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Ministry of Finance

Internal Audit & Advisory Services

MEMORANDUM

To: Richard George
A/Manager, Child & Family Services
British Columbia Region
Aboriginal Affairs and Northern Development Canada

February 1, 2012
File No.: 039224

Debra Foxcroft
Assistant Deputy Minister
Aboriginal Policy & Service Support
Ministry of Children and Family Development

From: Chris Brown
A/Executive Director
Internal Audit & Advisory Services

Subject: Final Report: Carrier Sekani Family Services

Please find enclosed the final report on the financial compliance review of Carrier Sekani Family Services. This portion of the broader common review was sponsored by the Ministry of Children and Family Development (MCFD), and by Aboriginal Affairs and Northern Development Canada, BC Region.

The purpose of the common review is to help improve accountability and partnering with First Nations for children's services. This report reflects the results of the financial compliance review component of the overall common review, and excludes any assessment of the quality of case management. MCFD is responsible for completing the case practice audit and operational review component of each common review.

Our high-level observations are located in the overview section of the report, while specific details have been provided in Schedules A through D of the report.

If you have any questions or comments relating to this report, kindly contact Heather Brost, Business Advisor, at: 1 250 387-9223; or, Lisa Haas, Business Advisor, at: 1 250 387-8567.

Chris Brown
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Report on Carrier Sekani Family Services

Ministry of Children and Family Development

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Date of fieldwork completion: June 2011

Table of Contents

Section

Page No.

Abbreviations.....	i
Overview.....	2
Schedule A: AANDC-Funded Child Maintenance Billings	8
Schedule B: MCFD-Funded Child Maintenance Billings.....	13
Schedule C: AANDC-Funded CIC Caregiver Files.....	16
Schedule D: Financial and Administrative Procedures	18

Abbreviations

AANDC	Aboriginal Affairs and Northern Development Canada
APM	Administration Policy Manual
CCO	Continuing Custody Order
CGL	Comprehensive General Liability
CIC	Children in Care, meaning children in legal care of the Ministry of Children and Family Development or delegated aboriginal agencies under the <i>Child, Family and Community Services Act</i>
CRC	Criminal Record Check
CSFS or the agency	Carrier Sekani Family Services
ILA	Independent Living Agreement
MCFD or the ministry	Ministry of Children and Family Development
MIP	Master Insurance Program

Overview

We have completed our financial compliance review of Carrier Sekani Family Services (CSFS or the agency). The Ministry of Children and Family Development (MCFD or the ministry) and Aboriginal Affairs and Northern Development Canada, BC Region, jointly sponsored the review. The purpose of this review is to help improve accountability and partnering with First Nations for aboriginal children and family services.

The financial compliance review focused on CSFS's maintenance billings to Aboriginal Affairs and Northern Development Canada (AANDC) for Children in Care (CIC), and in out-of-care placement. It also focused on documentation within the agency's AANDC-funded resource files, and on selected financial and administrative matters. In addition, MCFD requested that we examine MCFD off-reserve CIC files, as part of this review.

These reviews are conducted on a three-year-rotational basis. This is the second financial compliance review conducted in this agency. Our review covered the scope period: February 1, 2010 to January 31, 2011.

This report excludes any assessment of the quality of case management (i.e., practice standards review, or audit of child files), and operational management. MCFD is responsible for completing the case practice audit and operational review.

AANDC-Funded Child Maintenance Billings

We reviewed 21 AANDC-funded child maintenance files and found that eight of these files met AANDC's terms and conditions for funding. The reviewed files relate to children who were in legal care during the scope period.

We identified six Continuing Custody Order (CCO) files that did not meet AANDC's terms and conditions for funding. For five of these files, the child's custodial parent(s) resided off-reserve at the child's admission date. For the remaining file,

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CSFS continued

to provide the family financial support in order to ensure that the child continued to receive life's basic necessities. To account for the financial assistance provided, CSFS continued to bill AANDC for this child, over this period. AANDC confirmed that since this child was out of his approved placement, maintenance costs for this child should not have been claimed or reimbursed for this period.

We were unable to determine the maintenance eligibility of seven children due to a lack of evidentiary documentation or information (e.g., court forms) required to facilitate confirmation of the custodial parents' home address, at their child's admission date (all of these files were originally in the physical custody of MCFD, and later transferred to CSFS).

