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**Report on Common Review Roll-up**

**Ministry of Children and Family Development and  
Indian and Northern Affairs Canada**

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**Internal Audit & Advisory Services  
Office of the Comptroller General  
Ministry of Finance  
Province of British Columbia**

Confidential: Prepared for the advice to Treasury Board and Cabinet only.

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## Abbreviations

Agreement	Protocol Agreement between the Ministry of Children and Family Development and the First Nations Child and Family Service agency
AOPSI	Aboriginal Operational and Practice Standards and Indicators
AOPSI OS	AOPSI Operational Standards
AWOL	Absent Without Leave
CIC	Children in Care, meaning children in legal care of the Ministry of Children and Family Development (MCFD) or delegated aboriginal agencies under the Child, Family and Community Services Act.
CRC	Criminal Record Check
FNCFS	First Nations Child and Family Services
IAAS	Internal Audit & Advisory Services
ILA	Independent Living Agreement
INAC	Indian and Northern Affairs Canada
INAC BC	INAC, BC Region
MCFD or the ministry	Ministry of Children and Family Development
MIP	Province of BC's Master Insurance Plan
SNA	Special Needs Agreement
SWSMIS	Social Worker System: Management Information System
VCA	Voluntary Care Agreement

## Purpose of the Report

During fiscal years 2005/06 to 2008/09, nine Financial Compliance and Operational Reviews (Common Reviews) were completed and individual reports documenting the results were prepared for each First Nations Child and Family Services (FNCFS) agency. Each agency provided responses to recommendations specific to their report; Indian and Northern Affairs Canada BC (INAC BC) and the Ministry of Children and Family Development (MCFD or the ministry) responded to each report.

This report summarizes the common themes identified in the nine Common Reviews performed in fiscal years 2005/06 to 2008/09 to assist FNCFS agencies in preparing for common reviews.

The report also identifies some areas where INAC BC and MCFD could strengthen their policy and guidelines to support more consistent practices.

## Purpose and Nature of the Common Reviews

Historically, INAC BC and MCFD sponsored three different types of reviews of FNCFS agencies (Financial Compliance reviews, Operational reviews and Case Practice reviews), which were completed separately.

The Common Review approach provides a more co-ordinated, proactive approach to reviewing FNCFS agencies to reinforce quality assurance principles, share best practices, and minimize the impact on agency staff.

There are three parts to the Common Reviews:

### **Financial Compliance Review**

The Financial Compliance Review consists of reviewing:

- a sample of child in care (CIC) files to assess whether maintenance claimed and funded met the funding agency's terms and conditions;
- a sample of caregiver (foster parents, group homes and institutions) files to determine whether they are adequately supported; and

- selected administrative procedures, including financial management policies and procedures, expenditures, payment authorizations, and bank reconciliations.

### **Operational Review**

The Operational Review involves interviews and review of an agency's policy manuals and governance manuals for compliance with Aboriginal Operational and Practice Standards and Indicators (AOPSI) Readiness Criteria and Operational Standards.

### **Case Practice Review**

Case Practice Reviews, which are conducted by MCFD, consist of a review of CIC, resource, and family service files, for compliance with AOPSI Practice Standards. The results of these reviews are reported separate from the Financial Compliance and Operational Review report.

We would like to thank the management and staff of the participating FNCFS agencies, INAC BC and MCFD for their input and assistance during these Common Reviews.

Stuart Newton  
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# Summary of Results and Recommendations from Past Common Reviews

## 1.0 Financial Compliance

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### 1.1 Children in Care

FNCFS agencies bill INAC for maintenance payments for eligible children whose custodial parent(s) were normally resident on-reserve at the time of the most recent intake. Eligible children are children who are:

- in legal care of the Director;
- under the age of 19 (INAC may allow extensions in some circumstances); and
- registered as an Indian under the *Indian Act*.

The CIC must also be residing with an approved caregiver or have a signed Independent Living Agreement (ILA).

The same eligibility criteria are used for MCFD-funded CICs except the custodial parent(s) need to have been normally resident off-reserve at the time of the most recent intake.

Generally, we found that FNCFS agencies' maintenance billings met INAC's and MCFD's terms and conditions for that funding. Agencies could ensure more consistency with the funding terms and conditions by consistently applying the following practices.

1. Making sure the custodial parent's address is correctly recorded at intake (on or off-reserve) will clarify whether INAC or MCFD is responsible for funding legal care agreements such as Voluntary Care Agreements (VCA) and Special Needs Agreements (SNA).
2. Many CIC files are transferred from MCFD to the agencies. Reviewing the files with MCFD prior to accepting them will allow agencies to make sure the custodial parent's address is clearly established and all key documents are present.

