AFOA CANADA ENGAGEMENT REPORT

Input from AFOA Canada members on five INAC policies and legislation

Final Report

March 23rd, 2017
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1.0 Executive Summary

This report identifies the issues with the current administration of federal grant and contribution programs, and outlines recommendations to improve the current systems. Policies and legislation reviewed in the AFOA hosted survey and focus groups, and thus in this report are: Treasury Board Transfer Payment Policy, General Assessment Policy, Default Prevention and Management Policy, INAC Funding Model Agreements and the First Nations Financial Transparency Act.

The findings that are identified in this report, and that influenced the resulting recommendations, are following the focus groups AFOA Canada was requested to hold with its members in five (5) cities across Canada: Halifax, Montréal, Saskatoon, Winnipeg and Vancouver and online surveys offered to all membership. The purpose of meeting with these hand-chosen panels was to hear from a range of people who could determine the lived experience at the community level of financial policy and legislation as well as identify current barriers faced by First Nation administration and community members.

The engagement presented an opportunity for all AFOA Canada members to participate in the findings and outcomes portion of all areas of policy and legislation through an online survey that was also made available over email and on the AFOA Canada website. This survey is included in Appendix IV of this report. There was a final stage of participation at the AFOA Canada annual conference, where we presented a final draft of this report and received both written and oral feedback from those in attendance.

The process of collecting information from members across Canada and consolidating it into this report for input is evidence gathering for the new fiscal relationship. The level of efficiency and flexibility that occurs in the application of grant and contribution funding models to First Nations is important to communities because without receiving funding that appropriately fits their needs and capacity, community members suffer a significantly lower quality of life.

The process of evidence gathering and feedback from First Nations is a process that will never be considered as finished, as Nation-to-Nation relationships means constant engagement and discussion.

General Conclusion Themes:

This report will explore, in detail, the conclusions captured by the reviews and focus groups, but some overarching themes were present and persistent in every Canadian region and applicable to each policy discussed; these themes are:

- **Level of funding** needs to be improved for all policy changes or funding structures if it is to be felt as meaningful improvement at a community level;
• **Funding for capacity development** must be improved if any meaningful change will come from policy or legislation changes;
• Progress towards **Nation-to-Nation relationship** is to be the main focus for all changes in policy and legislation; and
• Creating an **implementation plan** is an important step if this report is to be differentiated from its precursors like the *Blue Ribbon Task Force on Grants and Contributions*.

**General Recommendation Themes:**

This report will list detailed and focused recommendations for each policy and legislation reviewed. While investigating the findings (focus group and survey feedback) to create these recommendations, some overarching themes emerged that spanned the individual policies and legislations. These themes are:

- Levels of funding must be improved for any changes in policy to have meaningful impact;
- A separate institution is needed to gauge a better overall measure of risk and capacity for First Nations that goes beyond Government funding risk;
- An increase in the flexibility of funds and authority over funds is required for First Nations to achieve the innovation required to foster real growth in the delivery of their programs and services;
- A more concrete balance between administrative control and client focus is required in the implementation of the *Treasury Board Transfer Payments Policy*.
- Extensive education about internal INAC processes is required for Nations to create plans for success within the INAC system;
- Language in policy and legislation needs to be amended to include greater respect and consistent application, where regional nuance is experienced without the policy fundamentals changing;
- In a bid for greater equality, INAC and Third party managers must shoulder a greater accountability to ensuring that management capacity is restored to the First Nation as quickly as possible;
- Repeal the *First Nations Financial Transparency Act* entirely.
2.0 Background

Canada’s political landscape has undergone recent changes with the new federal leadership focusing more on Nation-to-Nation relationship building with Indigenous leaders and communities. The public conversation about reconciliation and improved accountability has become a focus for all stakeholders and has led to the review and input on 5 areas of federal-level First Nations financial policy and legislation.

In August 2016, AFOA Canada was approached by Indigenous and Northern Affairs Canada (INAC), to gather input on financial policy and legislation across Canada. AFOA Canada made the decision to conduct focus groups with members in Manitoba, Atlantic, Québec, Saskatchewan and the British Columbia chapter regions on the following five policy and legislation areas:

1. Treasury Board Transfer Payment Policy
2. General Assessment Policy
3. Default Prevention and Management Policy
4. Transparency and Accountability
5. INAC Funding Model Agreements (Standard, Streamlined and Common)

This report and recommendations are not an exhaustive review of the policy and legislation, and is only intended to provide a high-level overview of findings and input from the focus groups and survey results.

By addressing the input and feedback of selected member participants, AFOA Canada has compiled common themes and recommendations. This information has been distilled into suggested next steps for moving towards reconciliation, a healthier fiscal relationship for the Nation-to-Nation model, and a roadmap to strengthening services at a community level.

The focus groups were arranged by AFOA Canada and took place between November 9th and 24th 2016 in Winnipeg, Halifax, Montréal, Saskatoon and Vancouver. The focus groups were designed in collaboration with the contractor, The Castlemain Group, and an Advisory Committee made up of financial and management experts in policy and finance (see Appendix I).

The focus groups aimed to capture qualitative data from a well informed and financially experienced, insightful participant group. In addition, a survey was designed to capture quantitative data on specific policies. This was distributed to all AFOA members across Canada (approx.1500). Over three weeks, five per cent of members responded. To add insight to the surveys, attendants at the AFOA National Conference held in February 2017 were gauged for their opinions and verified the information collected in the focus groups and surveys that preceded it.
2.1 The relationship that guides the conceptual framework

Throughout history there have been changes to the structure and relationship between First Nations communities and the Federal Government, both progressive and regressive. Below we explore in detail the contributions of Devolution, the Penner Report, Royal Commission on Aboriginal Peoples Report (RCAP), the Blue Ribbon Task Force Report on Grants and Contributions (BRTF), as well as the AFOA Canada Engagement Report. The overarching theme of Indigenous communities’ desire to self-govern has been identified in all reports and recommendations, yet this goal has not been supported to the extent necessary to achieve these results.

The findings and recommendations from the above-mentioned reports are useful to explore in this context, as they are woven into the findings and recommendations of this report by contributing to the evolution of financial policy and current legislation. Inaction towards the repeated recommendations made since 1962 has lead to apathy, resentment and lack of trust moving forward.

Contextual history

• Devolution (1962)
• Penner Report (1982)
• Royal Commission on Aboriginal Peoples (1995)
• Blue Ribbon Task Force on Grants and Contributions (2006)
• Crown First Nations Gathering (2012)

Devolution (1962)

Devolution started in 1962 with the devolution of some of the administrative control of education and social programs within communities. At that time, funding was also tightly controlled with reimbursement of actual expenditures.

It is during this time period that contribution agreements started between the Federal Government and First Nations.


In October 1982, the Canadian House of Commons Sub-Committee on Aboriginal Affairs approved a submission to Parliament called the ‘Penner Report’. This report made recommendations aimed at improving accountability and implementing self-government procedures.

The report identified five basic elements of the new trust relationship put forward by the Sub-Committee:

1. Recognition of First Nations governments with powers and jurisdiction appropriate to a distinct order of government within the Canadian Federation.
2. Fiscal arrangements suited to self-governing entities.
3. A secure economic base including land, water and resource rights, which, together with educational and community services appropriate to modern society, would strengthen the culture and economy of First Nations.
4. Economic settlement of claims to restore capital trust accounts resources and lands to the First Nations.

These elements were created with the intention to move Indigenous communities towards self-government. Although there have been a number of legal cases, and some movement towards self-governance, 33 years after its release, communities and leaders are still fighting for the recognition of a Nation-to-Nation relationship. This remains a key factor in respectful negotiations, implementation, administration and reconciliation.

The committee responsible for informing the Penner Report made reasonable efforts to address questions and concerns, although there still remains a fundamental gap specific to First Nations policy and legislation to advance a Nation-to-Nation relationship.

An essential part of the report and ‘new relationship’ described in the Penner Report address a new relationship consisting of self-government. The report did not address many of the practical problems and barriers that exist to putting a system of Indigenous self-government in place. This is well illustrated today with only a small number of First Nations in Canada being truly self-governing.

