

# National Aboriginal Circle Against Family Violence



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# Addressing Funding Policy Issues: INAC-Funded Women's Shelters

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## 1. Executive Summary

The National Aboriginal Circle Against Family Violence (NACAFV) would like to thank the Status of Women Canada, Women's Program, for providing the financial assistance for this study. The opinions expressed in this document do not necessarily represent the official policy of the Status of Women Canada.

This study explored some vital issues faced by on-reserve women's shelter directors and staff. A particular issue addressed was the capacity of the Band administration in its role as the "flow-through" agency for funding from INAC to the shelter. Shelter funding, according to Contribution Agreements between INAC and some First Nations, must flow through the Chief and Council before the shelter can access it. Herein lay the difficulties for an individual shelter: the Band Council may apportion the funds to the detriment of the shelter and INAC, not wanting to become involved in "reserve politics", does not help matters for the shelter. As well, this arrangement often creates deficits in the shelters' operating budgets, and has a direct impact on the effectiveness of services and program delivery to shelter clients.

The *Shelter Funding Methodology for the Family Violence Prevention Program Final Research Report* (July 31, 2006 by Johnston Research Inc.) concludes that many Aboriginal women's shelters face intense challenges because they cannot access all the INAC funding that is allocated to them. These shelters are already funded at far lower levels than their provincially-funded counterparts and having First Nations administrators (Chiefs and Councils) take a bite from these funds further reduces the money that the shelters receive.

While there are many federal departments involved in the *Family Violence Initiative* (FVI), only INAC's *Family Violence Prevention Program* (FVPP) provides on-reserve core funding for women's shelters. Specifically, this study deals with the problems that many of these shelters face in their communications and transactions with Band Chiefs and Councils because of *how* the INAC funding flow is organized. This study, from a governance structure perspective, has:

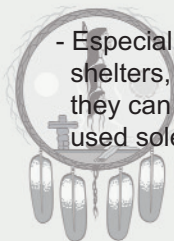
- Ascertained the advantages and disadvantages of incorporating on-reserve shelters as non-profit entities, with a governing Board of Directors;
- Determined the advantages of an incorporated non-profit shelter entering into a Comprehensive Funding Arrangement (CFA) directly with INAC to receive funding; and,
- Explored the advantages and disadvantages of the NACAFV becoming the administration vehicle for flow-through funding for First Nations on-reserve shelters.

The most feasible governance in the case of Native women's crisis shelters is as not-for-profit societies. This is because federally incorporated shelters can enter into contracts; they attain the legal designation to receive INAC funds directly without the "middle-man" of Chief and Council (or any other body), which deducts fees before passing the money onto them.

The study consultants conducted interviews with the Executive Directors of five shelters and a national Health Canada-funded foundation to draw their conclusions, and to formulate recommendations.

The main recommendations arising from this study are:

- Especially because INAC-funded women's shelters are not funded at the same level as provincially funded shelters, these women's shelters must receive 100% of INAC shelter funding that is designated for them so they can maximize opportunities for better serving their clients; INAC should stipulate that all shelter funds be used solely for shelter purposes;



- Shelters should have the option of being incorporated and/or have charitable status so they can conduct fund-raising events as well as have access to other funding sources – such as outside corporate and private donations, and that includes having the legal mechanisms for issuing tax receipts;

- INAC should make the necessary changes (policy and/or otherwise) so that shelters can be incorporated without permission from the Chiefs and Councils. This would ensure that the shelters can be funded directly by INAC;

- If a shelter becomes an incorporated entity, INAC should waive the 10% holdback from the total annual funding to the shelters; this policy creates an immediate budget deficit and additional fiscal problems due to the time lag in reimbursement of the 10% holdback. Currently, the time lag in the receipt of funds from INAC is covered by the shelter's Band through other Band resources, thereby ensuring the uninterrupted operation of the shelter. If a shelter becomes a not-for-profit incorporated entity, this becomes a real issue in terms of continuous operation because there is also a time lag in the receipt of new funds for the new fiscal year as a result of the administrative process through INAC. This would translate into financial hardship for the shelter with regard to its cash flow position, which translates into the potential lack of available services for women and children in crisis. A comparison in funding between Health Canada and Indian and Northern Affairs Canada is provided in Section 6 of this report as a potential alternative funding flow for consideration.

- It is not feasible at this time for NACAFV to administer the funds to INAC shelters; NACAFV's human resources capability and present funding intricacies eliminate this as an option.

The consultants recognize that there are many funding-related issues that on-reserve women's shelters face, but having Chiefs and Councils as the recipients of INAC shelter funds is one of the most serious. The not-uncommon situation of Chiefs and Councils intervening, both monetarily and otherwise, impacts on the smooth and efficient flow of services for the women and children who suffer from and are traumatized by the effects of family violence.

The Aboriginal Justice Implementation Commission (Manitoba, 1999)<sup>1</sup> recognized the importance of women's shelters and also the fact that prior to the Canada Mortgage and Housing Corporation's "shelter-building years," women and children were forced to spend days and nights in the bush to escape domestic violence. The Commission recommended that, once shelters were built, they be "controlled by Aboriginal women who can provide culturally appropriate services." It also noted that Chiefs and Councils were essential for supporting these women, and for providing "the necessary feeling of security to women in Aboriginal communities." Further, the Commission stated that:

Most chiefs and council members are male and often exhibit bias in favour of the male partner in a domestic abuse situation. This can effectively chase the woman from her home and community.

The unwillingness of chiefs and councils to address the plight of women and children suffering abuse at the hands of husbands and fathers is quite alarming. We are concerned enough about it to state that we believe that the failure of Aboriginal government leaders to deal at all with the problem of domestic abuse is unconscionable. We believe that there is a heavy responsibility on Aboriginal leaders to recognize the significance of the problem within their own communities. They must begin to recognize, as well, how much their silence and failure to act actually contribute to the problem.<sup>2</sup>

These words echo the sentiments of the NACAFV consultants who met and discussed the problems of the Executive Directors and other shelter staff at many INAC-funded women's shelters regarding their relationship with their Chiefs and Councils. Instead of being sources of support and encouragement, there was sometimes apprehension in communicating with Chiefs and Councils regarding everyday administrative interactions

<sup>1</sup> This Commission was implemented to formulate an action plan based on the Recommendations of the Aboriginal Justice Inquiry of Manitoba (1991), which investigated the deaths of Helen Betty Osborne and J.J. Harper.

<sup>2</sup> Source: The Aboriginal Justice Implementation Commission, The Justice System and Aboriginal People, Chapter 13 "Aboriginal Women", <http://www.ajic.mb.ca/volume1/chapter13.html>



## 2. Introduction

*Strategic Objective:* This study was conducted as a result of the recommendations from the Johnston Research Report for shelters which was funded by Indian and Northern Affairs Canada (INAC) and entitled “Shelter Funding Methodology for the Family Violence Prevention Program Final Research Report” (July 31, 2006).

*Consultation Objectives:* To conduct research through discussions with five shelters’ Executive Directors to assess the issues related to Band (Chief and Council) management as flow-through agencies for Aboriginal women’s shelters, and to explore setting up INAC-funded shelters as not-for-profit entities and/or working toward alternative funding arrangements. Specifically, the questions asked are:

- i. Should INAC-funded shelters become incorporated non-profit entities with their own Board of Directors, therefore, having the ability to receive INAC funding directly?
- ii. Should funds flow through NACAFV?

*Shelters were consulted in the following provinces and/or territories:*

- Nunavut
- Ontario
- British Columbia
- Manitoba (telephone interview)
- Alberta (telephone interview)

*Organizations consulted:*

- National Native Addictions Partnership Foundation, Inc. (NNAPF), Birch Hills, SK

*Methodology:*

- The consultants reviewed the following literature:
  - A territorial funding agreement
  - Nisga’a funding arrangements (BC)
  - The *Sechelt Act* (BC)
  - The *James Bay and Northern Quebec Agreement* (JBNQA) (QC)
  - Current shelter funding arrangements by province and territories
  - Literature: review of INAC funding arrangements, and Health Canada (HC) funding arrangements through
  - First Nations and Inuit Health Branch (FNIHB)
  - *First Nations Land Management Act* (FNLMA) – there are no provisions for women’s shelters under this Act<sup>3</sup>
- The consultants developed questionnaires for the shelters and the NNAPF consultations.
- The consultants conducted site consultations with the shelters in Nunavut, Ontario and British Columbia.
- The consultants conducted telephone interviews with the Executive Directors of
  - A women’s shelter in Manitoba, and
  - A women’s shelter in Alberta.



<sup>3</sup> Source: Chris Angeconeb (FNLMA, Legal Counsel), E-mail correspondence of Thursday, July 19, 2007, 11:35 AM

## **Basic Overview for Not-for-profit Corporations**

The following is the *Directors Primer*<sup>4</sup> for *Not-for-profit Corporations* for any shelter that is considering incorporation. This list outlines the disadvantages and advantages of incorporating:

### **What is a not-for-profit corporation?<sup>5</sup>**

- Not-for-profit corporations (also called “non-share capital corporations”) are different from for-profit corporations (also called “business corporations”) in three fundamental ways:
- The not-for-profit corporation is composed of members, whereas the for-profit corporation is owned by shareholders.
- The members of a not-for-profit corporation cannot receive any financial (or pecuniary) gain during the life of the corporation, whereas a for-profit corporation may distribute profits to its shareholders in the form of dividends.
- The powers of a not-for-profit corporation are limited to what is written into its objects (purposes), whereas, typically, the for-profit corporation has no such limits.

The process of incorporation is also usually different for not-for-profit corporations, although this varies from jurisdiction to jurisdiction.

Incorporating a for-profit entity is a routine matter of submitting the correct forms and payments.

Saskatchewan provides for a similar process with respect to not-for-profit corporations. Incorporating a not-for-profit entity at the federal level and in most other jurisdictions, however, requires government review and approval.

For instance, not-for-profit entities incorporating federally under the *Canada Corporations Act* must apply to the federal Minister of Industry to issue *Letters Patent* to the corporation.

The proposed bylaws of the corporation must accompany the application.

In various jurisdictions, additional approvals are required, or conditions must be met, for the incorporation of certain types of not-for-profit organizations and for those with certain specific words in their name.

A not-for-profit entity can incorporate either federally or provincially, depending on the scope of its stated purpose and proposed activities. Each jurisdiction has its own legislation for the incorporation of not-for-profit organizations, and its own approval process.

### **Advantages of incorporation:**

There are many advantages to incorporation. They include:

- A not-for-profit corporation has a legal status separate and distinct from its members. Members may come and go, but the corporation continues until it is dissolved or wound down.