3. Making sure agencies only bill INAC and MCFD for the periods the CICs are in legal care and residing with an approved caregiver will help ensure the accuracy of billings. For example, if VCAs or SNAs were not in effect for the full billing period, the billing should be adjusted accordingly. Ensuring CIC files contain sufficient documentation will help support their billings.
4. Generally, maintenance billings can only be made up to the CIC's 19<sup>th</sup> birthday. Developing a process to identify CICs approaching their 19<sup>th</sup> birthday will help make sure billing is stopped on the appropriate date or any available exemptions are obtained.
5. INAC or MCFD funding generally requires CICs to be resident with an approved caregiver or have entered into an ILA. Children who are absent without leave (AWOL) are treated on a case-by-case basis. Reviewing each specific AWOL case with MCFD or INAC once it appears the child may remain AWOL for a substantial period of time, will help determine whether the CIC file still qualifies for funding. Documenting these discussions and approvals in the CIC files will support any subsequent questions regarding the billing.
6. Making sure agreements such as ILAs, SNAs, and VCAs are signed before the effective start date will support the effective start date in the event of any dispute.
7. Preparing Notice of Discharge forms and submitting them to INAC will clarify when children are no longer in legal care and funding is no longer required.

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## 1.2 Caregivers

For the purposes of this report, we use the term “caregiver” to refer to foster homes, group homes, and institutions.

Generally, valid contracts were in place between the agencies and their foster parent(s); and also between the agencies and their group home contractors. Contract management processes could be improved by consistently applying the following practices.

1. Making sure that complete contracts with foster parents are signed before the effective start date will ensure the foster parents are covered throughout the contract term by the insurance coverage provided through the Province of BC's Master Insurance Plan (MIP), which provides caregivers with general liability insurance, extended property damage insurance, and Caregiver Legal Representation Indemnity. Having both foster parents sign ensures they are both covered.
2. Although AOPSI does not note when and how often Criminal Record Checks (CRC) are to be conducted, it is good practice to update CRCs periodically (e.g., three or five years) and to ensure new foster parents' CRCs are conducted before placing a child in their home.
3. Although foster parents with valid contracts with the agency are covered by the provincial MIP, they still need their own insurance coverage such as tenant, homeowner, and automobile insurance. In order to limit risk or liability to the agency, it is good practice to confirm whether foster parents have this additional insurance coverage where applicable, and document in their resource files.

Also, Schedule C of the Family Care Home Agreement template needs updating to include a reference to the province's MIP rather than the BC Foster Parent Association coverage.

4. Appropriate training helps ensure caregivers provide quality care for children in their care. Including documented training plans and completion of training in foster parent files will provide the agencies with a history of the training planned or taken by foster parents.
5. Timely, regular foster parent annual reviews allow agencies and foster parents to review the services provided by the foster parent, discuss training considerations, and provide opportunities for feedback. Annual reviews also allow agencies to develop plans to address any concerns that arise.

6. Most agencies used checklists to ensure all required documentation is on file and diary systems to keep track of upcoming events requiring action, including contract renewals. Using checklists in combination with a diary system will increase the effectiveness of both tools. Regularly monitoring foster parents' files to ensure checklists are completed and files are supported by necessary documentation will assist with file completeness and consistency.
7. At times, some agencies borrow caregiver resources from MCFD. Obtaining copies of current key supporting documents about the resources borrowed from MCFD will help ensure that the children are placed with appropriate caregivers and facilitate sharing of important information. Key documents include CRCs, proof of adequate insurance, training plans, and the latest annual review documentation, where applicable.

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### 1.3 Financial and Administrative Procedures

Generally, we found the agencies met all of the administrative procedures consistent with the requirements of Appendix C of the INAC Child and Family Services Review Process, which include operating:

- under current delegation of authority under applicable legislation;
- in good standing under the federal or provincial legislation it is incorporated or registered under;
- with liability insurance consistent with provincial requirements;
- with its CIC and caregiver files in a confidential and secure environment; and
- with documented internal operating procedures.

Bank reconciliations, financial policies and procedures, and controls over separation of duties could be strengthened by consistently applying the following practices.

