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Indigenous and
Northern Affairs Canada

Indigenous and Northern Affairs Canada

Internal Audit Report

Audit of the Income Assistance Program

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Audit and Assurance Services Branch

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ACRONYMS

DCI	Data Collection Instrument
ESD	Enhanced Service Delivery
ESDPP	Education and Social Development Programs and Partnerships
FN	First Nation
FSO	Funding Services Officer
HQ	Headquarters
INAC	Indigenous and Northern Affairs Canada
IA/IAP	Income Assistance/Income Assistance Program
OSC	Oversight Committee
PRAC	Program Review Advisory Committee

EXECUTIVE SUMMARY

Background

The Audit of the Income Assistance Program was included in Aboriginal Affairs and Northern Development Canada's 2015-2016 to 2017-2018 Risk-based Audit Plan, approved by the Deputy Minister. This audit was identified as a departmental priority given the significance of the annual expenditures (approx. \$900M), the sensitivity of the program, and the complexity of program delivery.

Indigenous and Northern Affairs Canada's (INAC) Income Assistance Program (IAP, or the program) is one of five sub-programs of INAC's Social Development Program. The IAP assists eligible individuals and families who are ordinarily resident on-reserve with basic needs (food, clothing, and shelter), special needs (special allowances for essential goods and services), pre-employment supports (counselling and training to support employment), and service delivery (funding for FN staff who administer the program).

Within the Department the responsibility for the administration of the IAP is shared between the Education and Social Development Programs and Partnerships (ESDPP) and Regional Operations sectors. INAC's current responsibility is primarily to provide funding to First Nations (FNs) and other service providers such as provinces, who in turn deliver programs and services to community members. Aside from funding, the Department provides guidance with policy interpretation and compliance monitoring. Another element of Income Assistance is Active Measures (also called pre-employment supports), a program strategy linked to pre-employment support, intended to assist eligible individuals increase their employability and find jobs.

In general, INAC provides funding directly to FN governments and FN organizations in alignment with the rates and eligibility requirements of the reference province or territory. They then deliver Income Assistance to community members. As a result, the management and administration of IAP is delegated to FN governments and other designated supporting organizations. Income assistance is offered to individuals and families, who reside on reserve, in alignment with the rates and eligibility criteria of reference provinces or the Yukon territory.

The expected result of the program is an improved quality of life through the reduction of poverty and hardship on reserve and increased participation in the workforce.

Audit Objective and Scope

The objective of this audit was to assess the effectiveness of the controls in place to support the delivery and monitoring of the IAP, including compliance with relevant program authorities, as well as Treasury Board and INAC's policy requirements. The audit objectives and scope included Active Measures and managing alignment with provincial standards.

The audit focused on management controls and activities intended to ensure effective governance, risk management, stewardship and accountability of the delivery and administration of the IAP. The audit was limited to INAC's responsibilities in the management of the program both regionally and nationally. The scope of the audit covered program activities during the period of April 1, 2013 to March 31, 2015.

Statement of Conformance

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

Conclusion

The audit concluded that key governance and management controls were in place to support the efficient and effective delivery of the Income Assistance Program. The audit also found that inconsistencies exist in the efficiency and effectiveness of governance and management controls across regions.

The audit found that access to services to help clients transition to, and remain in, the workforce through federally funded Active Measures is limited; and joint business planning, performance reporting, and service implementation tools to support the more consistent application of the Income Assistance Program could be improved.

Recommendations

The audit identified a number of strong practices within Governance, Performance Management and Program Capacity which are detailed within the Findings and Recommendations section of this report. In addition, the following recommendations have been identified to support further improvements to Income Assistance Program:

1. The Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector should establish a clear governance structure and formalized joint business planning for the Income Assistance Program, as well as clarifying roles and responsibilities between Regional Operations and HQ.
2. The Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector, working with the Chief Financial Officer, Senior Assistant Deputy Minister of Regional Operations should lead and prioritize updates to the National Social Programs Manual or develop a national IAP Manual with related tools to enhance regional consistency with respect to funding and monitoring practices (where applicable).
3. The Senior Assistant Deputy Minister of Regional Operations in conjunction with the Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector should establish mechanisms to provide more timely updates on provincial rate and eligibility changes.
4. The Assistant Deputy Minister of the Education and Social Development Programs Partnership Sector should develop a more structured, national performance management framework that is aligned to regional performance management framework and reporting, and joint business planning initiatives and that more clearly measures the effectiveness of Program and Active Measures in attaining desired outcomes such as improvements in dependency rates.

