, 2013</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>and incorporated into Agency business plans. In addition, ensure that the development of the new Information Management system incorporates the ability to track and report on the performance measures and baseline.</p>	<p>In the annual update on indicators for the approved 2011 Social Development Performance Measurement Strategy, the FNCFS program has identified the data that would be required to support ongoing measurement of the programs.</p>	<p>Partnership Sector</p>	<p>September 2013</p>
<p>4. Review the EPFA administrative structure and distribution of Human Resource needs of both HQ and the Regional Offices in order to determine an optimal and/or practical level of staffing necessary to efficiently administer and manage the EPFA.</p>	<p>Headquarters will review the FNCFS administrative structure and distribution of Human Resources needs in consultation with Regional Operations.</p> <p>ESDPP will develop and update tools, manuals, guidelines, templates, technical interpretation bulletins and information circulars in order to clarify program requirements enhance compliance and reduce reporting burden in the regions. Tools that will be updated include the National Social Programs Manual. Tools now being developed include the Management Control Framework; Integrated Risk Management Framework; a National Handbook on Program Compliance; a DCI Management Framework; and technical interpretation bulletins or information circulars to clarify FNCFS program</p>	<p>Assistant Deputy Minister of Education and Social Development Programs and Partnership Sector</p>	<p>September 2013</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	<p>policy, as required.</p> <p>Through monthly conference calls and annual face-to-face/videoconference meetings, ESDPP and Regions will continue to support one another in identifying efficiencies in order to help ease the workload burden that has been identified. Minutes from all Headquarters/Regions monthly calls and face-to-face/videoconferences will be produced and shared.</p> <p>All above documents will help ensure consistent and streamlined processes, serving to alleviate the administrative burden on regional staff.</p>		

Appendix A: Audit Criteria

The audit objective is linked to audit criteria developed in alignment with Core Management Controls. Additional audit criteria were developed to address specific risks identified in the planning phase.

Audit Criteria	
Governance	
1.1	There is adequate and effective governance and oversight over EPFA activities and that the oversight bodies receive sufficient, complete, timely and accurate information.
1.2	There are clearly defined roles and responsibilities for AANDC and other stakeholders to provide for effective oversight of the EPFA.
Stewardship – Planning & Budgeting	
2.1	Agency business plans are prepared in accordance with defined guidelines/templates and are subject to regular management review.
2.2	A formal process is in place to develop the cost model and challenge the development of EPFA budgets and the underlying assumptions and related resource allocations within the budget.
2.3	A timely budget is developed at the appropriate level of detail.
2.4	Forecasts are monitored on a regular basis.
People	
3.1	Regional Human Resources planning meets the staffing needs of the EPFA.
3.2	Recruitment and hiring consider the current and future needs of the EPFA.
Results & Performance	
4.1	Management has identified planned results and performance measures linked to Program objectives.
4.2	Management monitors actual performance against planned results and makes adjustments as needed.