<sup>4</sup>“Primer” in this sense means “basic overview” or “introduction.”

<sup>5</sup> This portion of this report is available for downloading from the Industry Canada (IC) website: [http://strategis.ic.gc.ca/epic/internet/incilp-pdci.nsf/vwGeneratedInterE/h\\_cl00020e.html](http://strategis.ic.gc.ca/epic/internet/incilp-pdci.nsf/vwGeneratedInterE/h_cl00020e.html) (English) [http://strategis.ic.gc.ca/epic/internet/incilp-pdci.nsf/vwGeneratedInterF/h\\_cl00020f.html](http://strategis.ic.gc.ca/epic/internet/incilp-pdci.nsf/vwGeneratedInterF/h_cl00020f.html) (French)



- A not-for-profit corporation can enter into contracts and buy and sell property. Because it can receive money directly from INAC, an incorporated women's shelter does not require an outside body as a "funding flow-through", such as a Chief and Council. Individual members of a not-for-profit corporation are generally shielded from liability. See Chapters 2, "Duties of Directors" and Chapter 3, "Liability of Directors" in Industry Canada's document, "*Primer for Directors of Not-for-Profit Corporations*" for more on this.<sup>6</sup>
- The formal corporate structure facilitates ongoing operations and decision-making.
- There may be increased credibility with the government, funders and the public.
- The not-for-profit corporation has an enhanced ability, through its governing documents, to address membership status issues (for example, removal for unpaid dues or death, and expulsion for disciplinary reasons).

## **Disadvantages of incorporation:**

There are some disadvantages to incorporation. The most commonly encountered is the paperwork and regulation that it entails. This includes:

- Most jurisdictions require an annual corporate filing related to the location of the head office as well as director information.
- Some not-for-profit entities (excluding registered charities and smaller not-for-profit organizations) must file an annual information return with the Canada Customs and Revenue Agency.
- Incorporated not-for-profits (except registered charities) must file an annual corporate income tax return.
- Federal corporations incorporated under the *Canada Corporations Act* must get ministerial approval to change certain bylaws.

## **Other disadvantages include:**

- There are some constraints placed on the type of activity that the group or entity may engage in.
- There is a need to devote time and resources to maintaining corporate structure that would otherwise go to carrying out the desired purposes or activities of the organization.

## **The not-for-profit board of directors:**

The not-for-profit corporation is governed by a board of directors. The size of the board is defined in the bylaws of the corporation (within parameters established by each jurisdiction). While the board, as a whole, has a great deal of authority and power, the individual director, when acting alone, has almost no power. The letters patent or articles of incorporation and the bylaws establish certain elements of the corporate governance structure.

Within this basic corporate structure, however, the board is typically responsible for appointing (whether directly or indirectly) board committees, officers, employees and agents of the corporation to carry out day-to-day activities. In some cases, it may fall to the corporation's membership to elect particular officers, such as the president. A director will be entitled to exercise any authority associated with an office or position to which he or she is elected or appointed.

## **Types of not-for-profit corporations**

Most provinces, and most jurisdictions in the United States, classify not-for-profit entities by type for purposes of incorporation. There is, however, no classification for not-for-profit entities in the *Canada Corporations Act*.

Some provinces use a two-category system. While the dividing point may be similar in these provinces, the terminology and approach vary. In Saskatchewan, the *Not-for-profit Corporations Act, 1995*, uses a two-part classification scheme: charitable organizations and membership organizations. In this system, all organizations that do not qualify as charities are categorized as membership organizations. Organizations can qualify as charitable either through registration with the Canada Customs and Revenue Agency or by meeting other criteria set out in the Act.

<sup>6</sup> Available at: [http://strategis.ic.gc.ca/epic/site/cilp-pdci.nsf/vwapj/Primer\\_en.pdf/\\$FILE/Primer\\_en.pdf](http://strategis.ic.gc.ca/epic/site/cilp-pdci.nsf/vwapj/Primer_en.pdf/$FILE/Primer_en.pdf) (English) [http://strategis.ic.gc.ca/epic/site/cilp-pdci.nsf/vwapj/Primer\\_fr.pdf/\\$FILE/Primer\\_fr.pdf](http://strategis.ic.gc.ca/epic/site/cilp-pdci.nsf/vwapj/Primer_fr.pdf/$FILE/Primer_fr.pdf) (French)

In Ontario, although there is no distinction in corporate law, not-for-profit corporations can be either charitable or non-charitable under the *Charities Accounting Act*. Charitable corporations are subject to the jurisdiction of Ontario's Office of the Public Guardian and Trustee. The *Charities Accounting Act* covers "any corporation incorporated for a religious, educational, charitable or public purpose."

In Quebec, no distinction is made between the types of not-for-profit corporations incorporated under Part III of the *Companies Act*, and there is no equivalent of the Ontario *Charities Accounting Act* to distinguish between charitable and non-charitable corporations. However, corporations that want to solicit public donations are obliged to include certain restrictions in their letters patent.

The most common classification system in the U.S. contains three categories: mutual benefit organizations (organizations that primarily serve the interests of their members); public benefit organizations (which includes charities that are not religious organizations); and religious organizations.

For governance purposes, it is most useful to distinguish between two principal categories of organizations.

**1. Public benefit not-for-profit corporations** carry on activities that are primarily for the benefit of the public. Their revenue sources may include public and corporate donations, government grants, contract funding and fee-for-service programs or activities. A public benefit not-for-profit corporation may, but will not necessarily, be registered under the *Income Tax Act*. These organizations are at times referred to as charities, regardless of whether or not they are registered with the Canada Customs and Revenue Agency, and regardless of whether they meet the common law requirement that they be exclusively charitable (i.e., not engage in non-charitable work).

**2. Mutual benefit not-for-profit corporations** carry on activities that are primarily for the benefit of their members. They are typically supported by their members through fees and fee-for-service programs or activities, but may also receive other revenues such as government project funding. Examples of mutual benefit corporations are trade associations, professional societies, golf clubs, social clubs, etc.

Directors of public benefit organizations generally must take into account the interests of a broader range of stakeholders in their decision-making than directors of mutual benefit organizations.

### **3. Federal Funding Review**

This chapter provides a broad overview of the federal *Family Violence Initiative* (FVI), including a review of the funding provided by INAC, an FVI participant. Also included is a summary of the significant role played by Canada Mortgage and Housing Corporation's (CMHC) in on-reserve women's shelters. Of the FVI participants, these two federal departments play the strongest contributing role in this area.

#### **3.1 Family Violence Initiative (FVI)**

The FVI was launched in 1988, but it was nearly ten years later that 11 departments, agencies and crown corporations signed an *Interdepartmental Accountability Framework* agreeing to work together. This Initiative is an ongoing federal commitment to help solve a long-term societal problem for both non- and Aboriginal communities; it encompasses a host of health-, social- and justice- related aspects of family violence. A 2002 review gave the FVI "Permanent Funding" status from the Treasury Board in the amount of \$7 million annually.





The Public Health Agency of Canada (PHAC) now coordinates the federal departments that participate in the FVI. Its basic objective is “*reducing the occurrence of family violence in Canada*”.<sup>7</sup> In 2008, a total of 15 federal departments are involved in this Initiative, but only the following seven receive part of the annual budgetary allocation to support and complement their existing activities in this area:

- Public Health Agency of Canada (PHAC)
- Canada Mortgage and Housing Corporation (CMHC)
- Department of Justice Canada (DOJ)
- Royal Canadian Mounted Police (RCMP)
- Canadian Heritage (CH)
- Status of Women Canada (SWC)
- Statistics Canada (SC)

Eight other departments/ agencies approach family violence issues through existing departmental programs and activities and do not receive FVI funding:

- Indian and Northern Affairs Canada (INAC)
- Health Canada (HC)
- Human Resources and Social Development Canada (HRSDC)
- Citizenship and Immigration Canada (CIC)
- Correctional Service of Canada (CSC)
- Public Safety Canada (PSC)
- Service Canada (SC)
- Department of National Defence (DND)

### ***Indian and Northern Affairs Canada (INAC)***

INAC does not receive an FVI allocation. Its *Family Violence Prevention Program (FVPP)* for First Nations operates with an \$18.5 million budget annually. FVPP’s objective is to reduce family violence so that on-reserve children can experience secure family environments, and to implement abuse prevention and protection services.<sup>8</sup>

FVPP funding is made up of 2 components:<sup>9</sup>

1. **Prevention Projects** - These initiatives are aimed at preventing and reducing family violence in First Nations communities. The types of projects being funded include public awareness campaigns, conferences, workshops, stress and anger management seminars, support groups, and community needs assessments.
2. **Shelter Operations** - This includes operational funding to an existing network of thirty-five First Nations shelters and can reimburse provincially-funded shelters at per diem rates for services used by First Nations people who are, otherwise, ordinarily resident on reserve.

<sup>7</sup> Source: [http://www.phac-aspc.gc.ca/ncfv-cnivf/familyviolence/initiative\\_e.html#fvidepartments](http://www.phac-aspc.gc.ca/ncfv-cnivf/familyviolence/initiative_e.html#fvidepartments) (English) [http://www.phac-aspc.gc.ca/ncfv-cnivf/violencefamiliale/initiative\\_f.html](http://www.phac-aspc.gc.ca/ncfv-cnivf/violencefamiliale/initiative_f.html) (French)

<sup>8</sup> Source: [http://www.ainc-inac.gc.ca/ps/fvp\\_e.html](http://www.ainc-inac.gc.ca/ps/fvp_e.html) (English) [http://www.ainc-inac.gc.ca/ps/fvp\\_f.html](http://www.ainc-inac.gc.ca/ps/fvp_f.html) (French)

<sup>9</sup> Source: Vini Dhillon, Family Violence Prevention Program, Indian and Northern Affairs Canada. Personal correspondence, February 5, 2008.

These components work

- i. To support a network of 35 shelters<sup>10</sup> operational requirements; serves approximately 265 First Nations communities<sup>11</sup> -- \$11.5 million

This funding is also responsible for reimbursing off-reserve shelter services costs used by FN people who normally live on-reserve.<sup>12</sup>

- ii. To provide proposal-driven funding for approximately 350 community-based violence prevention projects -- \$7 million

This funding is accessible regionally, and is not specifically “ear-marked” for on-reserve women’s shelters. The following organizations (other than shelters) are eligible to apply:<sup>13</sup>

- First Nations organizations designated by Chiefs and Councils, bands, settlements, tribal councils, political or treaty organizations and child and family services agencies; and
- Public or private organizations engaged by or on behalf of First Nations communities to administer the programs for First Nations children and families, and private firms or organizations retained as co-managers or third-party managers designated by INAC

In some regions, these family violence prevention activities (such as public awareness and education campaigns, conferences, workshops, stress and anger management seminars, support groups, and community needs assessments) are funded on a project basis, while in others, on a per capita basis. All on-reserve community-based projects must have the goal of reducing violence to be eligible for INAC funding.