5. The Senior Assistant Deputy Minister of Regional Operations, along with Chief Financial Officer and the Assistant Deputy Minister of the Education and Social Development Programs should work with regional offices to determine appropriate mechanisms to ensure that the annual budget and resource allocation process allows for the re-distribution of resources to support joint business planning initiatives.

Management Response

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

1. BACKGROUND

Indigenous and Northern Affairs Canada's (INAC) Income Assistance Program (IAP, or the program) is one of five sub-programs of the Social Development Program. The IAP assists eligible individuals and families who are ordinarily resident on-reserve with basic needs (food, clothing, and shelter), special needs (special allowances for essential goods and services), pre-employment supports (counselling and training to support employment), and service delivery (funding for FN administrators to support service delivery). The expected result of the program is an improved quality of life through the reduction of poverty and hardship on reserve and increased participation in the workforce.

Within the Department the responsibility for the IAP is shared between the Education and Social Development Programs and Partnerships (ESDPP) and Regional Operations sectors. INAC's current responsibility is primarily to provide funding to First Nations (FNs) and other service providers such as provinces, who in turn deliver programs and services to community members. Aside from funding, the Department provides guidance with policy interpretation and compliance monitoring and has the authority to implement Active Measures.

Active Measures is a strategy to assist income assistance recipients increase their employability and find jobs; with the goal of ultimately reducing income assistance dependency rates. Active Measures can include: basic and life skills enhancement, career counselling, educational upgrading, job training and job search skills, subsidized employment placement, and daycare. Active Measures can also include changes to improve the efficiency of program delivery processes, the most common of which are the integration of counselling, education and employment support programs with a single office. FN organizations are increasingly implementing active measures using various sources of funding, including provincial funds.

Key partners in the IAP include First Nations organizations and governments, provincial and territorial governments, and organizations that support pre-employment and other training.

In terms of total expenditures, the IAP is the largest of INAC's Social Development Programs. The following table details by region the 2014-2015 expenditures for the Program.

Region	2014-15 Expenditures	Percentage
MANITOBA REGION	201,017,474	22.1%
ONTARIO REGION	159,510,165	17.5%
ALBERTA REGION	154,867,234	17.0%
SASKATCHEWAN REGION	136,105,689	14.9%
BC REGION	98,603,339	10.8%
ATLANTIC REGION	75,455,480	8.3%
QUEBEC REGION	69,282,557	7.6%
YUKON REGION	11,139,850	1.2%
POLICY AND STRATEGIC DIRECTION	71,070	0.0%
CHIEF FINANCIAL OFFICER SECTOR	951,156	0.1%
EDUCATION AND SOCIAL DEVELOPMENT PROGRAMS AND PARTNERSHIPS	2,980,231	0.3%
Total	909,984,245	100%

The planned expenditures/operating budget for 2015-2016 are of \$892.6 M¹.

IAP management at Headquarters (HQ) noted that the program's activities have remained relatively unchanged since the last audit in 2013. There has however been a change in some key senior management positions, especially in the last year. The IAP has four main components: basic needs; special needs; pre-employment supports; and, service delivery. The expected outcome of the IAP is an improved quality of life through the reduction of poverty and hardship on reserve, as well as clients improved participation in, and attachment to, the workforce.

In general, the Department provides funding directly to FNs who, in turn, deliver Income Assistance programs and services to community members. In 2013-2014, approximately 540² FNs administered the Income Assistance program (this figure does not include FNs functioning under self-government arrangements). However, there are regional variations to this model. Ontario has unique funding arrangements with the Department as a result of a federal-provincial agreement. The Income Assistance dependency rate on reserve is approximately 34%³ compared to approximately 5% for the rest of the Canadian population.