The Penner Report deals primarily with the concept of self-government. It makes reference to the fact that membership and status have previously been determined by arbitrary federal policy and legislation that in many cases ignores community priorities and needs.

**Royal Commission on Aboriginal Peoples (1995)**

The Royal Commission on Aboriginal Peoples Report (RCAP), was the product of extensive research and community consultation with a broad survey of historical and community relations between Indigenous and non-Indigenous peoples in Canada. The commission released a final five-volume, 4,000-page report containing 440 recommendations for dealing with a breadth of issues including: self-governance, treaties, health, housing, the north, economic development and education. Major recommendations included the following:

1. Legislation, including a new Royal Proclamation stating Canada’s commitment to a new relationship and companion legislation setting out a treaty process and recognition of Aboriginal nations and governments.
2. Recognition of an Aboriginal order of government, subject to the Charter of Rights and Freedoms, with authority over matters related to the good government and welfare of Aboriginal peoples and their territories.
3. Replacement of the federal Department of Indian Affairs with two departments, one to implement the new relationship with Aboriginal nations and one to provide services for non-self-governing communities.
4. Creation of an Aboriginal parliament.
5. Expansion of the Aboriginal land and resource base.
7. Initiatives to address social, education, health and housing needs, including the training of 10,000 health professionals over a ten-year period, the establishment of an Aboriginal peoples’ university, and recognition of Aboriginal nations’ authority over child welfare.

In January 1998, after immense pressure from communities and the Assembly of First Nations (AFN), the government responded to the RCAP report. Gathering Strength: Canada’s Aboriginal Action Plan set out a policy framework for future government action based on four objectives, one of which included the development of a new fiscal relationship. Government goals in this area included:

- working toward greater stability;
- accountability and self-reliance;
- developing new financial standards with public accounts and audit systems that conform to generally accepted accounting principles;
- assisting First Nations governments to achieve greater independence through development of their own revenue sources; and
- enhanced data collection and information exchange.

Following this response by the government, the Minister and the National Chief of the AFN announced a preliminary action agenda that outlined specific initiatives for immediate action, and identified areas for future action. To this day, the Government response to the Commission report is heavily criticized for the lack of implementation and progress towards reconciliation.

National Chief of the AFN at the time, Phil Fontaine, stated “the promises made by the Government of Canada… represented the potential for a major step,” but that the commitments arising out of the RCAP report “have not fully been implemented or honoured in the way in which we had anticipated”.

Without the proper action to bring the framework recommendations to fruition, a gap remains for First Nations funding stability, flexibility, and autonomy.

**Blue Ribbon Task Force on Grants and Contributions (2006)**

The Blue Ribbon Task Force on Grants and Contributions (BRTF) was created to recommend measures that would make the delivery of grant and contribution programs more efficient, while also ensuring greater accountability. Although the report was not specific to Indigenous communities, there was a specific Indigenous group that was brought together to provide input.
While there has been some progress, the question remains if the recommendations and key theme areas have been truly addressed, especially in Indigenous communities. The key overall recommendations included:

1. Respect the recipients - they are partners in a shared public purpose. Grant and contribution programs should be citizen-focused. The programs should be made accessible, understandable and useable.
2. Dramatically simplify the reporting and accountability regime - it should reflect the circumstances and capacities of recipients and the real needs of the government and Parliament.
3. Encourage innovation - the goal of grant and contribution programs is not to eliminate errors but to achieve results, and that requires a sensible regime of risk management and performance reporting.
4. Organize information so that it serves recipients and program managers alike.

Based on the focus group and survey conducted by AFOA Canada, it is clear that the majority of recommendations from the BRTF report still apply to First Nations communities today. The report states “First Nations governments are (or ought to be) more like intergovernmental transfers than typical grants and contributions,” yet our findings showed there is still an overall concern regarding a lack of Nation-to-Nation relationship building and a meaningful collaboration with INAC.

It was noted by a focus group participant that the BRTF report could be used as a reference for creating this report, as many of the themes resembled the current feedback, 10 years later. The clear message is that these themes are generally recognized in the *Treasury Board Transfer Payment Policy* but not being implemented.

**Crown First Nations Gathering (2012)**

The Government of Canada and representatives from First Nations met to discuss renewed relations and to work to develop solutions to remove barriers that hinder First Nations governance. The *Crown First Nations Gathering Report (CFNG Report)* objective statement noted the “Indian Act cannot be replaced overnight, but through the use of existing tools and the development of new mechanisms, both parties can create the conditions to enable sustainable and successful First Nations.” The identified goals that arose from this extensive gathering are:

- movement toward a single, multi-year Government of Canada financial arrangement for First Nations with high-performing governance systems;
- improved accountability provisions for all parties; and
- financial self-sufficiency of First Nations as the end-goal.

The results of this report and its recommendations were the implementation of the Streamlined Funding Agreement and input to the *General Assessment Policy*. Each of these have been both accepted and criticized among First Nations communities. This is discussed later in this report while considering themes that arose in the focus groups.
3.0 Summary, Themes and Findings

Both the focus group and survey highlight underlying themes reported across Canada that have been factored into the recommendations.

Focus Group

AFOA Canada created an engagement initiative to gather input from member participants representing communities and organizations across Canada. With an average of 10 participants per focus group session, AFOA Canada received input from over 50 AFOA chapter members in the span of three weeks.

Participants from member communities and organizations shared their feedback on both the survey and focus groups based on their years and depth of experience with the specific policies and legislation areas. The participants ranged from First Nations Managers and Finance Officers for individual Nations to Tribal Council Executive Directors to individuals who have previously worked for INAC.

The focus group agenda, located in Appendix II of this report, was made up of:

- **Day one:** Presentation on the Blue Ribbon Task Force Report on Grants and Contributions, general overviews and discussion on General Assessment Policy, First Nations and Tribal Councils Funding Agreements (Standard, Streamlined and Common) and Default Prevention and Management Policy.
- **Day two:** General overviews and discussion on the Treasury Board Transfer Payments Policy and First Nations Financial Transparency Act.

Each focus group had varying conversations and feedback for each topic and was provided set of questions (see Appendix III), resulting in a consistent thread of themes that resonated throughout each AFOA chapter. The themes ranged from capacity development to communication, and specific feedback and input is provided for each piece of policy and legislation further in the document. Below are the core issues identified that reflect what members experience on a daily basis.

Themes heard throughout the focus groups:

Capacity Development

Capacity development was a term that came up repeatedly in all focus group sessions held across Canada. Not only was it discussed as a current, underfunded issue, it was echoed as a fundamental aspect in ensuring self-sufficiency in First Nations communities. Participants felt as though there was not adequate support or funding to:
1. Build mechanisms to streamline the application and reporting process.
2. Hire additional administrative staff to see funding requirements through.
3. Maintain overall human resource capital to adhere to strict agreement and policy guidelines.
4. Introduce communication tools for member engagement and accountability.

Capacity development was described as a need for core funding and continuous support, to enable staff to autonomously make decisions on behalf of their Nation. The following points emerged from the discussion:

• capacity development in having sufficient resources for core services, management capacity and training development and programming;
• funding to support a long term capacity development solution for the community; and
• ensuring third-party managers are developing capacity at First Nations within their terms of agreement.

As stated in the Winnipeg focus group, “capacity is what builds strong Nations, to move them towards desired change of self-government”. Without the funding and support for capacity building, the goal of building healthy self-governments is handicapped in the long term.

**Collaboration**

An important element in developing a healthy relationship that serves both INAC and First Nation communities is collaboration. Discussed in all focus groups, collaboration creates a two-way communication; it aids to dismantle the isolating approach that many participants report as experiencing through their dealings with INAC, third-party managers, recipient advisors and other related departments. Throughout the focus groups, participants described the lack of a reciprocal accountability with the Federal Government and a desire to see progress towards a renewed, mutually beneficial relationship.