INAC uses both *regional per capita* funding and *project-based* funding for research, prevention and treatment in family violence prevention activities.

As well, INAC is involved in joint initiatives with other federal departments that include:

#### 1. Working Group on Aboriginal Family Violence

This Working Group, established in January 2005, is meant to ensure effective federal coordination pertaining to Aboriginal family violence; share information and research; address policy questions; and identify opportunities for strategic collaboration (including with provinces and territories). The Working Group is co-chaired by Status of Women Canada and INAC. Participating departments include: Canada Mortgage and Housing Corporation; Correctional Service Canada; Canadian Heritage; Health Canada; Department of Justice Canada; Public Health Agency of Canada; Public Safety Canada; and Royal Canadian Mounted Police.

#### 2. Policy Forum Follow-up Sub-Group (of the Working Group on Aboriginal Family Violence)

This Sub- Group, established in April 2007, following the 2006 Policy Forum on Aboriginal Women and Violence, was set up to identify issues, considerations and general discussion points to be explored by the Working Group. Participating departments include: Public Health Agency of Canada; Canada Mortgage and Housing Corporation; Department of Justice Canada; Royal Canadian Mounted Police; Canadian Heritage; Status of Women Canada; Indian and Northern Affairs Canada; Health Canada; Correctional Service Canada; and Public Safety Canada.

<sup>10</sup> These shelters make up the main membership body of The National Aboriginal Circle Against Family Violence (NACAFV).

<sup>11</sup> Source: Speech given at the National Aboriginal Women’s Summit (June 22, 2007) by the Honourable Bev Oda, Minister of Canadian Heritage and Status of Women, on behalf of INAC, HRSDC and CMHC. <http://www.ainc-inac.gc.ca/nr/prs/m-a2007/2-2899-eng.asp> (English) <http://www.ainc-inac.gc.ca/nr/prs/m-a2007/2-2899-fra.asp> (French)

<sup>12</sup> Source: Evaluation of the Family Violence Prevention Program for First Nations, Project 01/26, June 2004, p.1. Prepared by: Departmental Audit & Evaluation Branch, assisted by: Rosemary Trehearne & Associates.

<sup>13</sup> Source: [http://www.ainc-inac.gc.ca/ps/mnl/fvp/prc\\_e.html](http://www.ainc-inac.gc.ca/ps/mnl/fvp/prc_e.html) (English) [http://www.ainc-inac.gc.ca/ps/mnl/fvp/prc\\_f.html](http://www.ainc-inac.gc.ca/ps/mnl/fvp/prc_f.html) (French)

## **Canada Mortgage & Housing Corporation (CMHC)**

CMHC was first involved with the FVI through Project Haven (the building of on-reserve women's shelters), followed by the Next Step (transitional and supportive housing). The Shelter Enhancement Program (SEP) replaced both but this program is not Aboriginal-specific. SEP also funds repairs and improvements to existing shelters. Funding under SEP is a fully-forgivable grant unless the owner/sponsor (eg., a Band's Chief and Council) does not meet the conditions of the Program agreement. Funding is limited to capital assistance for emergency shelters.<sup>14</sup>

SEP receives an allocation of \$10 million per year; 10% of that is directed to on-reserve shelters. FVI contributes an on-going \$1.9 million annually to SEP; 50% of that (\$950,000) goes into on-reserve shelters so that a total of \$50,000 comes from CMHC itself for the on-reserve portion of its contribution.

CMHC's budget includes \$200,000 annually from FVI for administration costs.<sup>15</sup>

### **3.2 INAC Funding Arrangements**

On-reserve shelters were established in two phases:

- i. Early 1990s – decisions during this time were made at the regional level.
- ii. 1997 to the present – decisions during this time were made at the national level.

During these two phases, CMHC provided capital funding for the actual building of the shelter, and INAC provided funds for operating and maintenance (O & M) expenses. INAC allows for the following expenses:<sup>16</sup>

- Salaries and benefits for shelter directors, assistant directors, family violence counsellors (professional staff)
- Para-professional services such as shelter support workers
- Agency administration, such as secretarial staff, travel costs and office costs
- Professional development services
- Management of shelter committees and providing advice to Band administrations
- Monitoring and evaluation, including costs of preparing agency evaluations
- Operating costs of maintaining families or individuals eligible for protection services (including food, shelter, security systems, counselling, psychological services, career planning, referrals to other agencies, personal items, special needs, emergency clothing, travel and recreation)

INAC does not consider capital costs an allowable expense. Typically a regional INAC office would recommend that a shelter apply for CMHC's SEP funding for renovations or additions.

### **INAC's Payment of Per Diems to Provincial Shelters for First Nations Clients**

INAC provides per diem reimbursements to other shelters (those operated by the province or their agents, or the YWCA) for services to people who normally reside on-reserve. The per diem amounts are typically determined by provincial social assistance regulations, which are the same as for any other provincial resident. These regional payments are a small amount of the region's total budget so any shortfall must be covered by other regional funds and excesses are reallocated to other regional objectives. Each region's annual allocation is based on its actual expenditure of two years earlier, adjusted for estimated population growth since that time. Payments made to the provinces largely conform with the provincial per diem in accordance with the INAC Family Violence Prevention Program Directive (1994), which states that payments can only be made for individuals who normally reside on-reserve.

<sup>14</sup> Source: [http://www.cmhc-schl.gc.ca/en/prfias/otaspr/readaspr\\_007.cfm](http://www.cmhc-schl.gc.ca/en/prfias/otaspr/readaspr_007.cfm)

<sup>15</sup> Source: The Family Violence Initiative, Year Five Report, December 2002.

<sup>16</sup> INAC, Family Violence Prevention Program – National Manual, April 2005, p. 32.

## **Summary of INAC's Various Funding Arrangements with First Nations**

### ***- Canada/First Nations Funding Arrangement (C/FNFA)***

The C/FNFA is a multi-year (five-year) funding agreement that INAC and other federal government departments enter into with First Nations and First Nations organizations. C/FNFAs have more flexible terms and conditions than Comprehensive Funding Arrangements (CFAs), giving First Nations a greater range of options for delivering programs that meet their community priorities.

There are currently a few INAC-funded shelters whose Band Councils operate under the C/FNFA multi-year funding agreement.

### ***- Comprehensive Funding Arrangements (CFA)<sup>17</sup>***

This is commonly referred to as a Contribution Agreement.

The CFA is a single-year agreement that provides funding to recipients and is also available to entities other than First Nation and Tribal Councils to deliver programs and services such as shelters. It is a funding arrangement for delivery of programs and services and can be delivered by 3 options under the CFA. These options are:

**1. Contributions:** A conditional transfer payment for a specific purpose that is subject to being accounted for or audited for the purpose of determining adherence to terms and conditions of payment and for which unexpended balances or unallowable expenditures are to be reimbursed to the Crown.

**2. Flexible Transfer Payments:** A conditional transfer payment for a specified purpose for which unexpended balances may be retained by the First Nation or Tribal Council, provided that the program and service terms and conditions have been fulfilled by the First Nation or Tribal Council. Any deficit is the responsibility of the First Nation or Tribal Council.

**3. Grants:** An unconditional transfer payment.

According to the INAC Funding Arrangements office, all shelters except those mentioned in the previous point fall under the CFA, although there are variations of this type of funding. An example is funding given to the Band Council, which then directs funding to the shelter.

### ***- Self-Government Funding Agreements (SGFA)***

The SGFA is a multi-year funding agreement that INAC and other federal government departments enter into with First Nations governments. These types of agreements are funded through grants, providing First Nations with the most flexibility in delivering programs to their communities. To be eligible, First Nations must first have entered into a formal self-government agreement with Canada.

An example of an SGFA is the Nisga'a Final Agreement and the Sechelt Self-Government Funding Agreement that is highlighted in Section 4.1 of this report. An overview of how support is provided to address family violence through these agreements – for example, the James Bay the Northern Quebec Agreement – is highlighted in this section.

<sup>17</sup> Source: Comprehensive Funding Arrangement, Definitions [http://www.ainc-inac.gc.ca/pr/pub/nmr/cfa2\\_e.html](http://www.ainc-inac.gc.ca/pr/pub/nmr/cfa2_e.html) (English) [http://www.ainc-inac.gc.ca/pr/pub/nmr/cfa2\\_f.html](http://www.ainc-inac.gc.ca/pr/pub/nmr/cfa2_f.html) (French)



## **4. Review of Other Agreements**

### **4.1. Nisga'a Final Agreement**

This treaty came into effect on May 11, 2000, following negotiations that lasted for more than 20 years. Under the Fiscal Financing Agreement, the federal government transferred \$34.8 million to the Nisga'a Lisims Government to support the delivery of programs and services in the areas of health, education, social programs, income assistance and local services.<sup>18</sup>

There are no Aboriginal women's shelters in Nisga'a territory. However, the Nisga'a Lisims Child and Family Services acts as an advocate for families and children in crisis and offers various family support and recreation programs to the four Nisga'a villages.<sup>19</sup> There is no provision for a women's shelter in the Nisga'a Final Agreement.

The Nisga'a Fiscal Financing Agreement includes family violence prevention funding. This is the funding arrangement for self-governing First Nations; it comprises a type of targeted block funding for specific programs.

### ***Ksan House***

Ksan House, which is located in Nisga'a territory, is a mainstream shelter located in the town of Terrace, BC; it opened on February 2, 2006.<sup>20</sup> The Ksan House Society, which operates Ksan House, was incorporated in 1979 and also currently owns and operates the Terrace Emergency Shelter and Hostel, the Terrace Transition House, Skeena Kalum Housing, (a 50-unit family housing complex) and provides an outreach for adults with serious mental illness.<sup>21</sup>

Most clients of Ksan House are Aboriginal. The clients normally on-reserve (there is no stipulation that requires them to be Status Indians) who use Ksan House services are covered –like any other women seeking shelter services – by the province.

Capital cost of this project is \$1.3 million:

- The federal government, through the CMHC, provided a \$220,000 capital grant as part of the Canada - British Columbia Affordable Housing Agreement.
- The provincial government, through British Columbia Housing, provided a \$220,000 capital grant.
- The Real Estate Foundation of British Columbia provided a \$75,000 capital grant.
- The Vancouver Foundation provided a \$50,000 capital grant.
- The Terrace Rotary Club provided a \$14,000 capital grant.
- The Skeena Valley Rotary Club provided a \$14,000 capital grant.
- The Ksan House Society is providing \$269,789 in equity and cash raised through fund-raising and from donations.