¹ 2015-2016 Report on Plans and Priorities

² 2013-14 information provided by Social Policy and Programs Branch

³ Publicly available information - Income Assistance: Key Facts (<https://www.aadnc-aandc.gc.ca/eng/1369766807521/1369766848614>)

2. AUDIT OBJECTIVE AND SCOPE

2.1 Audit Objective

The objective of this audit was to assess the effectiveness of the controls in place to support the delivery and monitoring of the IAP, including compliance with relevant program authorities, as well as Treasury Board and the Department's policy requirements. The audit objectives included Active Measures and managing alignment with provincial standards. Specifically the audit objectives included an assessment of whether there are:

- Effective governance controls in place to support the delivery of efficient and effective IAP services;
- Effective controls in place to manage risks and resources (people and financial) to support delivery of the service requirements of the IAP; and
- Efficient and effective organizational structures and performance measurements in place with clear roles and responsibilities to effectively support delivery of the IAP.

2.2 Audit Scope

The audit focused on management controls and activities intended to ensure effective governance, risk management, stewardship and accountability of the delivery and administration of the IAP, including Active Measures. The audit was limited to INAC's responsibilities in the management of the program both regionally and nationally.

The scope included Management Accountability Framework and Core Management Control elements that help ensure effective governance, risk management, stewardship and accountability:

- Governance – focus on the HQ's oversight and monitoring of IAP support for basic and special needs and support for client transition to the work force (Active Measures);
- Risk Management and Stewardship – focus on regional approaches to program delivery, administration and compliance, including Active Measures, in terms of budgeting, forecasting and monitoring, and reporting by regions to HQ;
- Accountability – focus on the regions' resources and capability to support delivery, administration and compliance of the IAP, and the effect of capacity building efforts for recipient organizations by the region.

Site visits were conducted in Alberta, Manitoba and Quebec regional offices, and remote interviews in the British Columbia region as part of the audit. These specific regions were selected during the planning phase of the audit based on consideration of the annual expenditures, input from management, and the objective to look at different delivery models utilized by regional offices.

The audit did not include the management of income assistance by individual FNs, Tribal Councils, second level service delivery organizations (such as the FNs Social Development Society (FNSDS) in British Columbia, the Ontario Native Welfare Administrator's Association

(ONWAA) in Ontario and FN of Québec Social Development Office (FNQSDO) in Québec), provinces and Income Assistance Administrators on reserve.

The scope of the audit included program activities during the period of April 1, 2013 to March 31, 2015.

3. APPROACH AND METHODOLOGY

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

The principal audit techniques used included:

- interviews conducted with representatives from the IAP and ESDPP in HQ and regional offices of British Columbia, Ontario, Quebec and the Yukon Territories during the planning phase;
- review of documentation provided by IAP and ESDPP management,
- results and action plans of prior audits;
- process walkthroughs; and
- site visits, including documentation review and analysis with IAP and ESDPP representatives in HQ, and in regional offices of Alberta, Manitoba and Quebec as well as remote interviews with representatives in the British Columbia region during the fieldwork.

The approach used to address the audit 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.

4. CONCLUSION

The audit concluded that key governance and management controls were in place to support the efficient and effective delivery of the Income Assistance Program. The audit also found that inconsistencies exist in the efficiency and effectiveness of governance and management controls across regions.

The audit found that access to services to help clients transition to, and remain in, the workforce through federally funded Active Measures is limited; and joint business planning, performance reporting, and service implementation tools to support a more consistent national application of the Income Assistance Program could be improved.

5. FINDINGS AND RECOMMENDATIONS

Based on the evidence gathered through a combination of documentation review, interviews and analysis, each audit criteria (detailed in Appendix A) was assessed by the audit team for the

effectiveness of controls in place to support the delivery and monitoring of the IAP. For instances where there was a difference between the audit criteria and the observed practice, the risk of the gap was evaluated and used to develop conclusions and corresponding recommendations for consideration by management.

Management has designed and is in the process of implementing a compliance regime throughout the ESDPP sector.