1. Ensuring bank reconciliations are prepared on a timely basis, reconciled to the general ledger, and independently reviewed would strengthen bank reconciliation processes and reduce the risk of error. This includes following up on any differences and taking appropriate action on cheques outstanding longer than six months.
2. Well-documented financial policy provides clear guidelines for management and staff regarding financial accountability, and also facilitates staff training. Areas that benefit from documented financial policy include budgetary control and interim financial reporting, revenue control, expenditure control, asset control, liability control, and bank reconciliation.
3. Separating responsibilities for financial transactions strengthens controls, reduces the risk of error and protects staff in the event of loss. Separation of duties, however, is challenging for small agencies given the limited number of staff available. To strengthen financial controls, protect staff, and reduce the risk of loss, smaller agencies may consider, to the extent possible:
  - Separating responsibilities for receiving and depositing money, purchasing and expense approvals, accounts payable, cheque preparation, cheque signing, and bank reconciliations. Where applicable, non-financial staff could be considered to perform some of these duties.
  - Arranging for oversight and independent review of accounting functions.
  - Ensuring management and Board review monthly financial reports that compare budgeted and actual amounts.

## **2.0 Operational Review**

The Operational Review portion of the Common Reviews assessed agencies against AOPSI Operational Standards and AOPSI Readiness Criteria, as well as the Delegation Enabling Agreements under which the agencies provide delegated services.

Generally, we found most agencies were in compliance with AOPSI; however, the reviews identified some opportunities for agencies to improve their operational management performance.

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## 2.1 Human Resources Policy

The AOPSI OS cover four broad areas relating to human resources. These include policy, competency, training, and supervision. Human resource processes could be improved by consistently applying the following practices.

1. AOPSI requires the agency to have a comprehensive human resources policy. Some agencies may benefit by making sure their human resource policy includes:
  - specific reference to family and children services;
  - provision of protection from liability for staff;
  - availability of employee assistance;
  - conflict of interest policy;
  - oath of confidentiality;
  - criminal records check policy; and
  - competency requirements for their delegation level (educational requirements and relevant experience in the field).
2. Agency staff may benefit from a staff orientation manual.
3. Individual training plans can be included in all supervisor and social work staff performance appraisals. Staff recruitment plans can also assist agencies that are in need of building capacity.
4. Some agencies' staff would benefit from more timely supervisor and social work staff performance appraisals.

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## 2.2 Formal Documented Processes

Agencies met some of the AOPSI requirements through informal, ad hoc practices rather than through formally established processes. Formally established processes help ensure that all parties have a clear understanding of expectations, and support consistency in the event of staff turnover. Agencies would benefit from establishing formal documented processes in the following areas.

1. A communication plan to help develop their child welfare programs and stay accountable to the community, and to enable them to advise the community regarding their role and functions, including guardianship responsibilities and the duty to report.
2. A conflict resolution and complaint process to meet AOPSI requirements in areas such as fairness, openness, accountability, entitlement, timeliness, and safety.
3. Signed protocols with MCFD and ancillary agencies such as the police, school districts, hospitals, and health units.
4. Arrangements for providing legal counsel for CICs who face criminal charges.
5. Recruitment and retention strategies for out-of-home living service providers that include the number of homes, differing levels of care, ongoing recruitment and screening, training, and follow-up.
6. Caseload guidelines with respect to the provision of services, including establishing maximum caseloads for workers.
7. A process to monitor compliance with operational and practice standards and to conduct reviews of their case practice.

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### **2.3 Client Confidentiality and Information Sharing**

Some agencies may wish to consider the following enhancements to file room security:

- communicating agency policy on confidentiality, information sharing, security and access to information to staff;
- limiting access to the file rooms and/or cabinets containing critical files such as CIC and resource files; and
- calculating costs and benefits of using fireproof and waterproof filing cabinets for storing the critical files.

As well, agencies should ensure their existing policy complies with AOPSI standards regarding confidentiality and disclosure of information for contracted service providers.

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## 2.4 Management Information Systems

Some of the agencies have had problems with using the ministry's Social Worker System: Management Information System (SWSMIS). AOPSI requires the agencies to consider how communication will occur with the ministry's SWSMIS system to enter and retrieve information. Where agencies are using or considering alternative case management systems, it is important that they assess these systems' ability to link to the ministry's SWSMIS system.

Agencies may improve their computer information system security by ensuring users passwords are changed on a regular and periodic basis and by using system access profiles to control access.

## 3.0 Areas Requiring Clarification

During our Financial Compliance and Operational Reviews, we noted some areas in need of clarification. These areas include clarifying certain existing MCFD and INAC policies; developing new policy in certain areas; reconsidering the policy for caregiver relief payments; and providing guidelines for preparing MCFD protocol agreements.

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### 3.1 Policy Needing Clarification

In some cases we were unable to conclude whether certain practices met the terms and conditions for funding because the supporting policies were not sufficiently clear. In particular, policy could be clearer in the following areas.