The focus group participants felt as though they were lacking a true and demonstrated Nation-to-Nation relationship. The groups reported that:

• there is redundancy in the funding applications and reporting process and lack of input from communities;
• there is a lack of direct communication with the Federal decision-makers, for example the administrative team or Chief and Council are meeting with technical staff rather than ministers and leadership;
• policy language can be interpreted as collaborative, however the implementation is absent in many communities; and
• there is a lack of innovation and flexibility when dealing with the management of funds and reporting, this should be decided by both parties rather than one.

Collaboration was expressed as a two-way (and sometimes three-way) function working with not just INAC but also with third-party managers, and other government departments to ensure accountability is created and a collaborative approach is taken. Within the theme of collaboration, creating reciprocal accountability was
addressed as a key step, and the root of many concerns brought forward by participants.

**Communication**

The participants discussed their frustrations and the time and energy that is required to work through agreement, application, and reporting issues. As a whole, the participants felt:

- communication is not consistent from region to region within INAC. It is exacerbated with INAC staff turnover
- Funding Service Officers (FSOs) are not always fully informed about the implementation of new funding formulas or new policy changes
- the interpretation of agreements and INAC policy differ in its explanation from INAC Financial Service Officers to different First Nations. The reason for these differences in interpretation is not clearly communicated from INAC Financial Service Officers to First Nations.

In this context, communication also includes how the Federal Government relays information to the public and an onus to avoid undeserved negative attention towards First Nations communities. Historically, mainstream media coverage of recipient audit releases has been mainly public shaming, as opposed to explaining policy to the public and providing more accurate representations and information about First Nations financial realities. Participants also addressed the desire for equal treatment, expressing that recipient audits to the public should be required of all recipients funded by the Government of Canada, not only Aboriginal recipients. Participants felt as though the Federal Government had the ability to partner in a positive public relations campaign in collaboration with Assembly of First Nations or AFOA Canada.

**Funding**

Throughout the focus groups, underfunding was identified as the core issue that needs to be addressed before any change created from other issues and recommendations could be felt at a community level. Not only did participants identify the lack of appropriate funding, they felt that it is stunting capacity building and the lack of flexibility meant it is not meeting the needs of communities. Any amendments or adjustments to how First Nations receive funds for delivering community programs will not amount to real change or improvements to quality of life if the amount of funds does not rise to meet the base requirements of delivering community programs.

It was stated by the majority of participants that they would like to see a grant contribution model where recipients are able to reallocate funds to where the community experiences real need. Participants also highlighted that there needs to be an allowance for funding carry over for fiscal years that promotes funding the community priorities that span multiple years. Participants viewed the benefit of the grant contribution as encouraging innovation, creating room for organizations to have the flexibility to adapt to changes and the ability to try different approaches depending on the community need. This fundamental change, to simplify administration while strengthening accountability creates fairness - as it would align with government transfer to other levels of government as stated in the TBTPP.
Overall

Overall, the themes commented on systemic issues regarding policy, process and implementation. All of these issues need to be addressed simultaneously and re-evaluated to meet First Nations’ needs and to create a positive relationship between all parties involved. These themes affect policy and legislation in that there is a need for stronger communication and a collective approach to implementation. Without a clear and concise effort, there remains too much subjectivity, rigidity and restriction for any recommendations to make significant changes at a community level.

Member Survey

The survey was sent out to 1,500 of the AFOA Canada members, including members that work in and serve communities. The survey was created to coincide with the focus group sessions and provide further feedback and input on the 5 financial policy and legislation areas. The survey was made available to members over a three week period by email, on the AFOA Canada website, and through direct contact at the focus group. Survey questions and raw data can be found in Appendix IV.

The survey gauged the diverse AFOA Canada membership on their experiences with each of the areas of focus: General Assessment Policy, INAC Funding Agreement Models, Default Prevention and Management Policy, Treasury Board Transfer Payments Policy, and the First Nations Financial Transparency Act. The gathering of this information is a critical piece in this recommendation process.

The survey analysis is based on the results of 46 fully completed surveys submitted by members of AFOA Canada. Some may, or may not, be the same participants that attended the focus groups. To protect the privacy of the participants, all of the comments shared in this report have been kept anonymous.

Profile of Survey Participants

We asked the respondents to tell us if they were an AFOA member, an AFOA corporate member, if they work for a First Nation at the community level, where their home AFOA chapter is, and the breadth of knowledge they had about the addressed policies, agreements, and legislative items. The breakdowns are in the charts below.

The majority of respondents work for a First Nation at the community level, with a large percentage being from Alberta, British Columbia and Manitoba. Similar to the focus group attendees, those that filled in the survey were relatively well-informed about the policies, agreements and legislation they were critiquing.
Input from AFOA Canada members on five INAC policies and legislation

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FINAL REPORT
**Relationship with the Crown**

We posed the question: In the last five years, has the relationship between the Crown and First Nations improved or regressed. The feedback showed a very disparate response.

The answers ‘has improved somewhat’ and ‘has regressed’ are tied for highest response. To understand this discrepancy, we turn to the comments provided which shows that respondents felt there has been an erosion of the relationship with increasing onerous measures, although there is moderate improvement or faith for future improvement with the new federal administration.

- “For last 20 years, flexibility has decreased, control increased, administration and reporting become more onerous.”
- “Improved since last election, federally. Before election, it worsened each year.”
- “I think there has been more restrictions placed upon First Nation Governments. I think under the previous government we saw an erosion of the relationship. This resulted in more of a control relationship.”
- “I had a very good FSO - but she retired. Other than a connection with her there is no relationship in place.”
- “In the last year it’s stayed the same. The Trudeau government hasn’t lived up to its promises but hasn’t made things worse. Under the Harper government, the First Nations were being punished unfairly.”
- “First Nations Financial Transparency Act is still in place in spite of promises to repeal it. Where is the Resource Revenue Sharing? Education and housing are still below acceptable levels and still “consultation” is not happening for the most part.”

**Further Feedback at AFOA National Conference**

Following the focus groups and survey response analysis, a draft of this report was written and presented at the AFOA Canada National Annual Conference in Calgary, AB in February 2017. An overview of process and findings was presented along with all of the recommendations to roughly 150 conference delegates. There was a question period as well as a written feedback portion of the presentation. The feedback received was compiled and digested and while it largely echoes what was heard in the focus groups and survey responses, the final version of this report reflects this input.
4.0 Findings and Recommendations

4.1 Treasury Board Transfer Payment Policy (TBTPP)

Focus Group Comments
Throughout the conversation on TBTPP, it was clear that there is a need for a balance between administrative control and client focus as previously outlined in the BRTF report. Currently participants identified that the balance was skewed towards administrative control, and a strong desire was expressed for horizontal coordination.

Many participants expressed the view that there was little room for failure or that they could not achieve real innovation without reasonable flexibility. A critical issue identified was that there has already been extensive input (BRTF), great discussion and dialogue, high hopes, yet a lack of true implementation. The following comments resonated throughout:

- community plans need to serve as the basis for the contract, a community can assess and decide what it needs;
- a plan of action is required for capacity development to support administrative and Human Resource needs;
- language within the section on other Orders of Government Recipients should be used in the Aboriginal Recipients, specifically the points around respect for jurisdiction and accountability mechanisms;
- present the realities of the program issues and ensure they are being addressed;
- too many and varying ways of interpreting of the TBTPP;
- varied interpretations result in inconsistent implementation;
- the TBTPP needs to broaden the constraints of what funds can be spent on, as long as there is compliance to the terms; and
- the TBTPP calls for a consistent approach and horizontal coordination.

Survey Results
Almost all of the respondents reported that their organization received some type of funding authority, the most common of which being fixed (63% of respondents). While the types of funding authorities that these organizations received were different, the survey respondents’ opinions on how the process and reality of the authority work for their communities tended to align.
Treasury Board Transfer Payment Policy Recommendations

Ultimately, funding authorities should operate as Nation-to-Nation payments as opposed to ‘recipient’ contributions. This is for what we see as average-able communities, as there will be high risk and low capacity communities who will not be eligible for a conditional grant. Participants felt as though there should be a greater balance between administrative control and client focus.

The following recommendations are made with that eventual of Nation-to-Nation payments in mind, where applicable. What is needed more immediately is more flexibility to truly strengthen innovation, flexibility and adaptability to better address community needs.