5.1 Governance

5.1.1 Income Assistance Program Strategy

The audit noted that differing provincial and territorial policies, programs and eligibility requirements, with which the IAP must align, make the governance, funding and monitoring of the IAP challenging and complex.

Regular national management calls take place between the regions and HQ. Although an Oversight Committee (OSC) exists to oversee Income Assistance reform, there is no formal oversight/governance committee for the IAP overall.

The audit found various regional priorities, however there were limited joint business planning initiatives developed and communicated for the IAP. Improved joint business planning would support the governance and consistent management of the program by providing a framework within which regional and Headquarters (HQ) initiatives related to the national mandate to provide funding, policies and monitoring can be linked.

Joint business planning and related performance measures are also important to promote more consistent and effective program action. The performance measures reported by HQ (related to the number of beneficiaries that become employed, the number of beneficiaries participating in Active Measures, and the overall dependency rate) are consistent with the Program Activity Architecture and Performance Measurement Framework. However, the audit noted some inconsistencies between regional performance measures and HQ performance measures such that regional performance measures and reporting cannot be easily consolidated to support IAP decision-making.

In addition to inconsistencies in performance measurement, there were inconsistencies in the analysis and action taken on results that are consistently behind plan. The HQ and regional performance measures consistently indicate a high percentage of performance indicators that are not meeting plan for the IAP. In addition, the analyses that accompanies the performance reporting does not correlate the investment of resources (financial and human resources) to outcomes achieved. Differences in regional and HQ performance measures may result in differences in actions.

The audit also observed a divergence of opinion between HQ and regions on key IAP strategic matters, for example, regarding the inclusion of Income Assistance in block-funded agreements. Block funding agreements allow funds to be reallocated within a block of programs included in the agreement. Although the decision regarding block funding is beyond the scope of responsibilities of the IAP, the philosophical difference has promoted inconsistencies in the

application of the program, where the HQ is focused on efficiency (consistent with non-block funding) and the regions are focused on capacity building (consistent with block funding). Once resolved, a clear strategy and priorities would support more consistent, efficient and effective practice.

Recommendation

1. The Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector should establish a clear governance structure and formalized joint business planning for the Income Assistance Program, as well as clarifying roles and responsibilities between Regional Operations and HQ.

5.1.2 National Social Programs Manual Update

The IAP relies on the Department's generic suite of policies to help manage the program, including transfer payment/grants and contribution and other policies. A National Social Programs Manual exists and provides information to support the consistent delivery of the five (5) Social Programs, one of which is the IAP. Regional interviews identified one region that does not use the Manual for income assistance. However, all other regions identified that they have adopted the Manual but have supplemented its content for their unique regional practices. The lack of a national manual specific to IAP, combined with regional supplementation and inconsistent adoption has promoted inconsistencies in some IAP practices. Regional differences in application are largely attributable to the different requirements of each province and in some cases different interpretation of policy. However the audit did not find evidence that these inconsistencies have affected eligibility and rates as INAC is required to align these with provinces.

An example of an inconsistent application of income assistance that may benefit from clear guidance in the Manual relates to the treatment of non-compliance and funding repayment. Although recipient organizations are expected to reimburse all non-compliant funds from existing unrestricted sources of funding, there are inconsistencies in how regions address non-compliant funding. While there appears to be a consistent willingness amongst regions to recuperate out-of-policy funding, many feel that non-compliance due to administrative deficiencies is excessively punitive and, as a result, regional collection practices and repayments related to administrative deficiencies are limited. For example, one region is considering alternatives to recover non-compliant administrative funding through future funding transfers for all recipient organizations. Another region has proceeded with recovering non-compliant administrative funding from non-block funded recipient organizations; the interpretation in the region is that recovery cannot be made from block funded recipient organizations. Another region only enforces recovery if administrative deficiencies persisted after a second site visit to recipient organizations.

Regional management indicated that guidance had been issued on the treatment of non-compliant funding. The Compliance Handbook indicates that recoveries of ineligible expenditures must be entered in the GCIMS debt recovery module, at which point the Department's *Directive on Management of Amounts Owing to AANDC* would be authoritative. It is not clear what authorities exist if recoveries are not entered into GCIMS. HQ management

have limited authority to enforce this because of accountabilities in the regions. There were no recipient organizations in the regions visited that were removed from block funding as a result of compliance reviews, including block-funded recipient organizations that had out-of-policy and administrative deficiencies.