Operating funds consist of:

- The British Columbia Ministry of Community Services contributes \$405,480 to ensure that rent is affordable and for funding programs and services.
- The British Columbia Ministry of the Attorney General provides \$90,000 annually for the sexual assault program.
- A direct access annual grant from the British Columbia Ministry of Public Safety and Solicitor General contributes \$57,700 toward the transition house and \$67,071 to the programs and services.
- Ongoing membership and donations contribute \$4,000 annually.<sup>22</sup>

<sup>18</sup> Source: Nisga'a Final Agreement 2001/2002 Annual Report 34/35 "Society of the Whole", p. 35.

<sup>19</sup> These are: Gitwinksihlkw (formerly known as Canyon City), New Aiyansh, Laxgalts'ap, and Gingolx.

<sup>20</sup> Source: [http://www2.news.gov.bc.ca/news\\_releases\\_2005-2009/2006FOR0008-000057.htm#](http://www2.news.gov.bc.ca/news_releases_2005-2009/2006FOR0008-000057.htm#) accessed July 11, 2007

<sup>21</sup> Source: [http://www2.news.gov.bc.ca/news\\_releases\\_2005-2009/2006FOR0008-000057-Attachment1.htm](http://www2.news.gov.bc.ca/news_releases_2005-2009/2006FOR0008-000057-Attachment1.htm) accessed July 11, 2007

<sup>22</sup> Source: Backgrounder (#2006FOR0008-000057) Ministry of Forests and Range and Minister Responsible for Housing; Ministry of Community Services, Canada Mortgage and Housing Corporation, dated February 2, 2006.

#### **4.2 Sechelt: Self-Government Funding Agreement (SGFA)**

The *Sechelt Indian Band Self-Government Act* (SIBSGA) received Royal assent in 1986; it largely replaces the *Indian Act*<sup>23</sup> as it pertains to the Sechelt people, and governs the Sechelt Indian Band.

The governing structure is made up of two parts: the Sechelt Indian Band Council (the Band government), and the Sechelt Indian Government District Council (the local government, which includes the related Advisory Council). The Sechelt Indian Band Council represents Band members only and is responsible for social development, education, housing, public works, resource management, community health, economic development, culture and recreation. There are no provisions for a women's shelter in the SIBSGA.

Yew Transition House, in the town of Sechelt (non-Indian and located off the Sechelt Indian Band territory), provides shelter to women and children who are victims of violence as well as individual counseling and group support. A second-stage transition housing program, *Thyme*, provides housing, support and counselling for up to 18 months. Most clients of Yew House and Thyme are non-Aboriginal. The shelter is funded by the (provincial) Ministry of Community Services.

Per diem costs for clients, whether Aboriginal or not, are treated exactly the same, and INAC is not involved in reimbursing the shelter because it has a CFNFA (five-year block funding agreement) outside the self-government agreement. This includes activity funding for prevention projects in the amount of \$5,894.<sup>24</sup>

#### **4.3 James Bay: Government Funding Agreement (JBNQA)**

Provision for the funding of refuges for women (as women's shelters are called in the James Bay and Northern Quebec Agreement) appear under Section 18, Administration of Justice (Crees); specifically this is on Page 223, Section 18.0.29, which states, "In accordance with a federal-provincial agreement with respect to costs of the programs of services referred to in this Section, it shall be provided:

(e) that establishments for the temporary detention of persons, public prisons, rehabilitation and reformatory institutions, almshouses, workhouses, refuges for women, reformatory institutions for females and other institutions for training, rehabilitation and readaptation of persons detained to be provided for;"

The following is a listing of the nine communities under the JBNQA. There are no women's shelters in any of these communities; however, note that the community of Whapmagoostui has two parts: an Inuit part and a Cree part. A women's shelter is located in the Inuit part. For the women from the JBNQA communities who access outside women's shelters, the Cree Board of Health and Social Services of James Bay pays a per diem cost and the transportation costs of clients (only on referral).

<sup>23</sup> Source: [http://www.ainc-inac.gc.ca/pr/ra/cos/sig\\_e.html](http://www.ainc-inac.gc.ca/pr/ra/cos/sig_e.html)

<sup>24</sup> Source: Charlotte Haggart, INAC regional contact (Pacific Region), e-mail correspondence, Friday, July 20, 2007, 6:22 PM.



	<b>First Nation</b>	<b>Comments</b>
1	Chisasibi	There was a women's shelter in Chisasibi in the 1990s, but it closed even though it was very useful, and women and children used it a lot. Now, clients are sent to the Montreal Native Women's Shelter (Foyer pour Femmes Autochtones de Montréal), to Val-d'Or's Le Nid, or to a bush placement – community members stay in the bush for long periods of time, and clients stay with these families.
2	Eastmain	No women's shelter in this community; clients are sent to non-Native shelters in Amos (La Maison Mikana), Val-d'Or's Le Nid, or to the Montreal Native Women's Shelter (Foyer pour Femmes Autochtones de Montréal).
3	Mistissini	No women's shelter in this community; women are sent to the Aquarelle Women's Shelter in Chibougamau (one hour's drive south of Mistissini), Montreal's Native Women's Shelter (Foyer pour Femmes Autochtones de Montréal), Val-d'Or's Le Nid; Auberge de l'Amitié in Roberval (French-speaking in the Lac-Saint-Jean area).
4	Nemaska	No women's shelter in this community; women in crisis are sent to Amos (La Maison Mikana), Val-d'Or's Le Nid, Montreal Native Women's Shelter (Foyer pour Femmes Autochtones de Montréal), Alternative pour elle in Rouyn-Noranda or to the Aquarelle Women's Shelter in Chibougamau.
5	Waskaganish	No women's shelter in this community; women are sent to Alternative pour elle in Rouyn-Noranda, La Maison Mikana in Amos, Val-d'Or's Le Nid, Omushkegiskwew House (the Family Resource Centre) in Moosonee, ON; Montreal Native Women's Shelter (Foyer pour Femmes Autochtones de Montréal); in an emergency situation they're placed with a family within the community.
6	Waswanipi	No women's shelter in this community; clients are sent to Montreal Native Women's Shelter (Foyer pour Femmes Autochtones de Montréal, Val-d'Or's Le Nid and Aquarelle Women's Shelter in Chibougamau.
7	Wemindji	No women's shelter in this community; women in need of domestic violence protection go to Montreal Native Women's Shelter (Foyer pour Femmes Autochtones de Montréal), Val-d'Or's Le Nid, or Alternative pour elle in Rouyn-Noranda.
8	Whapmagoostui	Tunngavik Women's Shelter is located in the Inuit part of this community. Its priority is Inuit, but accepts Cree clients from the other half of Whapmagoostui, which is Cree.
9	Ouje-Bougoumou	There is no women's shelter in this community; clients are sent to the Aquarelle Women's Shelter in Chibougamau (45 minutes away).
	Chibougamau (Not part of James Bay communities; not a Native community)	Aquarelle Women's Shelter is a non-Native shelter although most clients are from the James Bay communities (Cree), but also the Innu (Montagnais) and Inuit.

## 5. Interview Findings: Shelter Site Consultations

The interviews with the Executive Directors of the shelters addressed funding issues related to Band management and the governance structure of the shelters. The discussions included: an exploration of setting up INAC-funded shelters as non-profit societies and the feasibility of working toward establishing a national foundation, such as the NACAFV, through which funds could flow from INAC to the shelters.

Many Aboriginal women's shelters experience difficulty in accessing all the funds that INAC has ear-marked for the shelter because INAC does not stipulate to the Band that 100% of this funding has to go directly to the shelter. Formal arrangements are set up in what are commonly called Contribution Agreements (CA) between INAC and the First Nations Band (Chief and Council). Monies then flow from INAC to the Chief and Council, then from the Chief and Council to the shelter; it is within the latter transaction that many shelters experience difficulty in accessing the full amount of INAC's shelter allocation of funding.

There is an option that each shelter incorporates as a not-for-profit corporation, complete with its own Board of Directors. When shelters are set up in this manner, INAC can fund them directly.

There is also the possibility of having NACAFV act as a flow-through for INAC shelter funding, instead of through the Chiefs and Councils.

## 5.1 Women's Shelter: Nunavut

Objectives: to independently review, assess and report on:

- The shelter – Government of Nunavut funding agreement, and financial state of the shelter;
- The extent of efficiency and effectiveness in managing the Territorial Financial Contribution Agreement by the shelter;
- The quality of internal financial control measures and accountability mechanisms in place for the shelter to manage risks effectively.

Type of Agreement: Conditional Contribution Agreement (CCA) between the shelter and the Government of Nunavut

Amounts: This information is confidential.

Government Agency: Minister of the Department of Health and Social Services, which funds four women's shelters.

Location & Status: Nunavut; there are no reserves in Nunavut.

Comments:

- This shelter has full-time staff on-site year-round; it also relies on donations to stay open because the Nunavut Health and Social Services Department funding is inadequate for full operation.
- The shelter has been in operation for 15 years.

A recent report by Statistics Canada showed shelter use in Nunavut rose 54% between 2001 and 2004, compared with 4.6% in the rest of Canada.

Findings:

- The shelter has complied with the existing rules and regulations related to the provision of its agreement with the Territorial Government of Nunavut.
- The shelter revenues and expenditures recorded against the CCA complied with the terms and conditions of the Territorial Funding Agreement.
- The shelter has complied with the reporting requirements of the CCA.
- The shelter receives some support from the YWCA in the form of help to train the shelter staff; the YWCA is willing to pay for transportation and accommodation, and the first training staff exchange was held in the summer of 2007 for crisis intake workers.

Summary of NACAFV consultation findings:

In general, the review found that the state of the financial systems was good. The shelter is well managed and supported with good policies, procedures and an information management process that has produced good financial and activity reporting.





According to the terms and conditions of the CCA, the shelter is allowed the flexibility to reallocate up to 20% of the contribution funds between budget items. The shelter has a good planning process and activity tracking system, which is monitored by the Executive Director. The documentation for all programs is readily accessible. Roles and responsibilities are clearly defined for managing and delivering the client services.

Managing the resources: The shelter is managing the resources in an appropriate manner with program revenues handled properly and proper accountability. Funds are used to achieve the objectives of the programs; procedures for providing services are effective and cost-efficient; and there is adequate control over costs. The quality and extent of the audit trail is adequate.

Managing the risks: The shelter is well managed and has limited its exposure to risk.