1. The Treasury Board Transfer Payment Policy language used should be amended to include respect for a Nation-to-Nation relationship.

   If funding authorities are to move towards the ideal Nation-to-Nation transfer system for eligible Nations, the current policy must formally recognize sovereignty and commit to respecting First Nations as another order of government. This cannot be consistently upheld, unless reflected in the language of the policy documents. The language used in the policy appendix for other orders of government should also be used for Indigenous recipients so that there is no chance of misinterpretation.

2. The Treasury Board Transfer Payment Policy needs to be reviewed with the goal of increasing innovation and flexibility of funds, ideally exploring a broader use of grant funding.

   This recommendation further serves to create greater partnership with Indigenous communities being funded for their specific needs, which can have regional nuances. Surpluses should be allowed to be
spent on community programs and funding issues the Nation identifies, rather than INAC approval of the use of unencumbered funds in flexible funding authorities. As mentioned earlier, basing funding on comprehensive community plans and identified priorities would assist in this. Flexibility would offer realistic means to deliver needed programs or for emergencies that arise, as well as the ability to carry funds over fiscal years to finance priorities that span years.

3. The Treasury Board Transfer Payment Policy should strengthen the implementation of horizontal coordination that includes common funding authorities.

While the Nation-to-Nation model is the eventual goal for all Nations, not all Nations currently hold the capacity to immediately achieve that. The language around horizontal coordination, although already in the policy, must be strengthened to ensure that the system is not only focused on improving the agreements, but also more fundamental areas. For example, a focus on a common funding authority by all departments would be a fundamental shift that would be felt at the community level. This shift will benefit all Nations regardless of current capacity as it breaks down barriers, reduced administrative burden, and increases accountability.

To keep up with the rate of Nation growth, particularly if there is a commitment to increase funding levels and capacity initiatives, mechanisms will be needed for horizontal integration and coordination. There are currently too many funding authorities within Health Canada and INAC. The existing structure needs systems to receive and process information and enable communication among people in different levels.

4.2 General Assessment Policy

Focus Group Comments

Many of the participants find the formulas are veiled in mystery. This ongoing issue has resulted in confusion, and there is still a lack of clarity and information about how the formula works, who makes the final decision, and how decisions are made within the General Assessment Policy. The lack of understanding around the risk assessment model has resulted in frustration from many communities. Participants feel as though the formulas offer little incentive or benefit for low-risk or successfully managed communities. Participants felt that overall the General Assessment tool did not adequately address the issue of community risk nor did the four pillars adequately align with the government funding risk assessment to Indigenous recipients. Participants expressed that the pillars need to be amended and some of the risk factors should move locations within the pillars. Common comments from the participants included:

- lack of Nation-to-Nation involvement in the assessment criteria and not clear on how the numbers and assessment criteria functions;
that collaboration is essential to making the risk and capacity assessment work in the long term;
better response timeframe when it comes to the assessment;
no clear differentiation between low-medium and high risk communities in terms of authority and flexibility of funding;
low score does not provide any additional benefit as it used to;
a flexible process should be implemented that would contribute to innovation; and
the availability of capacity development funding for high and medium risk First Nations, funding available to assist in lowering the risk.

Survey Findings

In this section of the survey, the responses were clearer than other sections with 27% of respondents stating that they found the General Assessment tool to be useful, with some important qualifiers.

This response differed from what we heard from participants at the focus groups. The comments, which read as qualifiers, provided for this question are illuminating.

• “The tool can assess capacity of a First Nation or an organization. It is helpful to government to measure risk of a First Nation. It can point out areas for capacity development.”
• “This is a weak tool and ties up too much time, there should be a tool developed by AFOA members and First Nations that actually measures the true risk.”
• “It is important to know who completes the assessment and how the assessment is used. If the assessment is truly objective then maybe the assessment is a useful tool for all parties.”
• “I think they should have to clarify how they figure out the risk for each community. The actual formula that is used and why. TRANSPARENCY shouldn’t be one sided.”
• “The FSO who prepares the form often does not have sufficient knowledge of the organisation to do this effectively. This could be better if the FN were involved and resulted in adjustments to work plans.”
• “I think the pillar of planning needs to be removed entirely. The Governance risk factor has to be more reflective of what governance is at a community level. As an example, the consideration of familiarity of the agreement in the governance risk factor must be removed and placed in financial management.”
• “An example is one client hired me as a C.A. to manage their finances. This should rate the finance function of the First Nation as low risk that the First Nation hired a CA.” Instead, INAC utilized this as a reason to put them as high risk, saying they were reliant on “expert resources” so the First Nation was actually being punished for hiring a CA.

Many of the respondents found the General Assessment a useful tool in theory, as it can help to highlight where capacity is needed for a Nation. However, it was noted that in practice the tool is too opaque to be useful internally and too subjective to an assigned FSO. There were many complaints about the cultural knowledge of officials completing the assessments and the timeliness of INAC.

**General Assessment Policy Recommendations**

This section addresses the specific recommendations that arose from the discussion with focus group and survey participants around the lived experience of the General Assessment Policy. The following five recommendations are made with the aim of creating a process that is more transparent, consistent and aimed at capacity building within First Nations. Further the evidence used should be more objective than subjective.

1. **Our main, long term, recommendation for the General Assessment Policy is that the identification of risk be transferred to a third party separate Indigenous institution. The short-term (3 year) measure would be to realign risk factors and apply the other recommendations below.**

   At the moment there is no third party Indigenous institution that contributes to the assessment of the broader risk of a First Nation. This would include community risk and business risk and not merely
Government funding risk. As this is a clear path to funding more sustainable communities, we recommend a three-year period for planning and transitioning from the current GA model to a third-party Indigenous institution.

2. **INAC must re-assess the criteria and formulas within the risk assessments.**

   We heard across regions, that the current model leaves First Nations General Assessments prey to subjectivity and the bias of an individual assessor. An assessment of the current criteria and formulas that create the scores that First Nations receive should be the starting point of meaningful policy reform. In an aim to make the policy fair and transparent, the current criteria and formulas should be amended to create consistent outcomes when applied.

3. **INAC needs to communicate and educate First Nations financial administration about the assessment criteria, risk factors and formulas.**

   Communication and education about how General Assessment scores are reached will support the goal of two-way accountability. Nations require information about the specific reasons they are receiving their scores, and the numbers and formulas that create them, to be able to develop actionable plans to improve, negotiate or dispute scores.

4. **INAC must have a positive obligation if a First Nation is listed as high and medium risk.**

   It is our belief that INAC must be accountable to First Nations if the relationship is to truly be Nation-to-Nation. A positive obligation to a Nation that is listed by INAC as high risk will foster greater respect within the relationship and assist in the development of a Nation while contributing to goals of sovereignty. A Nation is better able to address the issues of its community members by building capacity and moving to a low risk designation, but requires assistance and transparency about the process to achieve this.

5. **Create a clear differentiation between low, medium and high-risk designations through an accreditation process.**

   The current system offers no immediate incentives to maintain a low risk designation with improved benefits or funding. Create clear markers, which helps to create fairness, consistency and transparency, and also offers motivation for communities by way of accreditation, benefits or financial incentives.
4.3 INAC Funding Model Agreements

Focus Group Comments

The desire for consistent, objective communication surrounding funding formulas was brought up during several discussions and is addressed in our recommendations. Although there is likely an internal process and understanding of the formulas and risk assessments at the Federal Government, there is a lack of information being communicated to the communities. The creation of a common funding authority for all departments would assist in achieving clarity and further develop the Nation-to-Nation Government relationship. The following themes were shared throughout:

- funding is not flexible enough to be allocated to identify needs rather than restricted to specific programs;
- First Nations are being forced to generate own source revenue to cover off capacity building and programming needs;
- although agreements are stated as resulting from a negotiation, there is little to no negotiating taking place;
- government contributes to funding coming in late which results in programs starting late which ultimately does not respect the needs of the community;
- participants would like to see improved communications/engagement on “what’s coming down the line” or funding opportunities;
- creation of a centralized system where First Nations can access all past reports/submit reports;
- “standard way of reporting that we’re going to have for years is if the funding changes, when we bring in staff we don’t have to worry about changing it again.”; and
- “underfunding contributes as a barrier to sovereignty”.