The agency wants it stated that CSFS has repeatedly asked MCFD to provide the agency with the missing file documents, so that the agency can confirm proper funder status.

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The agency informed us that a bed for this child had to be maintained within the group home, which is why the agency continued to bill AANDC for this period. We understand that AANDC's practices, in terms of funding maintenance costs for children who have been absent from their approved placement for an extended period of time, mirror MCFD regional practices. As such, and given that each MCFD region may have its own policy on how long a contracted bed must be reserved for an absentee child, we recommend that the agency and AANDC review this specific case in the context of respective MCFD regional policy, to confirm this child's funding eligibility.

Results

Criteria Rating			
Met	Partially Met	Not Met	Unable to Determine
8	0	6	7

Number of sampled (sample size = 21) AANDC-funded child maintenance files for which the associated billings met AANDC's terms and conditions for funding.

Our detailed observations and potential billing adjustments are presented in Schedule A, for review and consideration by AANDC, MCFD, and the agency.

We also reviewed a two-month sample of the entire population of AANDC-funded children and found that in all cases except two, the agency either paid a caregiver, or otherwise made payments in support of the child, for all of the days for which AANDC was billed. In terms of one of the two discrepancies (both cases involved AANDC being billed at group-care rates) we were able to confirm that payment had been made to a caregiver at the regular foster-care rate; however, we were unable to verify whether any payment had been made to a group home. We have since been advised by CSFS that the agency was, for a period of time, required to continue making payments to the child's former foster home, while also paying for this child's group-home placement (payments which remain outstanding pending invoicing by MCFD).

In terms of the second discrepancy, we were again unable to verify that the group home had been paid for the child's care; and, CSFS has since confirmed that payments to the group home do in fact remain outstanding pending invoicing by MCFD.

MCFD-Funded Child Maintenance Billings

Our original sample consisted of 29 MCFD-funded child maintenance files, of which 23 were reviewed as part of the MCFD file sample (five files were reviewed under the AANDC-funded child maintenance file sample, while one file was not available for review as it had been transferred back to MCFD). Of the 23 files reviewed, we found that 17 of these files met MCFD's terms and conditions for funding. The reviewed files relate to children who were in legal care during the scope period.

We were unable to confirm the maintenance eligibility of six children due to a lack of evidentiary documentation or information (e.g., court forms) required to facilitate confirmation of the custodial parents' home address, at their child's admission date (all of these files were originally in the physical custody of MCFD, and later transferred to CSFS).

The agency wants it stated that CSFS has repeatedly asked MCFD to provide the agency with the missing file documents, so that the agency can confirm proper funder status.

As well, we found one child whose name appeared on the MCFD population list, but who was not on the agency's monthly billing report to MCFD (hence making it unclear as to whether MCFD provided any funding to CSFS for this child). While the agency believes that this child should be under AANDC's responsibility, it is our understanding that CSFS has never billed AANDC for this child. As such, it remains unclear as to whether CSFS received any funding for this child from either party. To help resolve this matter, we provided the appropriate information to MCFD, with a request that it review related payment records and work with AANDC and with the agency to confirm the proper funder and funding amount.

We have since been informed by the agency that CSFS started billing AANDC for this child in the summer of 2010.

Results

Criteria Rating			
Met	Partially Met	Not Met	Unable to Determine
17	0	0	6

Number of sampled (sample size = 23) MCFD-funded child maintenance files for which the associated billings met MCFD's terms and conditions for funding.

Our detailed observations and potential billing adjustments are presented in Schedule B, for review and consideration by AANDC, MCFD, and the agency.

We also reviewed a two-month sample of the entire population of MCFD-funded children and found that for each of these children, the agency either paid a caregiver, or otherwise made payments in support of that child, for all of the days for which MCFD was billed.

Concurrent
Billings

We compared the population of children funded by AANDC, to the population of children funded by MCFD, and identified eight children whose names appeared on both lists. A follow-up review of related financial documents indicated that these names were not on the agency's monthly billings to MCFD, which suggests that concurrent billings are improbable. However, to fully confirm that the agency did not receive duplicate funding for these children, we have provided the names of these children to MCFD's Regional Community Services Manager for further review.