Facility Operations: The Executive Director gave the consultants a tour of the shelter's facilities. During the week of June 4–8, 2007, the foreman of the Public Works Service toured the building and was quite satisfied with the last building inspection. He even said he would look for an appropriate commercial stove and get more water-efficient shower heads, taps and toilets installed. The building appeared to be a safe, hygienic and pleasant, and was maintained with a high standard of care and attention.

Insurance Coverage: The shelter's insurance policy coverage for public liability and property loss is adequate and the insurance costs are reasonable. The requirements of the CCA were met. The shelter maintains at least \$1 million in liability insurance coverage.

Managing the information: Based on the NACAFV's consultants' review, information regarding the program has been made available to the Government of Nunavut in a timely manner, and the decision process is clear, transparent and open.

Compliance with general terms and conditions: All amendments made to the CCA between the Government of Nunavut and the shelter followed the procedures required. All financial records pertaining to the certified Statement of Revenue and Expenditures comply with the reporting requirements set out in the CCA.

Compliance with reporting requirements: Based on the consultants' review, all reports, monthly statistics reports, interim Summary of Activities, and annual Statement of Revenue and Expenditures were provided on time as per the terms and conditions of the CCA. As well, the information presented in the reports is accurate and reliable.

External audits assessment: The audited financial statements for the 2005/2006 fiscal year were produced by qualified independent auditors, in the proper format and on time.

Compliance and evaluation of policies and procedures: Policies and procedures pertaining to the delivery of the program are in place and followed by the Government of Nunavut. Detailed procedures for the purchase of products and services exist, are followed, and have included controls at each of the following steps: requisition, authorization, receipt and payment.

## **5.2 Women's Shelter: Ontario**

Type of Agreement: The Comprehensive Funding Arrangement (CFA) for First Nations and Tribal Councils is a program-budgeted funding agreement that INAC enters into with recipients for a one-year duration. Programs are funded by means of a Flexible Transfer Payment (as opposed to *Contribution Agreements*) so that actual expenses can be reimbursed. Surpluses may be retained provided terms and conditions have been fulfilled.

Location and Status: on-reserve

Comments:

- CMHC funded the construction of the shelter; the shelter must operate in a shelter capacity and remain unsold for 15 years; at that time, the amount plus interest will be considered a grant (forgiven).

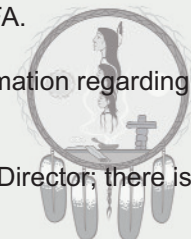
- The shelter opened in mid-2000.
- INAC provides funding for operations, which it recognized as being insufficient prior to the shelter's opening; there has been no consistent increase in funding since that time and it is always a struggle for the shelter's Executive Director to keep operating in a no-deficit mode.
- Family Violence Prevention Program (FVPP) dollars from INAC go to the regional PTO (provincial/ territorial organization), not the shelter.
- INAC funding is through targeted social development programs.

#### Financial Status Quo:

- Through a CFA with INAC, the Band receives annual funding for the shelter.
- The Band now takes 10% from INAC funding, and the shelter receives the remaining amount.
- The shelter receives the funding on a quarterly or monthly basis, and is advised by the Band when the deposit is made to its account.
- The shelter received additional operating funds through the INAC-CFA agreement with the Band as a Flexible Transfer Payment (FTP), specifically for shelter leasehold improvements, professional development and training, furniture and replacement of major appliances. INAC specifically required that these funds be allocated for the shelter, which thereby increased the shelter's total 2006/2007 funding.
- The shelter received other unexpected operating funding through the INAC-CFA agreement with the Band as an FTP in February 2007; this was specifically earmarked to provide cost-of-living adjustments for shelter staff salary increases, and for meeting additional operating expenses for the shelter. This further increased the total shelter 2006/2007 funding.
- Because additional funding was received by the shelter, the Band requested additional administration fees, as well as the 2% per year from the shelter's funding.
- A much higher percentage for administration fees is being proposed by the Band; this would force the shelter into a negative cash-flow position and create a deficit, translating into decreased resources for women and children in crisis.
- INAC allowed the transfer of both funding allotments into the shelter's next fiscal year (2007/2008).

#### Comments:

- The shelter, under Chief and Council stipulation, operates under a no-deficit budget – the only agency among all Band agencies under this restriction.
- Shelter staff perceives that the Chief and Council hinder the effectiveness of the shelter's daily operations by constantly questioning its expenses.
- The Band, represented by Chief and Council, and INAC sign the funding agreement. The Executive Director is not privy to review this agreement even though the shelter is a legitimate entity under the CFA.
- Chief and Council do not provide the Executive Director with accountability or financial information regarding the CFA budget with respect to actual expenditures.
- Financial resources are being managed efficiently and effectively by the shelter's Executive Director; there is a strategic plan in place to define clear objectives and it is always being updated.



- The shelter has a very good relationship with its INAC regional representative.
- The shelter's relationship with the Band (Chief and Council) is not good; the shelter lives in trepidation of what Chief and Council could and would do to it.
- The Chief and Council requested that the shelter incorporate, but did not give reasons to the Executive Director for wanting this action to be taken.
- The shelter has not initiated incorporation at this time because of the costs associated with legal fees and filing fees.
- The additional costs have not been included in the new budget for fiscal year 2007/2008 and therefore would have to be absorbed from the shelter's new operating budget, resulting in a probable year-end deficit.
- There was concern that the Chief and Council would hand-pick the Board of Directors should an independent not-for-profit Board be selected. Staff was concerned that these representatives would be arbitrarily appointed.
- The shelter staff should receive cost-of-living salary increases annually.
- The shelter should receive training dollars for training or professional development.
- The organizational capacity of the shelter to provide the needed services to women and children of family violence is more than adequate to justify incorporation.
- The shelter has a comprehensive operating policy and procedures manual.
- The Executive Director of the shelter has established protocols with the following participating agencies:
  1. The local reserve police detachment
  2. Children's Aid Society
  3. Sexual Assault Care Centre and Partner Assault Response
  4. Victim Crisis Assistance and Referral Service
  5. Victim/Witness Assistance Program
  6. Women in Crisis
- At incorporation, all money funneled through the Provincial/Territorial Organization (PTO) will be lost. This includes what it receives for youth mental health from the Aboriginal Healing Foundation.

### **Summary of NACAFV consultation findings:**

In general, the consultation found that the state of the financial systems was very good, in spite of serious under-funding. The shelter is well managed and supported by sound policies, procedures and an information management process that produces strong financial and activity reporting.

The shelter has a good planning process and activity tracking system that is closely monitored by the Executive Director. The documentation for all programs is readily accessible. Roles and responsibilities were clearly defined for managing and delivering the client services.

Managing the resources: The shelter is managing the resources in an appropriate manner with revenues from the program being properly handled and with proper accountability. Funds are used to achieve the objectives of the programs; procedures used in providing services are effective and cost-efficient; and there is adequate control over costs. The quality and extent of the audit trail is adequate.

Managing the risks: The shelter is well managed and has limited its exposure to risk.

Facility Operations: When the consultants were given a tour of the shelter facilities, the state of repair and maintenance definitely appeared to meet the objectives of the CA.

Insurance Coverage: The shelter's insurance policy coverage for public liability and property loss is adequate and the insurance costs are reasonable. The requirements of the CA are met, with at least \$1 million in liability insurance coverage.

Managing the information: Based on the consultants' review, the information regarding the program was made available to the Band Chief and Council in a timely manner, and the decision-making process is clear, transparent and open.

Compliance with general terms and conditions: All amendments made to the CFA followed the procedures required and all financial records pertaining to the certified Statement of Revenue and Expenditures comply with the reporting requirements set out in the agreement. The CFA's Section 2.4 defines the Financial Reporting requirements for the Band Council; Section 7.4, Family Violence, defines the shelter's reporting requirements to the Band Council; the Executive Director does this monthly/quarterly/annually, and without her reports, the Band Council would not meet these reporting requirements.

Compliance with reporting requirements: Based on the consultants' review, all the reports, monthly statistics reports, interim Summary of Activities, and annual Statement of Revenue and Expenditures, were provided on time as per the terms and conditions of the CFA, and the information presented in the reports is accurate and reliable.

External audits assessment: The audited financial statements for the fiscal year 2005/2006 were produced by qualified independent auditors, in the proper format and on time.

Compliance and evaluation of policies and procedures: Policies and procedures pertaining to the delivery of the program are in place and followed up by the Band Chief and Council. Detailed procedures for the purchase of products and services exist, are followed, and have included controls at each of the following steps: requisition, authorization, receipt and payment.

Reporting Requirements for the Shelter: These are done by the shelter Executive Director who forwards a copy to the Band Chief and Council, and also to the INAC regional representative. The Chief and Council sign the funding agreement for the shelter and that is all they do; the annual audit for the First Nation fulfils its obligation on the financial status of the shelter.

The report consists of information as follows:

- Executive Summary
- Letter to Chief and Council and Membership
- How the Report Was Completed – using shelter forms
- The Users of the Shelter
- Demographic Information
- Abuse History
- Shelter Stay
- Satisfaction with the Shelter Services
- Shelter Programs 2006/2007
- A Message from the Team
- Year-end Summary
- Future Challenges
- Objectives for the Next Year
- Conclusion



- Appendices – 2006/2007 Statistics in Graphs
- Audited Budget Previous Year
- 2007/2008 Pro Forma Budget
- Final reports for any funded projects for which the shelter received dollars
- Copy of any Protocols established during the last fiscal year with outside agencies

Each area is very descriptive and the report is about 50 pages and in colour. The Executive Director starts this report in June and the office assistant starts collecting all information beginning in May of each year. The Executive Director uses the same format in quarterly reports to the Band Chief and Council, but not as detailed. This keeps Chief and Council informed about how the shelter is doing financially (to comply with the “no-deficit budget”) and if it is indeed addressing family violence. Also, the quarterly reports assist in collecting information for the final report.

### **5.3 Women’s Shelter: British Columbia**

This shelter is located on-reserve and is administered by an authority that also administers residential care, the justice program, the health program (which is not full transfer), and family skills programs. The same authority is negotiating with the province for the Children Who Witness Violence program. The women’s shelter has 12 beds, which accommodate 15 people. Salaries take approximately 80% of all funding dollars. Four full-time staff and support workers earn wages between \$12 and \$16.40 per hour.

This shelter is a registered charity organization and is provincially incorporated. But it needs to be federally incorporated to raise funds and give out tax receipts for donations. Incorporation is required so that INAC funding can be received directly by the shelter. Family violence is increasing, but funding keeps decreasing.

The shelter also receives provincial funding, which amounts to 28% of INAC’s funding. The shelter has a very good working relationship with the province; mutual expectations are all written down and understood by both groups, and communication is good.