Survey Results

The majority of survey respondents identified the First Nations and Tribal Council National Funding Agreement Model as the model they had experience using. A need was expressed to increase funding and reduce reporting to have the models work effectively for First Nations.
Input from AFOA Canada members on five INAC policies and legislation

Which of the funding models has your organization used?
- First Nations and Tribal... (38%)
- Common Agreement Model (13%)
- Streamlined Agreement Model (5%)

Do the current terms of the funding agreement align with administering community programs?
- Yes: 10%
- No: 45%
- Not sure: 32%

In your opinion, do yearly agreement third party audits work well in their purpose of increasing accountability? (i.e. BDO, Deloitte, MNP)
- Yes: 30%
- No: 46%
- Not sure: 15%

To what extent do the funding agreements allow for the following: (1 = does not allow; 3 = allow; 5 = fully allow)
- Autonomy and flexibility in decision-making: 2.8
- Stable, predictable and multi-year funding: 3.3
- Sustainability of the organization in terms of adequate funding: 2.9
- Reasonable reporting time, efficiency and clarity: 2.6

Do you think INAC should be able to withhold funds from other Federal departments for funds owing on this agreement?
- Yes: 5%
- No: 95%
- Not sure: 0%
Within the current model, respondents identified a move towards all funding being delivered as Grant Funding as the best approach, due to its ability to ensure flexibility and autonomy in decision-making.

**Terms and conditions of the funding agreements for Transfer payments**

What emerged from this survey section, almost unanimously, is that none of the varied methods for transfer payments offer enough flexibility to serve community needs or provide the Nation with enough autonomy in the administration of funds. As will be discussed in the following recommendations for the INAC Funding Agreements Model, the terms and conditions of the funding agreements were clearly labelled by respondents as not ‘fair and reasonable’.

Survey respondents were clearly in favour of the accountability concepts at the heart of the auditing requirements, although expressed they should be amended to provide relevant reporting to communities and members rather than the Federal Government.

- “Consider materiality of transactions and consider outputs in terms of funds provided.”
- “They could be better organized and timed.”
- “Present in a format that is understandable for the membership.”
- “I think they either need to organize with other governments as to when and where they will be. One time we had 2 compliance audits in one year plus our regular audit. What is wrong with our annual audit unless they detect a deficiency.”
- “I find interpreting the Statement of Cash Flows difficult to explain to members. There is no clear bottom line. i.e. one number that can be used and understood by most people that represents the Band’s performance over the year. It used to be Net Income before depreciation of capital assets was required.”
- “Ensure staff are well versed in guidelines, INAC gets training each time there is a change in their guidelines, FN should be provided with same.”
- “Include community surveys on the program, and be included in an annual report for the community tied to the audit and programs overview.”
INAC Funding Model Agreements Recommendations

In all the focus groups, it was expressed that the current INAC Funding Agreement Models are outdated and underfunded and do not accurately reflect the needs of Indigenous communities. A streamlined, common funding authority would improve the citizen focus of the Funding Agreement Models. The four recommendations provided below would improve the Funding Agreement models ability to fit the needs and capacities of communities.

1. **To improve the system for both sides, a streamlined and simplified approach to funding agreements should be provided.**

   Streamlining the approach into one agreement from one funding authority will alleviate some of the administrative onus of the agreement process and improve communication channels. This singular view of the provider will also bring some much-needed transparency to the agreements system.

   Strict reporting guidelines are time consuming and expensive, the cost of which is usually carried by the First Nation. A successful streamlining of the full approach would involve a truly streamlined reporting system.

2. **To create a common funding authority that is used for all departments.**

   By creating a common funding authority, it will allow for a consistent funding approach that is government controlled but citizen focused. Our recommendation is to use a grant authority with terms and conditions included in the funding agreements, which will create a conditional grant system. This outcome is in keeping with our goal of creating a streamlined system that finances the specific needs of First Nation members. Project specific funding would still be appropriate under a flexible funding authority because it is usually project specific and has a set timeframe.

3. **Provide education and engagement to First Nation financial staff on the funding agreement process.**

   The process of applying for funding within the narrow guidelines of the current agreement models is arduous and labour intensive with the onus falling on a Nation’s office staff. There should be a requirement from INAC to provide education about the entire funding agreement process, specifically the funding formulas, and work closely with First Nations to reach a deeper understanding of what was described by participants as an opaque and time-consuming process.

4. **Provide adequate resources and capacity funding to support program administration and human resources.**

   In addition to education on processes to assist in First Nations reaching the expectations and requirements outlined by the agreement process, INAC should provide capacity funding for the growing program administration demands put on already strained First Nation staff.
The high cost of program administration often means that Nations are unable to meet the deliverables and requirements of agreements. Realistic funding amounts would allow First Nations to deliver programs and meet the requirements of the agreement.

5. **Terms and Conditions must become negotiable if there is to be real Nation-to-Nation relationship building.**

There is no collaboration between First Nations and INAC in creating the agreement requirements or processes. The terms and conditions in the agreements need to be negotiable if there is to be Nation-to-Nation respect. Accountability and consistency in a management approach are needed from INAC. Ideally, the models will move towards a Nation-to-Nation transfer system and steps need to be taken now in that direction to bring about meaningful change.

6. **Tie program goals to strategic plans (comprehensive community plans) and measure success on these deliverables.**

Comprehensive community plans reflect the true needs and priorities of each community, although they need to be integrated with a financial plan to hold any value. The benefit of basing the success of a program on meeting the goals of these deliverables is two-fold. This helps dismantle the paternalism of the current structure by providing funding to programs that are based on each community’s self-identified priorities and needs. It also improves the current reporting results by framing reporting deliverables in a relevant way to community members without the onus of further reporting.

7. **INAC must ensure that any new requirement of the First Nation has transitional funding.**

Any new reporting or administrative requirement puts onus on First Nations staff. When INAC determines they are making a change to what is required under this policy, they must provide funding to support the capacity development or training needed to meet requirements. This assurance will support a move towards fairness, in that it assists Nations to succeed under the General Assessments mandates and criteria.

### 4.4 Default Prevention and Management Policy

**Focus Group Comments**

In the five focus group sessions, approximately 40% of the participants had experience with third-party management or recipient advisors in some capacity. The majority of participants were familiar with how the policy functioned and felt as a preventable measure, issues should be addressed much sooner and in principle third-party managers and recipient advisors were not benefitting First Nations but rather hindering their ability to move
from high-risk to lower risk. It was strongly suggested that the parties need to work together on implementing a plan that ensures third-party managers are accountable in working towards capacity development and progress towards low risk. Below is a list of comments made that reflect the main themes of the focus group feedback:

- the need for more checks and balances to monitor third-party managers efficiencies;
- a general concern for lack of collaboration and cultural sensitivity with recipient advisors (previously co-managers) visiting communities;
- a process that clearly defines objectives, capacity development initiatives, and timeline;
- the concern that INAC is waiting too long to intervene or address the problem;
- participants feeling as though the policy is not acting as a stabilizing force; and
- “Bands are losing power because of third party, instead of appointing advisors, choose which one is right for you”.

**Survey Results**

Unlike the focus group participants, the majority of respondents to this survey have not been in third-party management directly. However, the survey results also indicated most felt that the role of the manager should be more clearly defined and have a greater focus on capacity development.

Like the focus groups, the survey comments show that respondents agree that this policy, and the role and reach of a third-party manager, should be changed to better serve the First Nation.
Default Prevention and Management Policy Recommendations

The recommendations that were identified for the current Default Prevention and Management Policy revolve around the perception that the reality of the role of third-party managers has shifted from its original intent. In the current General Assessment framework, First Nations will be rated as medium or high risk and this should immediately be flagged for default prevention. The recommendations are made with the intention of narrowing the restrictions on how a third-party manager provides assistance to a First Nation in default, and bring the focus back to capacity building, roadmaps to independence, and measurement for recipient advisors (co-managers).