Billings (Follow-
up from Prior
Review)

In 2007, the first financial compliance review was conducted at CSFS. During this review, we identified six CCO files (*files that had been transferred from MCFD to the agency*) with insufficient information on their child admission documents. For these six files, a conclusion on the appropriate funder status was not possible, and we recommended that AANDC and the agency work together to resolve this matter. In this current review of AANDC-funded maintenance billings, we found four of the same six CCO files on the applicable billing records. As AANDC had not yet taken the required action to confirm the eligibility and funding source of the six files identified in the 2007 review, we are again unable to conclude on the eligibility of these four files for AANDC funding. To ensure the agency receives funding from the appropriate funder, we suggest AANDC work with MCFD and the agency to clarify any uncertainties or discrepancies noted during these reviews.

AANDC-Funded
CIC Caregiver
Files

Our sample consisted of seven AANDC-funded CIC caregivers. We reviewed the associated resource files based on criteria consistent with Appendix C of the AANDC Child and Family Services Review Process. MCFD-funded CIC caregivers were not within the scope of this review.

The resource files contained the required evidence of signed caregiver contracts, annual reviews, criminal record checks (CRCs), home studies, medical exams and reference checks. As well, CSFS has developed a suitable diary system to alert the

agency to actions due in regards to its caregivers; and, all caregiver payments made by CSFS were made in full compliance with contract-prescribed and/or MCFD-approved payment rates.

In terms of opportunities to enhance controls, we suggest that MCFD update the *Schedule C – Insurance Schedule* to reference the Government's Master Insurance Program (MIP); and, that the agency ensure that all of its caregivers meet provincial training requirements.

In terms of the agency's MCFD-borrowed resources, we suggest that consideration be given to making the terms of the Operational Protocol Agreement between MCFD and the agency clearer in regards to secondary file documentation retention requirements on the part of the agency.

Results

Criteria Rating			
Met	Partially Met	Not Met	Unable to Determine
6	1	2*	0

Results of our evaluation of a sample of seven AANDC-funded caregiver files based on nine prescribed performance criteria (e.g., six of nine performance criteria were 'Met' for the sample of files tested).

***Satisfaction of one of these two criteria was the responsibility of AANDC, not that of CSFS.**

Schedule C outlines our detailed observations and conclusions on each of the nine criteria against which the agency's performance was evaluated.

Financial and Administrative Procedures

The agency is operating under a current delegation of authority under applicable legislation, and is insured under the Government's MIP.

The agency has developed an Administration Policy Manual (APM) which contains clear and comprehensive financial management policy and control procedures over budgets and reporting, revenues and expenditures, assets and liabilities. We were informed that this manual has been distributed to all appropriate staff and Board members.

The agency could improve the overall security and confidentiality of its CIC and resource files by providing additional guidance on how best to safeguard the agency's files from loss and/or physical damage. At the time of our field visit in April 2011, the agency had already commenced formal development and documentation of its

file security policies and practices, within the file documentation section of its new APM.

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Expenditure activity is well controlled through the application of appropriate expenditure and payment authorizations, proper segregation of financial duties, and through effective review procedures and other internal controls.

The agency's bank account is being fully reconciled and independently reviewed on a timely basis; and, all cheques not presented to the bank for payment within six months of date of issue are being appropriately stopped.

Budgeting, reporting and monitoring of the agency's finances appears sound. Specifically, the agency requires that annual program budgets be prepared, and subsequently reviewed and approved by the agency's Board of Directors, prior to the beginning of each fiscal year. The agency also monitors its projected and actual monthly and year-to-date revenues and expenditures against its annual approved budget(s).

Results

Criteria Rating			
Met	Partially Met	Not Met	N/A
9	1	0	1

Results of our evaluation of the agency's financial and administrative processes and procedures based on 11 prescribed performance criteria.

Schedule D outlines our detailed observations and conclusions on each of the 11 criteria against which the agency's performance was evaluated.

We would like to thank everyone who participated in this review.



Chris Brown
A/Executive Director
Internal Audit & Advisory Services

February 1, 2012

Schedule A: AANDC-Funded Child Maintenance Billings

Objective

To determine whether the agency's maintenance billings for CIC of the Director, or in out-of-care placement, met AANDC's terms and conditions for funding.

The results of our review of a sample of 21 AANDC-funded child maintenance files are reported below.