- INAC and MCFD policies appear to differ on the treatment of children attaining the age of 19.

INAC's FNCFS National Program Manual states "For a child who is a permanent ward and reaches the age of majority as defined by the reference province or territory, a Recipient may continue to provide support beyond the age of majority provided the child is in the midst of an academic or other training program or is engaged in an age of majority plan." INAC BC informed us that each child's situation must be reviewed on a case by case basis and be pre-approved by INAC before billing for that child may continue beyond the 19<sup>th</sup> birthday.

The manual goes on to say that such support may continue in accordance with provincial legislation and standards. MCFD informed us that the ministry does not fund children past the age of 19, even if the child was continuing in an academic or training program.

It is unclear whether agencies should be funded for support to children beyond their 19<sup>th</sup> birthday consistent with INAC's manual or whether such support should be disallowed consistent with MCFD practices.

- INAC's criteria for group home rates are unclear.

Some documentation indicates that group home rates are available for specialized or intensive child care placement services contracted from private individuals or non-profit societies for highly troubled children in care. Other documentation indicates that group care resources are licensed, staff-operated facilities which provide 24 hour supervision for three to eight children.

This inconsistency creates challenges where foster parents are providing specialized care, as it is unclear whether these arrangements qualify for group home rates. We found a situation where INAC allowed an agency to bill the group care rate for certain foster parents because of the specialized care these foster parents were qualified to provide. However, it was not clear whether the approval was limited to those specific placements or could be applied to future specialized or intensive placements with those foster parents.

Clearer policy in this area would support consistent and transparent practices.

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### 3.2 Areas Requiring Policy

It is not clear whether MCFD policy standards apply to FNCFS agencies when AOPSI is silent on a particular subject matter. We noted some areas where establishing policy, such as AOPSI, would support good practices and promote fairness, consistency, and transparency.

- When a CIC goes AWOL the Director remains the child's guardian and continues to be responsible for meeting the child's needs. Providing guidance for agencies for billing for AWOL CICs would help ensure AWOL cases are treated in a fair, consistent, and transparent manner.
- Renewing CRCs periodically (e.g. every three or five years) would help ensure the well-being and safety of children placed in the home.
- Having all caregivers residing in a home sign the caregiver contract would ensure all caregivers are covered by the provincial MIP.
- Confirming that caregivers have tenant/homeowner and automobile insurance coverage would reduce the agencies' risk of potential legal liability.
- Providing guidelines for when a person temporarily looking after a child becomes the custodial parent would support fair and consistent practices.
- Establishing minimum requirements for group home resource files would help agencies ensure their files contain all the necessary information and documentation.

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### 3.3 Caregiver Relief Payments

Some Family Care Home Agreement templates include a clause that allows agencies to pay a foster parent to acquire their own relief services, in addition to the basic foster parent payment. Under this arrangement, the foster parents pay the relief service provider directly and claim reimbursement from the agency, up to a specified maximum, by providing a monthly statement of amounts paid for relief care. While the Caregiver Standards allow for foster parents to secure their own relief, in our view, this arrangement exposes agencies and the children to the following three risks.

- Relief providers arranged by foster parents are not subject to inspection and approval as appropriate care homes and may not be subject to a CRC. There is a risk, therefore, of placing children with inappropriate relief care providers.
- Any relief providers that do not also have contracts with the ministry or the agency are not covered by the provincial MIP; this creates a potential liability to the agencies.

- When the foster parent pays the relief provider directly and bills the agencies for the costs, there is a risk that the foster parent could bill for more than they actually paid, particularly if the agency does not require the foster parent to submit a monthly statement of accounts to support the amount requested from the agency.

MCFD and INAC should reassess the practice of allowing foster parents to arrange their own relief and determine whether the risks are acceptable, further measures can be put in place to reduce the risks, or the practice should be discontinued.

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### **3.4 Protocol Agreements between Agencies and MCFD**

When agencies borrow resources from MCFD, Protocol Agreements between the ministry and the agencies are used to define the roles and responsibilities of each party in areas such as file management and transfer, investigation and assessment.

We found a need for agencies and MCFD to work together to clearly define and document their roles, responsibilities, and expectations in the Agreements. For example, some agreements did not:

- define the term “support”;
- clarify who (the agencies or the ministry) was responsible for carrying out certain activities; or
- specify whether agencies would have access to key documents located in ministry foster parents or group home resource files when borrowing these resources.

While each Protocol Agreement needs to be tailored to each specific agency’s needs, developing a checklist of key concepts that can be used when drafting future Protocol Agreements would help ensure roles and responsibilities are clearly defined and communicated when the agency uses these borrowed resources.