INAC funding goes through the Band Chief and Council, but the shelter receives the provincial money directly.

The shelter, however, operates at “the whim of Chief and Council,” which is not a comfortable relationship for the shelter Executive Director and its employees. In mid-2007, the Executive Director was informed by the Band manager that the Band would be taking such a large administration fee for the year that it would leave the shelter in a constant deficit. As well, the Executive Director does not know what is communicated between INAC and the Band, as she does not see the Comprehensive Funding Arrangement (CFA).<sup>25</sup>

Shelter staff, once again, perceives that Chief and Council impede the effectiveness of the shelter in its daily work routines. An opinion was brought forward that the Chief and Council do some fear-mongering within the community and that this negatively affects the operation of the shelter.

For example, in the autumn when the Executive Director was away on holidays, one of her staff was fired by the Chief and Council. The Executive Director was not given any explanation, and shelter staff members spoke about feelings of job insecurity. Some staff members stated that they felt safe only because they happened to have a close relative who works for the Band. As well, the Chief and Council have passed a Band Council Resolution (BCR) that they will take back to the administration of the shelter. The Executive Director believes this is because it is financially stable right now. She is concerned regarding payment of expenses not being related to the operation of the shelter.

A housing shortage on this isolated reserve means that most women who live in abusive relationships can go to the shelter for a maximum of 30 days, but then must return home. There are no jails in the area, only holding cells, so it is always the mothers and children who must leave an abusive situation, but there is no long-term refuge for them.

<sup>25</sup> This is commonly referred to as the “Contribution Agreement”.

Shelter security cameras are old and there are no financial resources to replace them. The cost of living is exorbitant, especially for gasoline and groceries.

### **Summary of NACAFV consultation findings:**

In general, the review found that the state of the financial systems was appropriate. The shelter is well managed and supported by good policies, procedures and an information management process that produces sound financial and activity reporting.

The shelter has a good planning process and activity tracking system, which is monitored by the Executive Director. The documentation for all programs is readily accessible. Roles and responsibilities are clearly defined for managing and delivering the client services.

- Operations and facility maintenance expenses should be budgeted for separately.
- Funding should be provided to cover all fixed costs for the shelter.
- Annual funding should be provided to upgrade the maintenance and security system for the shelter, instead of having to apply annually to CMHC's SEP for this type of expense.

Managing the resources: The shelter manages its resources in an appropriate manner with revenues from the Band being properly handled and with proper accountability. Funds are used to achieve the objectives of the programs; procedures for providing services are effective and cost-efficient; and there is adequate control over costs. As a result of the Band increasing administration fees in mid-2007, the shelter will be operating with a deficit budget.

#### Managing the risks:

The shelter is well managed and has established a risk management plan.

Facility Operations: The facility is undergoing CMHC Shelter Enhancement renovations. The women's shelter owns the building. There are no childcare spaces, nor sufficient administrative space. Infrastructure is also inadequate; for example, when the shelter is operating at full capacity, the sewer backs up. As well, the roof leaks and there is a mould problem. The fire-escape stairs have separated from the building.

Insurance Coverage: The shelter's policy coverage for public liability and property loss is adequate and the insurance costs are reasonable. The requirements of the Contribution Agreement are met, with at least \$1 million in liability insurance coverage.

Managing the information: Based on NACAFV's discussion with the shelter Executive Director, information about the program has been made available to the First Nation's Chief and Council and the Province in a timely manner and the decision process is clear, transparent and open.

Compliance with general terms and conditions: The shelter agreement followed the procedures required and all financial records pertaining to the certified Statement of Revenue and Expenditures comply with the reporting requirements set out in the agreement with the province.

Compliance with reporting requirements: Based on the NACAFV interview, all the reports, monthly statistics reports, interim Summary of Activities, and annual Statement of Revenue and Expenditures, were provided to the province on time as per the terms and conditions of the agreements, and the information presented in the reports is accurate and reliable.

External audits assessment: The audited financial statements are produced by qualified independent auditors, and sent directly to the province in the proper format and on time. For the INAC funding flow-through, the financial statements are provided by the Band and sent to INAC.

Compliance and evaluation of policies and procedures: Policies and procedures pertaining to the delivery of the program are in place. Detailed procedures for the purchase of products and services exist, are followed, and have included controls at each of the following steps: requisition, authorization, reception and payment.



## 5.4 Telephone Interviews

### 5.4.1 Women's Shelter: Manitoba

Funding for this Manitoba women's shelter originates from INAC, and flows through the Band Chief and Council. The Band is in voluntary co-management and all funding is under scrutiny by the co-manager. The Band, separate from the shelter, accesses INAC's family violence proposal-driven money; the shelter does not receive any portion of it.

The shelter experiences a lag of about four or five months every year because INAC money is not received fluidly from one fiscal year to the next; this creates financial stress for the shelter for at least half the year.

The shelter's Executive Director is involved in lobbying and advocacy efforts on behalf of the shelter. She resists the idea of being confined by co-management because the shelter did not contribute in any way to the Band's deficit. The Band is under a social development flexible transfer agreement, so the Chief and Council have some leeway for using INAC shelter funding for other things. The shelter operates at "the whim of Chief and Council"<sup>26</sup> which is not a comfortable relationship for the shelter Executive Director and its employees. The Executive Director does not know what is communicated between INAC and the Band, and it does not see the CFA.

The shelter was incorporated as a provincial corporation in the Province of Manitoba, but was dissolved because the required Manitoba corporate annual returns were not filed for several years. The shelter is also required to pay an annual filing fee of \$40.00. Once these returns are filed and associated fees are paid, the shelter will regain its provincial incorporation status.

This shelter was built through CMHC funding (Project Safe Haven) in 1990, and the Band now owns this building outright as it met the 15-year forgivable loan criteria. The women's shelter has 10 beds; four singles, six doubles and two cribs.

There is a total of eight staff-members on the shelter's payroll: four regular and four casual. The shelter does not utilize volunteers because the arrangement is not acceptable to the Band Chief and Council. Salaries take approximately 65% of all funding dollars.

INAC funding is based on an on-reserve per capita formula; there has only been a very small increase over the years. Of the total INAC funding, the shelter actually receives 94% and the Band keeps 6% for administration fees. There was a one-time contribution from the province (the Parent Child Coalition) that was received before co-management (before April 2007); these funds, which the shelter received in total, were used to furnish the children's play centre. The shelter is not sufficiently funded to meet its needs.

The Chief and Council act as a board of directors for the shelter. The shelter is expected to pay fees to the co-manager who is not situated on the reserve, and pay for audit fees as well. The shelter's Executive Director does not know if the Chief and Council are in compliance with the general terms and conditions of the funding agreements with INAC. The shelter is required to provide audited financial statements to the Band.

The following types of programming/services are currently delivered to clients:

- Services: food, shelter, temporary housing arrangement, outside referrals, counseling.
- Programming: support groups for men, women and youth; also a sewing club, and cultural awareness, but needs a professional facilitator.

Faced with a shortage of capacity and financial resources to train staff, the Executive Director and a senior staff member approached the reserve's Education Authority, which has sponsored them for a one-year counseling skills program.

There is a shelter vehicle, but it is used only for outside referrals. The vehicle is old and in constant need of maintenance. Clients are usually transported by the RCMP, band constables or clients themselves.

<sup>26</sup> Quoted from the Executive Director of this shelter.

## Summary of NACAFV consultation findings:

In general, the review found that the internal accounting and financial control systems used Simply Accounting software, and managed its funding resources efficiently and effectively. The review found that the shelter managed its funding resources efficiently and effectively.

The shelter is well managed and supported by good policies and procedures, and an information management process that has produced good financial and activity reporting.

The organizational capacity, accounting controls and procedures of the shelter are sufficient to support a funding agreement directly with INAC under the *Comprehensive Funding Arrangement for use with Recipients Other than First Nations*.

Managing the resources: The shelter is managing the resources in an appropriate manner with revenues from the program being properly handled with proper accountability. Funds are used to achieve the objectives of the programs; procedures used in providing services are effective and cost-efficient; and there is adequate control over costs. The quality and extent of the audit trail is adequate.

Managing the risks: The shelter maintains liability insurance. It has implemented a policy and procedures manual to mitigate and manage risks directly related to the safety and security of shelter staff and clients. Financial risk is mitigated through the use of Simply Accounting software.

Facility Operations: The consultants were informed that the shelter environment is safe, hygienic and sanitary. Maintenance and upkeep of the building content and surroundings are good. The shelter was renovated in 2005.

Insurance Coverage: The shelter insurance policy coverage for public liability and property loss is adequate and the insurance costs are reasonable. The requirements of the Contribution Agreement are met, with at least \$1 million in liability insurance coverage.

Managing the information: Based on the consultants' telephone interview regarding program information, the shelter has implemented best practices and internal control measures to ensure that information from program activities is accurate, reliable and useful.

Compliance with general terms and conditions: The CFA's Section 2.4 defines the financial reporting requirements for the Band Council; Section 7.4, Family Violence, defines the shelter's reporting requirements to the Band Council. The shelter's Executive Director submits the required reports monthly/quarterly/annually, and without her reports, the Band Council would not meet these reporting requirements.

Compliance with reporting requirements: Based on the consultants' interview, all the reports, monthly statistics reports, interim Summary of Activities, and annual Statement of Revenue and Expenditures were provided on time as per the terms and conditions of the CFA, and the information presented in the reports is accurate and reliable.

External audits assessment: The shelter does provide audited financial statements by qualified independent auditors to the Tribal Council, the reserve's co-manager.

Compliance and evaluation of policies and procedures: Policies and procedures pertaining to the delivery of the program are in place and followed through by the shelter Executive Director. Detailed procedures for the purchase of products and services exist, are followed, and include controls at each of the following steps: requisition, authorization, receipt and payment of invoices.

### 5.4.2 Women's Shelter: Alberta

This on-reserve shelter receives INAC funds through the reserve's Tribal Council; the shelter receives 100% of these funds. As well, the Tribal Council had provided more funding to the shelter, which was enough for it to operate efficiently at minimal levels for food, shelter and crisis intervention. Funding includes salary increases and professional development, training for staff and recruitment. Current funding arrangements include transportation for clients, but the present vehicle is old and needs to be replaced.





The shelter also has a fee-for-service agreement with the province for “clients who normally live off-reserve” (whether clients belong to the First Nation or not). The Executive Director bills the province monthly, but the province pays quarterly. These costs are: \$328/bedroom per family per night, and \$109 per woman without children per night.

The shelter is not yet incorporated, but the Executive Director will be proceeding with this in order to access funds as a charitable organization. The INAC-funded shelters in Alberta meet regularly and discuss problems and ways of solving them.