In addition, inconsistencies exist in approaches used to assess compliance. One example of risk-based approaches to compliance was identified in the audit, such that recipient organizations who were deemed compliant above a threshold would only require compliance reviews once every second year. Additionally, there have been inconsistencies in the preparation and use of the General Assessments for eligibility and compliance. The IAP would benefit from clarifying a national, risk-based approach to compliance within the Manual.

HQ management and regions have indicated preliminary efforts to renew the National Social Programs Manual to be completed by 2017. ESDPP is committed (within the National Social Programs Manual) to providing rates, eligibility and programs that align to respective provincial standards. To support this effort, HQ have obtained regional Manual versions, adapted from the National Social Programs Manual.

Recommendation

2. The Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector, working with the Chief Financial Officer, Senior Assistant Deputy Minister of Regional Operations should lead and prioritize updates to the National Social Programs Manual or develop a national IAP Manual with related tools to enhance regional consistency with respect to funding and monitoring practices (where applicable).

5.2 Performance Management - Budgeting, Forecasting and Monitoring

5.2.1 Budgeting, Forecasting and Monitoring

The amount of income assistance ultimately funded is independent of the budget, as funding is driven by the provincial rate and eligibility. As a result, over the audit period, management has simplified the financial budgeting, forecasting and monitoring processes. These processes have been generally limited to adding a nominal increase to prior year funded amounts, with limited trend analysis for forecasting, and limited monitoring mechanisms over actual expenditures.

Relationships between the provinces and the region is generally positive, however, awareness of infrequent rate changes and changes in eligibility often happens after the rates and eligibility requirements have changed. This has a potential high negative impact (low frequency), as management in the regions and at HQ is unable to predict and plan for the timing and magnitude of funding increases and/or changes in eligibility that the IAP must align to. The funding increase is typically retroactive, requiring an in-year reallocation of Department funds, which puts other programs at risk of funding shortfalls because alignment of income assistance is mandatory.

HQ program management has minimal “line-of-sight” on the relationships between the regions and their respective provinces, and on the budgeting mechanism and funding drivers in the

regions. This limits management's ability to understand changes in economic forecasts, to anticipate the effect of those changes on dependency rates and to more clearly understand the impacts of programming efforts.

Based on the documentation review there appears to be limited consideration in national or regional economic forecasts of the changes in economic drivers. From a funding perspective, this limits the HQ's ability to forecast changes in funding requirements, to anticipate the effect of those changes on dependency rates and to more clearly understand the impacts on programming efforts. Financial reporting is minimal, and planning is done by Regional Operations without significant input from the Program. Monitoring is performed by Funding Services staff, not IA staff, and is focused on completeness of reporting in the Data Collection Instrument (DCI) and General Assessments.

Recommendation

3. The Senior Assistant Deputy Minister of Regional Operations, in conjunction with the Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector should establish mechanisms to provide more timely updates on provincial rate and eligibility changes.

5.2.2 Active Measures

As explained earlier in this report, Active Measures are intended to assist income assistance recipients increase their employability and find jobs, with the goal of ultimately reducing income assistance dependency rates. In recent years the dependency rate has remained fairly stable.

The audit noted that due to budget constraints there currently is no concerted national strategy to implement, promote or support Active Measures nationally, targeted at the recipient population in general. Some Active Measures initiatives are underway in some First Nations but are not under the administration of Headquarters or the regions.

Interviews in the regions and at HQ have identified that initiatives similar to active measures are funded through a separate program, outside the scope of this audit, called Enhance Service Delivery (ESD), which is directed at a specific young demographic group. The audit noted that in various pockets of the Department the distinction between Active Measures and ESD was not clear and the terms were often used interchangeably.