1. **Increase in funding in specific areas where a defaulted Nation is to prevent further decline.**

   With the extensive required financial reporting and auditing that is submitted annually, INAC and individual Nations can see the trends in reporting before they go into default. It is often due to deficits in specific areas, therefore increased, focused funding to these areas showing deficits can save a First Nation from ever going into default and needing third-party management. These deficits could occur due to management capacity issues, adequate resourcing issues or even INAC policy decisions that impact communities. The ultimate goal in amending this policy must be a shift in focus from punitive measures and instead build the two-way accountability we recommend after a Nation receives a high or medium risk rating.

2. **Metrics for third-party managers and recipient advisors need to be defined Default Prevention and Management Policy.**

   When a third-party manager and recipient advisor is required, the First Nation usually requires guidance
and capacity building to regain financial stability. Often in practice, the third-party manager, perhaps due to a lack of cultural training, takes over finances without increasing much needed capacity. Capacity building in a long term meaningful way should be the goal when creating these metrics. Manager level mentorship during the process of third party management should be mandatory. Funds should be used to either hire a long term First Nation employee or for extensive training within existing staff, rather than inserting only an outside source to apply a Band-Aid to a deeper issue.

Clearly defined metrics would allow Nations the aid that a manager can bring, with the capacity building measures so Nations can work towards their goals of sovereignty.

3. **Timelines for third-party managers and recipient advisors need to be defined.**

The third-party manager system, while well intentioned, often serves to keep capacity low in First Nations and managers, can be kept in place for many years. By setting a target for third-party managers to reach, we recommend anywhere from one to five years as an ideal timeframe depending on the severity of default issue. More onus will be put on the work of building long term capacity so the Nation is ready for financial sovereignty at the end of the prescribed timeframe.

4. **Provide capacity funding to First Nations in default, and a transition plan for capacity development.**

Capacity development funding is required for a Nation in default to remove themselves from a third-party manager system. When a Nation is flagged as medium to high risk in the General Assessment, the Crown should have a positive obligation to provide capacity funding and work with the Nation to right their finances. Many third-party managers, while financially astute, have never stepped foot on a reserve before. This creates a dissonance and inhibits meaningful capacity building and growth for the defaulted Nation. An increase in funding for training and formal mentoring programs for students to work in the finance departments will foster growth of First Nation finance professionals in the future. In the immediate future, mandatory cultural training for advisors and managers would allow them to provide meaningful financial assistance with a more holistic approach to meet First Nations needs.

### 4.5 First Nations Financial Transparency Act Recommendations

**Focus Group Comments**

In all focus group sessions it was unanimous that the *First Nations Financial Transparency Act (FNFTA)* should be abolished and replaced with a model and policy that is accountable to membership and citizens rather than the Canadian government. When asked if the Act should be abolished, all participants felt that it should and many expressed that it should be replaced by communities outlining their accountability policy that is citizen and community focused.
• most participants found the Act unnecessary because the Act itself re-states what's in the funding agreements;
• the overall feedback was that there is no need for the FNFTA however there is a need for transparency and accountability within each community;
• participants stated that if the Act remains, provide true consultation review the legislation so that it is more appropriate from a government to government perspective;
• overall it was clear that citizens should really determine transparency and accountability;
• Canada should provide assistance to First Nations to provide accountability measures to their citizens;
• participants expressed that own source revenue should be excluded from audits to non-members; and
• the need to support capacity development for leaders and management to inform citizens.

Survey Results

In keeping with what was heard in the focus groups, the FNFTA received the strongest criticisms in the survey. Averaging all of the responses, the survey participants felt that the FNFTA is mainly ‘not useful’ to their organization (2 out of 5 on a sliding scale), and creating the yearly reporting puts stress on administrative capacity.
The survey response demonstrated a clear viewpoint that the Act has not created more accountability within First Nations and thus met with the conclusion that it should be abolished. There is a recognition that removal of this Act would require another transparency system so members have recourse if their specific Nation isn’t releasing key information to them. These are the respondent comments that generally address this:

- “The clause to be transparent should be included in the funding agreements, rather [than] having an Act.”
- “Not enough explanation on council payments so most First Nations don’t know to separate what a council members is making as a council member versus as an employee or contractor. Also [there is] no control over accountability if amounts on the form are true.”
- “The act really only changed the online portion of the audit and really didn’t change the requirement to disclose information to members.”
- “A First Nation Law consistent with FMB FAL Standards.”
- “Much of the components should be there, but perhaps built with representatives of leadership and in the communities.”
- “Abolish it. Everything that is asked for is covered under PSAB, funding agreements, or other legislation.”
- “Compliance costs- some definitions are very vague and difficult to comply with.”
- “This act should apply to all federal government agencies including INAC. Discriminatory to specifically make one for First Nations.”

**Recommendations**

Throughout the course of our findings, we have been struck by the strongly worded need from participants to see an end to the issues created by the FNFTA. The Act and resulting public reporting are costing First Nations in both unnecessary reporting requirements that do not speak to real accountability to members, as well as in potential revenue from public bidding.

We have heard across the board that an increase in reporting commitments does not equal greater accountability. The audit reports are not relevant to the majority of a community’s concerns the way results based reporting on a community plan would be.

1. **The First Nations Financial Transparency Act should be repealed entirely.**

It is recommended that the First Nations Financial Transparency Act be removed immediately as it was discussed throughout the focus group, surveys and feedback session that the Act was discriminatory and maybe unconstitutional. The commitments to transparency and accountability are already structured in the funding agreement requirements. To duplicate these requirements and provide them to the public, with no narrative or breakdown is misleading. Chief and Council are primarily accountable to their members.
A First Nation should not have to report own source revenue to any non-members. The lack of clarity in the released audits conflates numbers in a misleading way, which feeds media hysteria. Public audits serve to undermine the financial goals of a community by putting future project bidding in jeopardy. This encompassing reporting available to anyone essentially reveals a Nation’s hand to its competitors. Any bidding competitor can see online items such as the ability to financially bid on a project. This available information can ruin the chances of securing large projects.

2. Consultation is required to determine an independent ombudsperson and Aboriginal Auditor General.

   Long term, if the FNFTA is abolished we recognize there will still be a need for an independent ombudsman in place to guarantee a member’s right to information. Our recommendation is for an independent institution such as the Aboriginal Auditor General for compliance and value for money auditing and an ombudsmen as an avenue for complaints. True consultation will be required to determine a suitable independent regulator model that acts in the interest of all Indigenous community members.

3. Funding for a public relations and media campaign is needed to turn the tides of public opinion created by the First Nations Financial Transparency Act.

   Participants reported that they have experienced racist and narrow minded comments from members of the Canadian public, in response to articles about Chief salaries, particularly online. To give a broader, un-biased account, a media campaign that sheds light on the reality of First Nations financial issues and funding structures is needed.

4. The First Nations Financial Transparency Act should be replaced with a community sanctioned accountability policy where reporting is accountable to members and citizens.

   As discussed in this report, there are already accountability mechanisms in place to protect the interests of First Nation members. It is our assertion that there needs to be greater Federal respect for these mechanisms and their jurisdiction. In addition to these existing mechanisms, we recommend that each Nation creates a community accountability policy, if not already in place, and promote and communicate the policy to members.
5.0 Next steps and conclusion

We are confident that the implementation of these recommendations would bring about significant change at a community level for First Nations. We recommend the following next steps be taken, so that INAC and First Nations can begin to work together to further strengthen their relationship and better provide for communities.

1. **AFOA Canada should convey this final report to the Assembly of First Nations and to INAC.**

   The issues raised in this report and recommendations made are meant to start a larger, national conversation about amending the current policies and legislation to better serve Indigenous communities. Participation from the Assembly of First Nations and Cabinet members will widen the net of perspective and that influence this report can have. The urgent issues raised in this report should be treated as a matter of priority.

2. **Implement a national working committee to address and apply recommendations over the next three years.**

   The goal of greater collaboration was heard as one of the major issues in focus groups and the survey. The creation of a national working committee that consists of both First Nations and Federal representatives that work together to determine how to implement some of the recommended changes would be a positive step in this direction.