AANDC's terms and conditions for funding = Met

File	Comments and/or Potential Billing Adjustments
01	Sample 06 involved a child for whom the agency was funded \$12.799 based on the child residing in a borrowed ministry group home for s.22 days between s.22 and s.22 (i.e., s.22 days times a daily group-care rate of \$250.96). However, for this s.22-day period, we were only able to verify that payments had been made by the agency to a caregiver, at the regular foster-care rate. We were advised by CSFS that the agency was, for a period of time, required to continue making payments to the child's former foster home, while also paying the ministry for this child's group-home placement (payments which remain outstanding pending invoicing by MCFD). We suggest that the agency work with MCFD (and with AANDC if necessary) to resolve this matter.
05 – 06	
09	
11	
14	
18	
20	
Total Files = 8	

AANDC's terms and conditions for funding = Not Met

File	Comments and/or Potential Billing Adjustments
07	<p><u>Comment</u></p> <p>The child resided with his mother for s.22 days (i.e., from s.22 to s.22) during our scope period, before being placed in a group home. Although the agency did not agree with this child returning to his mother's care, the agency did provide the family with some financial support (e.g., for groceries, clothing, etc.) to ensure that the child continued to receive life's basic necessities. To account for the financial assistance CSFS provided to this family, the agency continued to bill AANDC for this child during the absence period (i.e., AANDC was billed at a group-care rate of \$250.96 for s.22 days, and at a foster-care rate of \$73.78 for s.22 days, resulting in total billings to AANDC of \$17,180). AANDC confirmed that since this child was out of his approved placement for this s.22-day period, and the child's return to his mother did not constitute a sanctioned plan-of-care, maintenance costs for this child should not have been claimed or reimbursed (the child's residency with his mother began prior to our scope period).</p> <p>Also, the child was placed in a ministry-borrowed group home from the time the child returned into care on s.22 , until being placed in an agency group home on s.22 however, we were unable to verify whether any payments had been made to the ministry group home for this child's care for the s.22 day period for which AANDC provided CSFS with \$38,145 in funding (i.e., s.22 days times a daily group-care rate of \$250.96). CSFS advised us that payments to the ministry group home remain outstanding, pending invoicing by MCFD.</p>

File	Comments and/or Potential Billing Adjustments
	<p><u>Potential Adjustment</u></p> <p>The potential billing adjustment to account for CSFS's improper billings to AANDC for the s.22 -day AWOL period is \$17,180. In terms of the s.22 day period during which the child resided in a ministry-borrowed group home, we suggest the agency work with MCFD and with AANDC to confirm any outstanding billing and payment action, and/or potential billing adjustment.</p>
12	<p><u>Comment</u></p> <p>The custodial parent's home address on the legal documents, as at the child's admission date, indicates an off-reserve address (this file was originally in the physical custody of MCFD, and later transferred to CSFS).</p> <p><u>Potential Adjustment</u></p> <p>AANDC funded the agency at a daily per diem of \$73.78 for s.22 days, for a total of \$26,930. MCFD funds its CICs, on a monthly basis, an amount equal to the actual monthly maintenance payment, plus other approved payments prescribed within MCFD's Guardianship Agreement with CSFS (i.e., \$45 – exceptional payment, \$148 – guardianship payment, \$875 – FTE payment, and \$112 – cultural payment; minus a special allowance). If, for this child, MCFD is confirmed to be the proper funder, MCFD would have been required to fund the agency \$23,811 (i.e., \$9,644 in maintenance transfer payments, plus \$14,167 in other payments) for the same period this child was in care.</p>
13	<p><u>Comment</u></p> <p>Same comments as in sample 12 above.</p> <p><u>Potential Adjustment</u></p> <p>AANDC funded the agency at a daily per diem of \$73.78 for s.22 days, for a total of \$26,930. If MCFD proves to be the proper funder, MCFD would have been required to fund the agency \$30,080 (i.e., \$20,541 in maintenance transfer payments, plus \$9,539 in other payments) for the same period this child was in care.</p>
15	<p><u>Comment</u></p> <p>Same comments as in sample 12 above. Also, we understand that AANDC erroneously funded the agency for an extra s.22 days in the s.22</p> <p><u>Potential Adjustment</u></p> <p>AANDC funded the agency at a daily per diem of \$73.78 for s.22 days, for a total of \$29,217. This amount includes a funding overpayment error by AANDC of \$2,287 (i.e. s.22 days at a daily per diem of \$73.78). If MCFD proves to be the proper funder, MCFD would have been required to fund the agency \$43,459 (i.e., \$32,720 in maintenance transfer payments, plus \$10,739 in other payments) for the same period this child was in care.</p>