Regional business plans and quarterly reports include ESD, but have no mention of other active measures. The reporting does not provide objectives, discussion or analysis relating to active measures or on progress towards a change in Income Assistance dependency rates for the general recipient population. There is no national reporting on Active Measures being undertaken by recipient organizations for which the IAP is not providing funding. Therefore there is a risk of a gap exposure on alignment with provincial Active Measures programs by virtue of the Order-in-Council 149 PC 1965-11/2135, (December, 1965), recommending entry into cost-sharing agreements with the governments of the provinces for the extension of welfare programs to Indigenous peoples, or any subsequent recommendations or interpretations.

Data collected to measure the effectiveness of Active Measures on dependency rates in some First Nations where they are in effect are not sufficient to assess actual results. For example, management is unable to determine whether individual recipients who have gone through some form of active measures and found employment, have subsequently returned to dependency. Changes to the Data Collection Instrument (DCI) have been undertaken in each of the past two fiscal years in scope, and another is currently being undertaken by management. Management in the regions have indicated that the changes have not facilitated effective and efficient collection of the data necessary to measure and evaluate the impact of the measures on outcomes.

Recommendation

4. The Assistant Deputy Minister of the Education and Social Development Programs Partnership Sector should develop a more structured, national performance management framework that is aligned to regional performance management framework and reporting, and joint business planning initiatives and that more clearly measures the effectiveness of Program and Active Measures in attaining desired outcomes such as improvements in dependency rates.

5.3 Program Capacity

During the audit it was identified that there is an administrative burden on IAP reporting and related follow-up. IAP Recipient Administrators are required to manually re-enter data received from the FN to support reporting that has “limited value” to the program for management decision-making. As a result, resources are spent by the FN, Recipient Administrators and INAC on low value added reporting activities, limiting the time available for monitoring, communication and implementation of Active Measures.

There is no strategic investment or re-purposing of resources to address root causes of intervention, which would then facilitate participation in some Active Measures and support the achievement of targets.

Training, as one source of capacity enhancement, was not identified as a risk in the regions, likely attributable to lower staff turnover and the high experience levels. The audit noted some cross-training in regions and there are instances where staff move between roles within the regional office, facilitating enhanced learning.

The audit also noted that some regions augment the capacity of the recipient organizations with funding for social assistance advisors, who function as subject matter experts for the recipient organizations. Social assistance advisors, typically report into Tribal Councils, and liaise directly with Income Assistance Administrators in the recipient organizations, providing guidance and training.

The audit observed areas of insufficient capacity within the IAP. Income Assistance in the regions have filled a minimal number of staff positions (approximately 1 staff member for each in-scope region) to manage delivery of program elements. This has resulted in prioritization of administration of the program over strategic initiatives, and impacts negatively on the overall effectiveness and efficiency of program delivery. The IAP often relies on other, non IAP regional

staff and management (funding services, regional operations, senior management). Regions have generally taken a recipient approach (management across sectors and programs) to evaluating capacity and managing the recipient relationship. Regions use Funding Services staff to help effect monitoring and communications with recipients. Funding Services, with its larger staff numbers work on the financial component of funding agreements, which inevitably intersects with Income Assistance by virtue of their staff's presence in the communities, i.e. Funding Services becomes the 'face of the business' in dealing with Income Assistance issues.

There are a limited number of staff in HQ, and staff and management turnover has inhibited the maintenance of consistent communication with the region and with moving initiatives forward. It was noted that the regions' participation in national manager calls were inconsistent.

Recommendation

5. The Senior Assistant Deputy Minister of Regional Operations, along with Chief Financial Officer and the Assistant Deputy Minister of the Education and Social Development Programs should work with regional offices to determine appropriate mechanisms to ensure that the annual budget and resource allocation process allows for the re-distribution of resources to support joint business planning initiatives.