3. **Create evaluation criteria to measure change within the policy and legislation recommendations.**

   The first step that a national working committee can take once it has been developed is to set criteria that will measure the success of implementation to policy and legislation recommendations. To create a timeline of implementation deliverables, as well as strategic plans, will develop two-way accountability and transparency on the road to meaningful financial policy reform.

4. **Identify how AFOA Canada can support implementation of this report and development of the New Fiscal Relationship.**

   AFOA Canada is committed to the process of a new fiscal relationship and would like to continue to provide input. An immediate goal is to determine how AFOA Canada can be involved in ensuring that this report can be effectively implemented.
6.0 Appendices

Appendix I - Advisory Committee

Terry Goodtrack, MPA, B.Admin, CPA, CGA, CAFM, CAPA, C. Dir - President and Chief Executive Officer, AFOA

John Paul, BA, MBA - Executive Director, Atlantic Policy Congress of First Nations

Vickie Whitehead, CPA, CGA, MBA, CAFM - Senior Manager, Aboriginal Client Services, Deloitte

Daniel Brant, BAA, MPA, PhD candidate, CAFM, Daniel J Brant and Associates
## Appendix II - Focus Group Agenda

### AFOA Focus Group Agenda

**Day one – Policy overview: technical dialogue**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
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<tbody>
<tr>
<td>8:00am</td>
<td>Arrival, Registration &amp; Breakfast</td>
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<tr>
<td>8:30am</td>
<td>Welcome by facilitator</td>
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<tr>
<td></td>
<td>Introduction to the focus group purpose and objectives for the 1.5 session</td>
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<tr>
<td></td>
<td>Participant introductions</td>
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<tr>
<td>9:00am</td>
<td>Policy / legislation overview - context setting</td>
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<td></td>
<td>Terry Goodtrack on history of the policy and legislative items</td>
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<tr>
<td>9:30am</td>
<td>Group dialogue on the three policy areas and INAC agreements</td>
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<td>10:30am</td>
<td>Nutritional Break</td>
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<tr>
<td>10:45am</td>
<td>Policy Overview: General Assessment Policy (5 minutes)</td>
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<td></td>
<td>Group dialogue session</td>
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<tr>
<td>12:00pm</td>
<td>Lunch</td>
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<tr>
<td>1:00pm</td>
<td>Legislation Overview: INAC Funding Model Agreements (5 minutes)</td>
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<td></td>
<td>Group dialogue session</td>
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<tr>
<td>2:00pm</td>
<td>Nutritional Break</td>
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<tr>
<td>2:15pm</td>
<td>Legislation Overview: INAC Funding Model Agreements (5 minutes)</td>
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<td></td>
<td>Group dialogue session continued</td>
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<tr>
<td>3:15pm</td>
<td>Policy Overview: Default Prevention and Management Policy (5 minutes)</td>
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<td></td>
<td>Group dialogue session</td>
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<tr>
<td>4:15pm</td>
<td>Brief day summary and final thoughts</td>
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<td>Review agenda</td>
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Day two – Overview dialogue: discussion review

<table>
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<tr>
<td>8:00am</td>
<td>Participant Coffee &amp; Breakfast</td>
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<tr>
<td>8:30am</td>
<td>Welcome by facilitator</td>
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<td></td>
<td>Summary of Day 1 and overview of the half day session</td>
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<tr>
<td>9:00am</td>
<td>Policy Overview: Treasury Board Transfer Payment Policy (5 minutes)</td>
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<td>Group dialogue session</td>
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<tr>
<td>10:15am</td>
<td>Break</td>
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<tr>
<td>10:30am</td>
<td>Overview: First Nations Transparency and Accountability</td>
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<td></td>
<td>Dialogue session</td>
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<tr>
<td>11:30pm</td>
<td>Summary of what’s been heard so far - suggestions of how we can improve the policy and legislative areas going forward</td>
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<td></td>
<td>Closing remarks</td>
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<tr>
<td>12:00pm</td>
<td>Lunch and session close</td>
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</tbody>
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Appendix III - Focus Group Questions

**General Assessment**
1. Does the General Assessment tool adequately address the issue of government funding risk?
2. Do the risk factors adequately align with the government funding considerations to Indigenous recipients?
3. Is the information collected on each risk factor sufficient and objective?
4. Does the weight factors and calculation adequately reflect the assigned level of risk (ie. Low, Medium or high)?

**INAC Funding Agreements**
1. What are the pros and cons of the current funding authorities?
2. Are there barriers within the funding agreements that prevent communities from providing adequate service delivery to the members?
   a. Are the authorities supportive in the process?
   b. Is the funding appropriate?
   c. Are the requirements realistic for your organization?
   d. Is the reporting supportive and beneficial?
3. How can the terms and conditions of the funding agreements enhance the relationship between the Crown and First Nation communities?
4. How can the funding agreement reporting be more efficient and streamlined for your organization?

**Default Prevention and Management Policy (DPMP)**
1. Does the DPMP provide an adequate framework to undertake the following:
   - Prevention of a Default
   - Stabilize the situation where a default exists
   - Development of a measurable plan of corrective course
   - Development of Capacity – Human Capital
   - Return control to the community
2. Are the default triggers clear, fair, and all encompassing?
3. What improvements can be made with respect to Recipient Appointed Advisors and Third Party Managers?
4. What should be the scope to the DPMP as it relates to all funding sources?
Treasury Board Transfer Payments Policy (TBTPP)

1. Has the TBTPP incorporated the key ideas of the Blue Ribbon Task force on Grants and Contributions (reference Terry’s slide)
2. What areas within the TBTPP could be strengthened or included to improve the funding approaches between the Crown and First Nations?
3. Does the TBTPP provide for sufficient flexibility, clarity and accountability that allows for departments to prepare different funding approaches to communities who have different risk and capacity levels?

Transparency and Accountability (First Nations Financial Transparency Act)

1. Should there be any changes to the First Nations Financial Transparency Act now that it has been operational for a few years?
2. Should the FNFTA be abolished?
3. If abolished, what other measures could be put in place to strengthen local accountability between First Nation Governments and its members?
Appendix IV - Survey

INAC Policy Opinion Survey

General Information

In advance of the 2017 AFOA conference, AFOA Canada is building recommendations to present to all members and Indigenous and Northern Affairs Canada (INAC). To help ensure a broad range of policy and legislative recommendations are included, we want to hear from you!

Note that the survey will take approximately 10-15 minutes to complete, there is a total of 50 questions.

1. Are you an AFOA member?  
   - [ ] Yes  
   - [ ] No

2. Are you an AFOA corporate member?  
   - [ ] Yes  
   - [ ] No

3. Do you work for a First Nation at the community level?  
   - [ ] Yes  
   - [ ] No

4. What is your home AFOA Chapter?

[Dropdown]
5. Please rank the breadth of knowledge (on a scale of 1-5 with 1=not informed 5=very informed) of the following policies, agreements and legislative items. Please include additional comments below.

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<th>Policy</th>
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<tr>
<td>Other (please specify)</td>
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</table>

6. In your opinion, in the last 5 years, has the relationship between the Crown and First Nations:

- [ ] Stayed the same
- [ ] Has improved
- [ ] Has improved somewhat
- [ ] Has regressed

Please provide comments:
Transfer Payments are monetary payments, or transfers of goods, services or assets to third parties. They represent a large portion of the Government of Canada’s spending and are one of the key instruments in furthering federal level policy objectives.

First Nations, Tribal Councils, Inuit and Métis communities receive Transfer Payments to carry out the delivery of services in Indigenous communities. They can be made in the form of grants and contributions, or they may include other forms of transfer payments specifically for Indigenous peoples.

7. Does your organization receive Transfer Payments in any of the models specific to Indigenous organizations (i.e. fixed, flexible, block)?
   - Yes
   - No
   - Not sure

8. In what form(s) does your organization receive Transfer Payments?
   - Fixed
   - Flexible
   - Block
   - Grant
   - Set
   - None of the above
   - Not sure
9. In your opinion, do these varied methods provide enough **flexibility** in approaches to support your organization?