File	Comments and/or Potential Billing Adjustments
16	<p><u>Comment</u></p> <p>Same comments as in sample 12 above.</p> <p><u>Potential Adjustment</u></p> <p>AANDC funded the agency at a daily per diem of \$73.78 for s.22 days, for a total of \$26,930. If MCFD proves to be the proper funder, MCFD would have been required to fund the agency \$40,218 (i.e., \$29,479 in maintenance transfer payments, plus \$10,739 in other payments) for the same period this child was in care.</p>
19	<p><u>Comment</u></p> <p>Same comments as in sample 12 above. Also, the Independent Living Agreement (ILA) retained on file at the date of our field visit did not contain the youth's signature (we were informed by CSFS that the signed ILA was in the youth's possession and we were later provided with a copy of the signed agreement). Signed agreements should be retained on file to ensure that the expectations of both parties are agreed upon before services commence, and to protect the agency from potential litigation.</p> <p><u>Potential Adjustment</u></p> <p>AANDC funded the agency at a daily per diem of \$73.78 for s.22 days, for a total of \$20,511. If MCFD proves to be the proper funder, MCFD would have been required to fund the agency \$17,963 (i.e., \$5,921 in maintenance transfer payments, plus \$12,042 in other payments) for the same period this child was in care.</p>
Total Files = 6	

AANDC's terms and conditions for funding = Unable to Determine

File	Comments and/or Potential Billing Adjustments
02	<p><u>Comment</u></p> <p>The legal documents within the file did not contain the custodial parent's home address at the child's admission date (this child's file was originally in the physical custody of MCFD, and later transferred to CSFS). Due to a lack of access to the required evidentiary documentation, we are unable to provide an opinion on this child's maintenance eligibility status, for the purpose of confirming whether AANDC is the rightful funder.</p> <p><u>Potential Adjustment</u></p> <p>AANDC funded the agency at a daily per diem of \$73.78 for s.22 days, for a total of \$26,930. If MCFD proves to be the proper funder, MCFD would have been required to fund the agency \$35,628 (i.e., \$24,889 in maintenance transfer payments, plus \$10,739 in other payments) for the same period this child was in care.</p>
03	<p><u>Comment</u></p> <p>The child was absent from their group home for s.22 consecutive days during our scope period. The agency advised us that a bed for this child had to be maintained within the group home, which is why the agency continued to bill AANDC for this period. We also noted that an ILA with this child was signed late (i.e., signed on s.22 which was 12 days after its s.22 start date).</p>

File	Comments and/or Potential Billing Adjustments
	<p><u>Potential Adjustment</u></p> <p>We understand that AANDC's practices, in terms of funding maintenance costs for children who have been absent from their approved placement for an extended period of time, mirror MCFD regional practices. As such, and given that each MCFD region may have its own policy on how long a contracted bed must be reserved for an absentee child, we suggest that the agency and AANDC review this case in the context of respective MCFD regional policy, to confirm this child's funding eligibility and any necessary billing adjustment.</p>
04	<p><u>Comment</u></p> <p>Same comments as in sample 02 above.</p> <p><u>Potential Adjustment</u></p> <p>AANDC funded the agency at a daily per diem of \$250.96 for s.22 days, for a total of \$91,600. If MCFD proves to be the proper funder, MCFD would have been required to fund the agency \$83,026 (i.e., \$72,000 in maintenance transfer payments, plus \$11,026 in other payments) for the same period this child was in care.</p>
08	<p><u>Comment</u></p> <p>Same comments as in sample 02 above.</p> <p><u>Potential Adjustment</u></p> <p>AANDC funded the agency at a daily per diem of \$73.78 for s.22 days, for a total of \$26,930. If MCFD proves to be the proper funder, MCFD would have been required to fund the agency \$16,354 (i.e., \$7,900 in maintenance transfer payments, plus \$8,454 in other payments) for the same period this child was in care.</p>
10	<p><u>Comment</u></p> <p>There were no legal documents (e.g., court forms) within the file provided to us, to evidence the custodial parent's home address as at the child's admission date (this file was originally in the physical custody of MCFD, and later transferred to CSFS). Due to a lack of access to the required evidentiary documentation, we are unable to provide an opinion on this child's maintenance eligibility status, for the purpose of confirming whether AANDC is the rightful funder.</p> <p><u>Potential Adjustment</u></p> <p>AANDC funded the agency at a daily per diem of \$73.78 for s.22 days, for a total of \$26,930. If MCFD proves to be the proper funder, MCFD would have been required to fund the agency \$27,155 (i.e., \$16,416 in maintenance transfer payments, plus \$10,739 in other payments) for the same period this child was in care.</p>
17	<p><u>Comment</u></p> <p>Same comments as in sample 10 above.</p> <p><u>Potential Adjustment</u></p> <p>AANDC funded the agency at a daily per diem of \$73.78 for s.22 days, for a total of \$26,930. If MCFD proves to be the proper funder, MCFD would have been required to fund the agency \$21,658 (i.e., \$10,919 in maintenance transfer payments, plus \$10,739 in other payments) for the same period this child was in care.</p>