The shelter was built through CMHC funding and opened in early 1992; the Tribal Council now owns the shelter outright.

The Tribal Council does the accounting for the shelter. The shelter receives advice from an Advisory Committee, which operates like a Board of Directors; there are meetings three to four times a year. The Executive Director reports to the Advisory Committee which approves the shelter budget.

The shelter is in a break-even financial situation. It does have a strategic plan, but that needs to be updated. Services and programming include: food, shelter, clothing, one-on-one counselling, crisis counseling and a 24-hour crisis line. New funding will bring in child support, outreach and a part-time counsellor.

The Executive Director has a copy of the funding agreement between INAC and the Tribal Council. She receives a copy of the audit and correspondence from the auditors to the Tribal Council. The shelter enjoys a good relationship with the Tribal Council.

There are 14 staff members on the shelter’s payroll: 10 full-time and four part-time. About 73% of the current budget goes to salary and wages. There are no volunteers. Maintaining the status quo and continuing to receive INAC funds through the Tribal Council works well for this shelter.

The issue of INAC funding going directly to the shelter is not applicable. The Executive Director stated that this shelter would have no reason to support the concept of INAC flowing shelter funding through NACAFV because the relationship between the Tribal Council and the shelter is very productive.

## **Summary of NACAFV consultation findings:**

Managing the resources: The shelter is managing the resources in an appropriate manner with revenues from the program being properly handled and with proper accountability. Funds are used to achieve the objectives of the programs; procedures used in providing services are effective and cost-efficient; and there is adequate control over costs. The quality and extent of the audit trail is adequate. The shelter receives advice from an Advisory Committee, which functions as a Board of Directors; there are four quarterly meetings each year. The Executive Director submits the shelter’s annual budget for approval by the Advisory Committee. The shelter’s operating budget for expenditures is break-even.

Managing the risks: The shelter maintains liability insurance. It has implemented a policy and procedures manual to mitigate and manage risks directly related to the safety and security of shelter staff, and client. Financial risk is mitigated through the Tribal Council administration accounting department providing internal controls.

Facility Operations: The Executive Director informed NACAFV that the shelter environment is safe, hygienic and sanitary. The maintenance and upkeep of the building content and surroundings are being maintained. The shelter is debt-free and owned by the Tribal Council. The shelter building was renovated in 2003.

Insurance Coverage: The shelter insurance policy coverage for public liability and property loss is adequate, and the insurance costs are reasonable. The requirements of the CFA are met, with at least \$1 million in liability insurance coverage.

Managing the information: Based on the consultants’ telephone interview about information regarding programs, the shelter has implemented best practices, internal control measures to ensure that information from program activities is accurate, reliable and useful.

Compliance with general terms and conditions: The CFA Section 2.4 defines the financial reporting requirements for the Band Council; Section 7.4, Family Violence, defines the shelter's reporting requirements to the Band Council. The Executive Director submits the required reports as required by the Tribal Council.

Compliance with reporting requirements: Based on the consultants' interview, all the reports, monthly statistics reports, interim Summary of Activities, and annual Statement of Revenue and Expenditures were provided on time as per the terms and conditions of the CFA and the information presented in the reports is accurate and reliable.

External audits assessment: The shelter provides audited financial statements to the Tribal Council prepared by qualified independent auditors. The shelter is overseen by an Advisory Committee at the Tribal Council level.

Compliance and evaluation of policies and procedures: Policies and procedures pertaining to the delivery of the programs are in place and followed through by the shelter Executive Director. Detailed policy and procedures for authorizing the purchase of products and services exist, are adhered to, and include controls at each of the following steps: requisition, authorization, receipt and payment of invoices. The shelter maintains a strategic plan with clearly defined goals and objectives.

## **6. Interview Finding: National Native Addictions Programs Foundation (NNAPF)**

NNAPF was consulted by NACAFV because its membership, which consists of 57 treatment centres, provides services similar to what the women's shelters provide. NNAPF is the primary federally funded source of services designed to prevent and overcome alcohol and drug abuse problems in First Nations and Inuit communities. Some of NNAPF's centres are independently registered not-for-profit with a Board of Directors.

The major difference between the 57 treatment centres represented by NNAPF and the Aboriginal women's shelters represented by NACAFV is that the treatment centres receive their funding through Health Canada while the women's shelters are funded by INAC. Even though both of these are federal government departments, the structure and process of funds transfer for program delivery are different.

*Consultation Objectives:*

1. Provide background information on NACAFV, present consultation, including overview of shelter consultations from this project.
2. Review NNAPF funding agreements through Health Canada (HC, FNIHB)<sup>27</sup> and relate them to NACAFV's funding agreement from Indian and Northern Affairs Canada (INAC).

### ***Findings from the comparison of flow of funding between Indian and Northern Affairs Canada (INAC) and Health Canada (HC) outlined in Tables A, B & C***

The biggest variance in funding between the two federal government departments is that Health Canada does not operate with the 10% holdback when the funds are advanced. The holdback is a requirement for funding by INAC, but it often creates a cash flow crisis for the organizations it funds and many times hinders delivery of important services, such as those offered by shelters for Aboriginal women and children in crisis.

One of the mandatory requirements in the Health Canada program funding process is having to create specified and scheduled program activity reports. This can be problematic when, for example, an organization experiences staff turnover and reporting ability is hindered; this could place the organization into default and further funding would be withheld.

<sup>27</sup> Source: [http://www.hc-sc.gc.ca/fnih-spni/finance/agree-accord/index\\_e.html](http://www.hc-sc.gc.ca/fnih-spni/finance/agree-accord/index_e.html) (English) Source: [http://www.hc-sc.gc.ca/fnih-spni/finance/agree-accord/index\\_f.html](http://www.hc-sc.gc.ca/fnih-spni/finance/agree-accord/index_f.html) (French)

One recommendation is to explore further the benefit of a funding mechanism similar to Health Canada's process with treatment centres. By eliminating the 10% holdback, the shelters could improve services for women and children in crisis via access to uniformly operating shelters. This recommendation may be even more crucial should the shelter become a not-for-profit corporation, in which case it would no longer have the resources of the Band for carry-over when there is an administrative time lag in the flow of funds from INAC.

The following pages consist of three summary tables outlining the similarities and differences in the flow of funding from INAC and HC, including the advantages and disadvantages of each delivery mechanism:

- **Table A**, page 37 – Funding Overview: First Nations & Tribal Councils; Comprehensive Funding Arrangement, as funded by the Department of Indian and Northern Affairs Canada (INAC)
- **Table B**, page 38 – Funding Overview: Aboriginal Organizations (including incorporated Not-for-Profit Shelters); Comprehensive Funding Arrangement for Use with Recipients other than First Nations & Tribal Councils, as funded by the Department of Indian and Northern Affairs Canada (INAC)
- **Table C**, page 39 – Funding Overview: National Native Addictions Programs Foundation (NNAPF) & Other Aboriginal Not-For-Profits; Contribution Agreement for Treatment Centres & Aboriginal Organizations, as funded by Health Canada (HC), First Nations and Inuit Health Branch (FNIHB)



**TABLE A**

**Funding Overview: First Nations & Tribal Councils  
Indian & Northern Affairs Canada (INAC)  
Comprehensive Funding Arrangement for First Nations & Tribal Councils**

Description	Program Delivery	Reporting Requirements to INAC	Program Monitoring & Default	Funding Flow to Shelter	Pros & Cons
<p>Canada/ First Nation Funding Agreements (C/FNFA) provide multi-year core funding, and the First Nation allocates the funds to multiple projects within the community.</p> <p>NOTE: If this is a Tribal Council, it must be incorporated to qualify for funding.</p> <p>Timeframes are specified in the Agreement in which to complete a wide range of activities.</p>	<p>The First Nation Tribal Council administers the proposed activities as part of its annual operations.</p> <p>The <i>Family Violence</i> section of the Master Agreement governs the shelter.</p>	<ul style="list-style-type: none"> <li>- Records and reporting will be maintained according to the First Nations Reporting Guide (FNRG) which has 2 sections: <i>Financial &amp; Program Activities</i>.</li> <li>-According to the FNRG, reporting includes Family Violence Projects Annual Report, and Family Violence Shelters Annual Report.</li> <li>- The recipient is to maintain ongoing financial records, as per the <i>Generally Accepted Accounting Principles</i> (GAAP) and a final <i>Audited Statement of Revenue &amp; Expenditures</i> (ASRE) is due 120 days after the fiscal year-end.</li> </ul>	<p>Default occurs when: - The stated reporting dates are not met and when Agreement terms and conditions are not kept.</p> <ul style="list-style-type: none"> <li>- If the recipient declares bankruptcy or receivership, or has judgments against it which compromise its operations.</li> <li>- If an Audit shows discrepancies in spending, INAC can appoint an independent auditor.</li> </ul> <p>Defaulting can lead to the implementation of a remedial management plan, a co-management arrangement, or in a <i>Third Party Manager</i> (TPM) assuming control. The recipient must take steps to remedy the situation or the Agreement can be terminated.</p>	<p>The Band office can use a transfer process whereby all the funds are transferred to a shelter bank account directly.</p> <p>In most situations, the Band charges a fee which can be as much as 20% of the budget. In turn, the Band provides administrative support to the shelter by administering the payroll and bill payments.</p>	<p><u>Pro:</u> This arrangement can be beneficial to the shelters in that deficits can be covered by surpluses from other projects.</p> <p><u>Con:</u> The Band may not place a high priority on family violence and therefore not participate.</p>



**TABLE B**

**Funding Overview: Aboriginal Organizations  
(including Incorporated, Not-for-Profit Women’s Shelters)  
Indian & Northern Affairs Canada (INAC)  
Comprehensive Funding Arrangement for Use with Recipients other than  
First Nations & Tribal Councils**