- Yes
- No
- Not sure

10. Is the administration of Transfer Payments working for your organization?

- Yes
- No
- Not sure

Please provide comments:

---

11. Do you agree that the terms and conditions of the funding agreements for Transfer Payments are fair and reasonable?

- Yes
- No
- Not sure

Please provide comments:

---

12. In your opinion, does your organization have clarity of expectations and requirements in the funding agreements for Transfer Payments?

- Yes
- No
- Not sure

Please provide comments:

---
13. In your opinion, does your organization have autonomy in the administration of Transfer Payments?

- Yes
- No
- Not sure

Please provide comments
INAC Policy Opinion Survey

General Assessment Policy

The General Assessment (GA) has been designed to support the implementation of the Treasury Board Secretariat’s Policy on Transfer Payments. The GA is a tool to ensure that funding agreements between Indigenous and Northern Affairs Canada (INAC) and funding recipients are managed to the appropriate level of risk. This assures the effective management of Transfer Payments delivered by Indigenous and Northern Affairs Canada (INAC) to support service delivery in Indigenous communities.

The GA tool is utilized for all funding recipients, including new applicants and existing recipients. It assists in developing funding models and capacity development initiatives that are best tailored to the specific needs of the recipient. It is built upon four key pillars that align with high priority risk factors.

14. Do you see the General Assessment tool as useful in assessing risk for your organization?

- [ ] Yes
- [ ] No
- [ ] Not sure
- [ ] Please provide comments:

15. Please rate how accurately you feel the General Assessment Workbook assesses the risk factor pillars within your organization (1=Not Accurate 5=Very Accurate):

<table>
<thead>
<tr>
<th>Risk Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
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<tr>
<td>Planning</td>
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<td>Financial Management</td>
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<tr>
<td>Program Management</td>
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</tbody>
</table>
16. What does the assessment tool do well?

[Blank space for input]

17. Do you experience issues with the risk factors and considerations model?
   - Yes
   - No
   - Not sure
   Please provide comments:
   [Blank space for input]

18. Do you find INAC response time for GA requests timely and helpful?
   - Yes
   - No
   - Not sure
   Please provide comments:
   [Blank space for input]

19. Are these risk factor categories appropriate for your organization?
   - Yes
   - No
   - Not sure
   Please provide comments:
   [Blank space for input]

20. What could be improved in the assessment tool?

[Blank space for input]
The Default Prevention and Management Policy 2013 is intended to support the implementation of the Policy on Transfer Payments. This policy is designed to offer supports to recipients that are in receipt of transfer payments to support program delivery in Aboriginal communities. It is founded on a three-part approach: Default Prevention, Default Management and Sustainability.

21. In your opinion, are there enough relevant supports in place to support recipients to prevent default on funding agreements?

- [ ] Yes
- [ ] No
- [ ] Not sure

Please provide comments:

22. If you were to see the development of further supports for preventing recipient defaults, where would you like to see the energy focused (please rank, 1 = lowest 5 = highest)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Support Type</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Internal assessment tools (completed by recipient)</td>
</tr>
<tr>
<td>2</td>
<td>External assessment tools (completed by funder/INAC)</td>
</tr>
<tr>
<td>3</td>
<td>Program administration and tracking tools</td>
</tr>
<tr>
<td>4</td>
<td>Mentoring programs</td>
</tr>
<tr>
<td>5</td>
<td>Capacity-building programs for recipients</td>
</tr>
</tbody>
</table>

23. Do you have experience with a default?

- [ ] Yes
- [ ] No
- [ ] Not sure
24. Was the management support you received helpful to assist with your default?

- Yes
- No
- Not sure
- Other (please specify)

25. What supports/tools did you find helpful? (check all that apply)

- General Assessment (GA)
- Recipient-Managed 90 Day Plan
- Management Action Plan (MAP)
- Third Party Funding Agreement Management
- Recipient-Appointed Advisor (RAA)
- Other (please specify)

26. Has your organization ever been in a situation of Third Party Funding Agreement Management?

- Yes
- No
- Not sure

27. How long was your organization in a situation of Third Party Funding Agreement Management?

- Less than 6 months
- 6 months to 1 year
- Over 1 year but less than 3 years
- More than 3 years

28. In your opinion, was your organization able to retain an important role in developing the plan to manage the default?

- Yes
- No
- Not sure
29. How could your organization’s role in the planning process have been enhanced?

30. Do you feel that the role of the Third Party Funding Agreement Manager is clearly defined?
   - Yes
   - No
   - Not sure
   - Please provide comments:

31. Are there any changes that you would like to see in the role of the Third Party Funding Agreement Manager?

32. In your opinion, are there adequate support programs to provide long-term capacity-building for recipient organizations?
   - Yes
   - No
   - Not sure

33. Where do you see the most opportunity for further development of capacity-building programs (please rank - 1 = lowest, 4 = highest)?

   - [ ] Governance
   - [ ] Planning
   - [ ] Financial Management
   - [ ] Program Management
The three funding agreements, First Nations and Tribal Councils National Funding Agreement Model, Streamlined Funding Agreement Model and the Common Agreement Model describe the requirements needed to maintain the accountability relationship between the Department and the funding recipient. These requirements include reporting requirements, criteria for default, and remedies on default provisions. They also help to provide opportunities for default prevention and management discussions between recipients and the Department.

34. Does your organization experience any barriers that directly impact your ability to meet the requirements of the funding model agreement?

- Yes
- No
- Not sure

Please provide comments:

35. Which of the funding models has your organization used?

- First Nations and Tribal Council National Funding Agreement Model
- Common Agreement Model
- Streamlined Agreement Model
36. Do you have any suggested changes to the current First Nations and Tribal Council National Funding 2016/17 Agreement Model?

- Yes
- No
- Not sure

Please provide comments:

37. To what extent do the funding agreements allow for the following: (1 = does not allow; 3 = allow; 5 = fully allow)

<table>
<thead>
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<tr>
<td>Autonomy and flexibility in decision-making</td>
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<td>Stable, predictable and multi year funding</td>
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<td>Sustainability of the organization in terms of adequate funding</td>
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<tr>
<td>Reasonable reporting time, efficiency and clarity</td>
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Please provide comments:

38. Do you have any suggested changes to the current Streamlined Agreement Model?

- Yes
- No
- Not sure

Please provide comments:
39. Do you have any suggested changes to the current Common Agreement Model?
   - Yes
   - No
   - Not sure

   Please provide comments:

40. Does the current terms of the funding agreement align with administering community programs?
   - Yes
   - No
   - Not sure

   Please provide comments:

41. Do you find the reporting standards and obligations easy or difficult to adhere to? (1- easy, 5- difficult)
   - 1
   - 2
   - 3
   - 4
   - 5

   Other (please specify)

42. Do you think INAC should be able to withhold funds from other Federal departments for funds owing on this agreement?
   - Yes
   - No
   - Not sure
43. In your opinion, do yearly agreement third party audits work well in their purpose of increasing accountability? (i.e. BDO, Deloitte, MNP)

- Yes
- No
- Not sure
- Please provide comments:

44. How could the compliance audits be better managed to benefit the community? (i.e. education and social)
The First Nations Financial Transparency Act was introduced by the House of Commons on November 23, 2011 to enhance the accountability and transparency of First Nations by requiring the preparation and public disclosure of their financial statements and of the payments and expenses reimbursed to a First Nation’s Chief and each of its Councilors.

45. How would you rate the benefit of the First Nations Financial Transparency Act for your organization (1=Not Useful  5=Useful)

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46. In your opinion, does the Act cause an increase of administration burden?

[ ] Yes
[ ] No
[ ] Not sure

Please provide comments:

47. Do you have internal resources to comply with the requirements in the Act?

[ ] Yes
[ ] No
[ ] Not sure

Please provide comments:

48. Do you think the Act should be abolished?

[ ] Yes
[ ] No
[ ] Not sure

If so, what should be considered in its place:

Please provide comments: 


49. Has the First Nations Financial Transparency Act requirements for providing members with financial information increased accountability within your organization?

- Yes
- No
- Not sure

50. What, if anything, would you like to see changed in the First Nations Financial Transparency Act?