File	Comments and/or Potential Billing Adjustments
21	<p><u>Comment</u> Same comments as in sample 10 above.</p> <p><u>Potential Adjustment</u> AANDC funded the agency at a daily per diem of \$73.78 for s.22 days, for a total of \$26,930. If MCFD proves to be the proper funder, MCFD would have been required to fund the agency \$21,658 (i.e., \$10,919 in maintenance transfer payments, plus \$10,739 in other payments) for the same period this child was in care.</p>
Total Files = 7	

Schedule B: MCFD-Funded Child Maintenance Billings

Objective

To determine whether the agency's maintenance billings for CIC of the Director, or in out-of-care placement, met MCFD's terms and conditions for funding.

The results of our review of a sample of 23 MCFD-funded child maintenance files are reported below.

MCFD's terms and conditions for funding = Met

File	Comments and/or Potential Billing Adjustments
02 – 03	<u>Comment</u>
05 – 06	In samples 06 and 21, the ILAs were signed late and/or were missing the required signature(s). Also, not all of the ILAs were retained on file, and the start and/or scheduled review dates were not always updated to reflect the renewed agreement date. Agreements should be signed on a timely basis and retained on file to ensure that the expectations of both parties are agreed upon before services commence, and to protect the agency from potential litigation, should disputes arise in regards to a child's care.
10 – 11	
13	
15 – 16	
18 – 19	
21 – 22	
25	
27 – 29	
Total Files = 17	

MCFD's terms and conditions for funding = Unable to Determine

File	Comments and/or Potential Billing Adjustments
01	<p><u>Comment</u></p> <p>There were no legal documents (e.g., court forms) within the file provided to us, to evidence the custodial parent's home address at the child's admission date (this file was originally in the physical custody of MCFD, and later transferred to CSFS). Due to a lack of access to the required evidentiary documentation, we are unable to provide an opinion on this child's maintenance eligibility status, for the purpose of confirming whether MCFD is the rightful funder. Also, the ILA was not retained within the CIC file, and was missing the child's signature. Agreements should be signed by both parties and retained on file, to help ensure the child's awareness of the ILA terms, and to protect the agency from potential litigation should an issue arise in regards to the child's care.</p> <p><u>Potential Adjustment</u></p> <p>MCFD funded the agency \$20,905, including \$9,375 in maintenance transfer payments, plus \$11,530 in other payments (guardianship, FTE and cultural transfer). If AANDC proves to be the proper funder, AANDC may have been required to provide \$21,839 (i.e., the maximum daily per diem of \$73.78 for the same s.22 days) to CSFS for this child.</p>