6. Management Action Plan

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
1. The Assistant Deputy Minister of the Education and Social Development Programs and Partnership Sector should establish a clear governance structure and formalized joint business planning for the Income Assistance Program, as well as clarifying roles and responsibilities between Regional Operations and HQ.	ESDPP will work on collaboration with Regional Operations and with the Chief Financial Officer to develop a governance structure which clarifies roles and responsibilities, and formalizes joint business planning with Regional Operations.	ADM ESDPP with SADM RO and CFO	December 2016 (Q3)
2. The Assistant Deputy Minister of the Education and Social Development Programs and Partnership Sector, working with the Chief Financial Officer, Senior Assistant Deputy of Regional Operations should lead and prioritize updates to the National Social Programs Manual or develop a national IAP Manual with related tools to enhance regional consistency with respect to funding and monitoring practices (where applicable).	ESDPP will work to undertake a review of the National Social Programs manual to determine gaps and areas for improvement, in order to update the manual.	ADM ESDPP with SADM RO and CFO	March 2017 (Q4)
3. The Senior Assistant Deputy Minister of Regional Operations in conjunction with the Assistant Deputy Minister of the Education and Social Development Programs and Partnerships Sector should establish mechanisms to provide more timely updates on provincial rate and eligibility changes.	ESDPP will work in collaboration with Regional Operations to establish mechanisms to provide more timely updates to ESDPP on provincial rate and eligibility changes.	ADM ESDPP with SADM RO	Q4 (March 2017)
4. The Assistant Deputy Minister of the Education and Social Development Programs and Partnership sector should develop a more structured national performance management framework, which is aligned to a regional performance management framework and reporting, and	ESDPP will work with the Chief Financial Officer and with Regional Operations to refine the current national performance management framework for better alignment of regional performance management and	ADM ESDPP with SADM RO	December 2017 (Q2 of 2017-18)

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>joint business planning initiatives and that more clearly measures the effectiveness of Program and Active Measures in attaining desired outcomes such as improvements in dependency rates.</p>	<p>joint business planning initiatives.</p>		
<p>5. The Senior Assistant Deputy Minister of Regional Operations, along with Chief Financial Officer and the Assistant Deputy Minister of the Education and Social Development Programs should work with regional offices to determine appropriate mechanisms to ensure that the annual budget and resource allocation process allows for the re-distribution of resources to support joint business planning initiatives.</p>	<p>ESDPP will work with the Chief Financial Officer and with Regional Operations to establish mechanisms to ensure that the annual budget and resource allocation process allows for the re-distribution of resources to support joint business planning initiatives.</p>	<p>ADM ESDPP, CFO with SADM RO</p>	<p>Q4 (March 2017)</p>

Appendix A – Audit Criteria

To ensure an appropriate level of assurance to meet the audit objectives, the following audit criteria were developed in alignment with the Management Accountability Framework, TBS policies and INAC internal requirements:

Governance and Oversight	
1.1	Adequate governance / oversight / coordination exist for the program overall and its components.
1.2	Documented guidelines, tools, procedures, training and templates exist to support the program, sub-programs, and components.
1.3	Financial and non-financial information is provided to members of the oversight body is relevant, accurate and has been the subject of quality assurance.
1.4	The organization has processes and practices to ensure change initiatives are properly implemented.
Risk Management and Stewardship	
2.1	Budgets are linked to objective and are at an appropriate level of detail. Reporting of actual results compared to budgeted amounts is available on a periodic basis.
2.2	Reporting from recipients is monitored and followed up on in a timely manner. Responsibility for monitoring of compliance with financial management laws, policies and authorities is clearly documented, communicated and reported to management.
2.3	The risk identification process is rigorous and considers all appropriate internal functional areas and external sources of risk. Appropriate levels of management are involved in analyzing the risks.
Accountability	
3.1	Responsibility and accountability are clearly defined and communicated, authority is properly delegated.
3.2	The organizational structure is up-to-date, documented and widely communicated, and managerial spans of control are appropriate.
3.3	Employees have access to sufficient tools, such as software, equipment, work methodologies and standard operating procedures.
3.4	Responsibilities for monitoring of capacity of funding recipients are clear and well communicated. The monitoring is documented and reported to management.
3.5	Performance measurement strategies are in place and are applied for new or renewed policies, programs or initiatives.

Appendix B: Relevant Legislations, Regulations, Directives and Guidance

The following authoritative sources were used as a basis for this audit:

1. Treasury Board Secretariat Audit Criteria related to the *Management Accountability Framework*
2. Treasury Board Secretariat *Policy on Internal Audit*
3. AANDC National Social Programs Manual