File	Comments and/or Potential Billing Adjustments
04	<p><u>Comment</u> Same comments as in sample 01 above.</p> <p><u>Potential Adjustment</u> MCFD funded the agency \$23,752, including \$10,154 in maintenance transfer payments, plus \$13,597 in other payments (guardianship, FTE and cultural transfer). If AANDC proves to be the proper funder, AANDC may have been required to provide \$26,930 (i.e., the maximum daily per diem of \$73.78 for the same s.22 days) to CSFS for this child.</p>
08	<p><u>Comment</u> Same comments as in samples 06 and 21 above. Also, the legal documents within the file did not contain the custodial parent's home address as at the child's admission date (this file was originally in the physical custody of MCFD, and later transferred to the agency). Due to a lack of access to the required evidentiary documentation, we are unable to provide an opinion on this child's maintenance eligibility status, for the purpose of confirming whether MCFD is the rightful funder. Also, the child's name appeared on MCFD's funding list, but was not on the agency's monthly billing report to MCFD. The agency believes that the child is under AANDC's responsibility; however, CSFS has not claimed any funding from AANDC for this child. As such, it remains unclear as to whether the agency has received any funding for this child. We have suggested that MCFD review their payment records to determine whether funding was in fact provided to CSFS for this child, and work with AANDC and the agency to confirm the proper funder and funding amount.</p> <p><u>Potential Adjustment</u> If AANDC proves to be the proper funder, AANDC may have been required to provide \$26,930 (i.e., the maximum daily per diem of \$73.78 for the same s.22 days) to CSFS for this child.</p> <p><u>Note:</u> <i>Subsequent to this review, we were advised by the agency that CSFS started billing AANDC for this child s.22 As such, the potential billing adjustment reported above may need to be adjusted downward to account for any funding received by CSFS since billing activity commenced s.22</i></p>
14	<p><u>Comment</u> Same comments as in sample 08 above.</p> <p><u>Potential Adjustment</u> MCFD funded the agency \$32,155, including \$21,131 in maintenance transfer payments, plus \$11,024 in other payments (guardianship, FTE and cultural transfer). If AANDC proves to be the proper funder, AANDC may have been required to provide \$26,930 (i.e., the maximum daily per diem of \$73.78 for the same s.22 days) to CSFS for this child.</p>

File	Comments and/or Potential Billing Adjustments
24	<p><u>Comment</u> Same comments as in sample 08 above.</p> <p><u>Potential Adjustment</u> MCFD funded the agency \$42,185, including \$31,446 in maintenance transfer payments, plus \$10,739 in other payments (guardianship, FTE and cultural transfer). If AANDC proves to be the proper funder, AANDC may have been required to provide \$26,930 (i.e., the maximum daily per diem of \$73.78 for the same s.22 days) to CSFS for this child.</p>
26	<p><u>Comment</u> Same comments as in sample 08 above.</p> <p><u>Potential Adjustment</u> MCFD funded the agency \$4,954, including \$2,522 in maintenance transfer payments, plus \$2,432 in guardianship/resource payments. If AANDC proves to be the proper funder, AANDC may have been required to provide \$6,787 (i.e., the maximum daily per diem of \$73.78 for the same s.22 days) to CSFS for this child.</p>
Total Files = 6	

MCFD's terms and conditions for funding = N/A (files not reviewed)

File	Comments and/or Potential Billing Adjustments
07, 09, 12, 20, 23	These files were reviewed in Schedule A: AANDC-Funded Child Maintenance Billings.
17	s.22 and the file was transferred back to MCFD.
Total Files = 6	

Schedule C: AANDC-Funded CIC Caregiver Files

Objective

To assess whether caregivers (i.e., foster parents, group homes and institutions) of AANDC-funded CICs have current contracts, adequate insurance coverage and meet other prescribed criteria for the level of care billed.

The results of our evaluation of a sample of seven AANDC-funded resource files, based on nine prescribed criteria, are summarized below.

Criteria = Met

Criteria	Description
01	Caregivers of AANDC-funded children were supported by signed contracts while providing care.
03	Caregivers in foster homes have undergone a CRC.
05	Annual reviews of caregivers in foster homes are performed and adequately documented, and there is ongoing monitoring of the caregivers.
06	Foster parents in foster homes have met provincial requirements for approval (e.g., home studies, medical exams, reference checks).
07	A suitable diary system is maintained to provide follow-up for required actions.
08	Caregiver payments are consistent with the contract-prescribed payment rate (foster homes and group homes); and, with the MCFD-approved rate for the type/level of care provided (foster only).
Total Criteria = 6	
* Criteria applied only to agency foster homes (except for criteria 01 and 08 which were also applied to the licensed group home and MCFD-borrowed foster home files).	

Criteria = Partially Met

Criteria	Description and Observations
02	<p><u>Criteria</u></p> <p>The caregivers of AANDC-funded children have adequate insurance coverage.</p> <p><u>Observations</u></p> <p>Two of the three resource (agency foster home) files reviewed contained evidence of automobile insurance; however, the coverage did not span the full scope period of this review. Only one of the three resource files contained evidence of homeowner/tenant insurance. Although not a requirement of the Aboriginal Operational and Practice Standards and Indicators, it is good practice to confirm and document whether caregivers have valid insurance coverage, to reduce potential liability to the agency and its caregivers.</p>

Criteria	Description and Observations
	MCFD's Schedule C – Insurance Schedule, as used by CSFS and many other agencies, contains an out-of-date reference to the BC Federation of Foster Parent Associations for Comprehensive General Liability (CGL) insurance. A recommendation has been made, in the overview section of this report, for MCFD to update this reference to reflect the Provincial Government's MIP as the current provider of CGL insurance.
Total Criteria = 1	
* Criteria applied only to agency foster homes (except for criteria 01 and 08 which were also applied to the licensed group home and MCFD-borrowed foster home files).	

Criteria = Not Met

Criteria	Description and Observations
04	<p><u>Criteria</u></p> <p>Caregivers in foster homes have met provincial requirements for training.</p> <p><u>Observations</u></p> <p>We understand that CSFS's resource workers proactively encourage the agency's caregivers to take training courses which will help them to effectively serve the children in their care. However, in terms of provincially-prescribed training, only one of the three resource (agency foster home) files in our sample contained evidence of the caregiver's completion of the required 53-hour Foster Care Education Program. Of the remaining two files, one file only contained evidence that the caregiver had been provided with relevant booklets, handbooks, protocols and standards, while the other file contained no evidence of any training having been completed.</p>
09	<p><u>Criteria</u></p> <p>Recommendations made to the agency in prior Financial Compliance Reviews have been followed-up by AANDC.</p> <p><u>Observations</u></p> <p>AANDC has not performed any follow-up on the recommendations from the previous financial compliance review. Through appropriate follow-up activity, AANDC can gain better assurance that the agency's children are being placed with caregivers who hold valid contracts, and who have been properly screened, trained and monitored.</p>
Total Criteria = 2	
* Criteria applied only to agency foster homes (except for criteria 01 and 08 which were also applied to the licensed group home and MCFD-borrowed foster home files).	

Schedule D: Financial and Administrative Procedures

Objective

To determine whether the agency's financial and administrative procedures are consistent with the requirements of Appendix C of the AANDC Child and Family Services Review Process, per the criteria prescribed below.

The results of our evaluation of the agency's financial and administrative procedures, as based on 11 prescribed criteria, are summarized below.

Criteria = Met

Criteria	Description
01	The agency is operating under a Delegation Enabling (or Confirmation) Agreement with MCFD that is in good standing.
02	The agency is a Registered Society, an Indian Band legally established under the <i>Indian Act</i> , or incorporated under an Industry Canada Letters Patent.
03	If a Registered Society, the agency's annual 'report filed' date is current.
04	The Agency has \$2,000,000 CGL insurance, and has Directors and Officers liability insurance.
06	Financial Management Policy and Procedures Manual covers controls over: <ul style="list-style-type: none"> • budgets and financial reporting; • revenues and expenditures; and • assets and liabilities.
07	Board members and staff have ready access to financial management policies and procedures.
08	Expenditure activity is controlled through appropriate and segregated financial duties, authorizations and reviews; and through proper budget management practices.
09	There are appropriate controls over cheques.
10	Bank reconciliations are complete, timely and separately reviewed. <u>Comment</u> While the agency has met the above criteria, we believe that the agency has opportunities to further strengthen controls in this area. For example: <ul style="list-style-type: none"> • the agency's written policy on bank reconciliations could be enhanced to more clearly specify that the bank reconciliation preparer and reviewer need to be independent of each other; and, that neither the bank reconciliation preparer nor reviewer should be involved in the daily receipt, disbursement and/or recording of funds; • the bank reconciliation preparer and reviewer could better evidence their work by consistently dating and signing the bank reconciliation documents; and • overall control of the bank reconciliation function could be enhanced by having the Finance Director resume her role as independent reviewer, at the agency's earliest opportunity.
Total Criteria = 9	

Criteria = Partially Met

Criteria	Description and Observations
05	<p><u>Criteria</u></p> <p>s.15</p> <p><u>Observations</u></p> <p>During the scope period of this review, policies and procedures on CIC and s.15</p> <p>s.15</p> <p>documented these policies and procedures in its policy manual. At the time of our field visit in April 2011, the agency had commenced formal development and documentation</p> <p>s.15</p>
Total Criteria = 1	

Criteria = Not Applicable

Criteria	Description
11	Recommendations made in prior Financial Compliance Reviews related to Objective C have been implemented by the agency.
Total Criteria = 1	