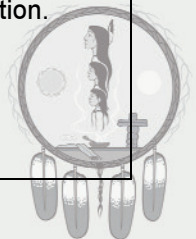
Description	Program Delivery	Reporting Requirements to INAC	Program Monitoring & Default	Funding Flow to Shelter	Pros & Cons
<p>This is a funding arrangement for programs, services and activities; funded by means of contributions, flexible transfer payments and grants.</p> <p>The recipient should be incorporated.</p> <p>If not incorporated, the officers of the shelter that sign the Agreement become legally liable for the organization’s assets and any deficits.</p>	<p>The organization must account for the use of funds and describe results achieved with the funds related to the project activities.</p> <p>Any surpluses must be returned.</p>	<ul style="list-style-type: none"> <li>- Records and reporting will be maintained according to <i>Part E</i> and <i>F</i> of the Agreement.</li> <li>- An interim report is due at an assigned date, and a final activity and progress report is due at fiscal year-end.</li> <li>-The recipient is to maintain financial records as per <i>Appendix A</i> and a final ASRE is due 120 days after fiscal year-end.</li> <li>- Budgeted spending is accounted for in scheduled program reports.</li> <li>- the organization must show all transactions to date and present claims eligible for reimbursement.</li> </ul>	<p>Default occurs when:</p> <ul style="list-style-type: none"> <li>- the stated reporting dates are not met</li> <li>- when agreement terms and conditions are not being met</li> <li>-if the recipient declares bankruptcy or receivership, or has judgments against it which compromise its operations.</li> <li>- if an audit shows discrepancies in spending, INAC can appoint an independent auditor.</li> </ul> <p>Defaulting on the Agreement can lead to the implementation of a remedial management plan, a co-management arrangement, or in a <i>Third Party Manager (TPM)</i> assuming control. The recipient must take steps to remedy the situation or the Agreement can be revoked.</p>	<p>The funds are transferred from INAC either by cheque or into the recipient’s bank account.</p> <p>A percentage of the funds is held back (10%) until the service and related reporting is complete.</p>	<p><u>Pro:</u> The funded organization maintains control of the expenditures for all funding dollars, as opposed to agreements in which a third party (such as the Band) administers the expenditures.</p> <p><u>Con:</u> Not-for-profits have limited cash flow so the holdback of 10% (subject to 45 days for the final payment, upon receipt of the audited financial statements and reports) can create an immediate deficit that can hinder the organization’s ability to operate and deliver services.</p>



**TABLE C**

**Funding Overview: National Native Addictions Programs Foundation (NNAPF) & Other Aboriginal Not-For-Profits  
Health Canada (HC): First Nations & Inuit Health Branch (FNIHB)  
Contribution Agreement for Treatment Centres & Aboriginal Organizations**

Description	Program Delivery	Reporting Requirements to Health Canada	Program Monitoring & Default	Funding Flow to Shelter	Pros & Cons
<p>This Agreement is between HC and the recipient directly. It is based on delivery of specified and scheduled activities and core funding.</p> <p>Any adjustment to funding may be made only with written consent by both parties.</p> <p>There is a timeframe for submitting allowable expenses.</p> <p>This agreement does not permit the recipient to retain any surpluses.</p>	<p>Recipients use the funds provided by the Agreement to deliver the programs and services identified in the Agreement.</p> <p>This is a part of the National and Regional First Nations &amp; Inuit Addictions Program Network.</p> <p>This funding provides First Nations and Inuit communities with funding for culturally-sensitive treatment programs and services to help reduce alcohol and substance abuse within their communities..</p>	<p>The forms for reporting are provided, and schedules for payments are included as an attachment to the Agreement.</p> <p>The number of beds, operational days, cost of treatment per client, etc., must be shown in the reporting.</p> <p>The GAAP are to be applied and activities are also reported on a project-by-project basis, if applicable.</p> <p>Reports are due on a quarterly basis and audited year-end statements are due on June 30.</p>	<p>Default occurs when:</p> <ul style="list-style-type: none"> <li>- program activities are not being carried out</li> <li>- the recipient declares bankruptcy or receivership</li> <li>- an audit shows discrepancies in spending</li> <li>- if evidence shows that the safety and well-being of the community is in jeopardy.</li> </ul> <p>Defaulting on the Agreement can lead to intervention by HC in the form of a remedial management plan, a co-management arrangement, or in a <i>Third Party Manager</i> (TPM) assuming control. The recipient must take steps to remedy the situation or the Agreement can be revoked.</p>	<p>The funds are transferred from Health Canada either by cheque or into the recipient's bank account.</p> <p>An initial payment is followed by scheduled monthly allocations.</p>	<p><i>Pros:</i> The funded organization maintains control of all expenditures of funding dollars, as opposed to agreements in which a third party (such as the Band) administers these expenditures.</p> <p>There is no holdback of operating funds.</p> <p><i>Con:</i> If the organization experiences high staff turnover, its reporting capability can be hindered and fall into a default position.</p>



## **7. Summary of INAC's Intervention Policy when First Nations Governments are in Default**

### **7.1 Co-Management**

The Intervention Policy<sup>28</sup>

The Government of Canada transfers money to First Nations in Canada for the delivery of programs and services that would ordinarily be provided by various levels of government. Social assistance, education and infrastructure projects are generally the three largest categories of expenditures. Funding is transferred to First Nations through Funding Agreements, which are contracts signed by both the parties, and include specific terms and conditions that must be met.

The departmental authority for intervention is contained in the terms and conditions of Funding Agreements, which set out instances of default where the Minister may intervene. The policy outlines the actions that are required by the Minister and First Nations governments to ensure the defaults are addressed and delivery of essential services under the Funding Agreements are protected. These default triggers include the following:

- The terms and conditions of the Funding Agreements between the Council and the Minister are not being met by the Council;
- The Council's auditor gives a denial of opinion or adverse opinion with respect to the financial statements of the Council;
- The financial statements indicate that the Council has incurred a cumulative deficit equivalent to 8% or more of the Council's total annual revenues; or
- The health, safety or welfare of First Nations members is being compromised.

There are three distinct levels of intervention, which are determined by the level of First Nation capacity as well as the Council's willingness to address the situation. These are:

- *Low level*: Recipient is willing and has the capacity to address/remedy the problem. This level allows for a recipient managed Remedial Management Plan (RMP);
- *Moderate level*: Recipient is willing but lacks the capacity to address/remedy the problem. This level requires the recipient to appoint a Co-Manager; and,
- *High level*: The Minister believes that a recipient is high risk and/or is unwilling to address/remedy the default and/or the difficulties which gave rise to the default. High level intervention results in the Minister appointing a Third Party Manager.

The *Intervention Policy* clearly sets out the intervention process and the steps that must be taken by the Minister when an event of default has been identified. Such activities as appropriate notification and communications, meetings/discussions with the First Nation, assessing the capacity and willingness to address and remedy the default, determining appropriate level of intervention, and ongoing, regularly scheduled progress monitoring are intended to ensure both consistency and clarity in the application of intervention activities.

<sup>28</sup> Source: [http://www.ainc-inac.gc.ca/pr/info/int\\_e.html](http://www.ainc-inac.gc.ca/pr/info/int_e.html) (English) Source: [http://www.ainc-inac.gc.ca/pr/info/int\\_f.html#body](http://www.ainc-inac.gc.ca/pr/info/int_f.html#body) (French)

In most instances, a willingness to address the problem exists and the First Nation would be required to develop and manage a self-administered Remedial Management Plan or, where there is a lack of management capacity, appoint a Co-Manager. As a last resort, and particularly where there is a lack of willingness to address the problem, the Minister will appoint a Third-Party Manager to administer INAC programs on behalf of the First Nation Council. Other specific actions may be required by the Minister, including withholding funds payable under the Funding Agreements or termination of the agreement.

Progress is monitored on a regular basis, and in consultation with the First Nation, the Minister's intervention can be reduced or phased out altogether when circumstances have significantly improved. Decisions to intervene are not made lightly and all intervention is directed toward the ultimate goal of First Nations managing their own affairs.

## 7.2 Third-Party Management<sup>29</sup>

### Accountability of First Nations' spending of Federal Funding

As indicated in the 2002 Speech from the Throne, the Government of Canada is working to strengthen democratic principles, transparency and public accountability within First Nations communities.

The government is committed to improving the current reporting structure within First Nations while ensuring a balance is maintained between accountability on the use of public funds and efficient reporting by First Nations on government funding.

This issue is one of the reasons why INAC is moving forward with the proposed *First Nations Governance Act* and the proposed *First Nations Fiscal and Statistical Management Act*. This proposed legislation would give more power and tools to First Nations governments.

First Nations are required to adhere to a common set of accountability requirements that address areas of high risk through transparency, disclosure and redress policies and emphasize local accountability for local decision-making as follows:

1. Transparency: First Nation's decision-making processes and approved program delivery policies are known to its members
2. Disclosure: First Nation members have access to information on the First Nation's plans, actions and expenditures; and,
3. Redress: First Nation maintains formal dispute resolution processes by which its members may appeal decisions of the First Nation, which includes decisions of its employees and delegates

Although the majority of First Nation communities manage their finances in a responsible manner, where the terms and conditions of the funding agreements are not being met, INAC can intervene. Intervention measures can vary in degrees relative to the conditions not being met. Action can range from withholding non-essential funds to the hiring of an outside management firm (Third-Party Management) to ensure the delivery of programs and services. INAC continues to monitor the progress of remedial management plans, and in consultation with the First Nation, intervention can be reduced or phased out altogether when circumstances have significantly improved. Decisions to intervene are not made lightly, and intervention is directed toward the ultimate goal of First Nations managing their own affairs.

Each First Nation is required to prepare annual financial statements, which are audited by professional accredited auditors, in accordance with INAC's *Year-end Reporting Handbook*.

Since fiscal year end 2001/2002, First Nations that receive federal transfers must submit a separate financial statement (the *Schedule of Federal Government Funding*) that details how government funding was spent. This information will be made public.

<sup>29</sup> Source (English): [http://www.ainc-inac.gc.ca/nr/wc/bdg2k3o\\_e.html](http://www.ainc-inac.gc.ca/nr/wc/bdg2k3o_e.html) Source (French): [http://www.ainc-inac.gc.ca/nr/wc/bdg2k3o\\_f.html](http://www.ainc-inac.gc.ca/nr/wc/bdg2k3o_f.html)





## 8. Issues with INAC Funding

### 8.1 Consultation Issues

Specifically, the questions asked in this consultation project are:

- Should Indian and Northern Affairs Canada (INAC)-funded shelters become incorporated as non-profit entities with Board of Directors to receive INAC funding directly?

This is a serious question because of the many (but certainly not *all*) shelters that have problematic relationships with the Chief and Council authorities, which are a “flow-through” for INAC funds to the shelter. Many shelter Executive Directors stated that they felt threatened by the Chief and Council if they did not comply with whatever their wishes happened to be. As well, funding was sometimes withheld when shelters tried to act independently.

- Should funds flow through NACAFV?

This question came up as a possible option. However, the present consultation finding does not support this option as it involves extremely large efforts in terms of human and other resources that NACAFV does not have.

### 8.2 Other Issues

- i. Some off-reserve non-INAC-funded shelter Executive Directors express concerns about the First Nations clients who do not normally reside on-reserve.

According to INAC's *Evaluation of the Family Violence Prevention Program for First Nations* (June 2005, p 15) “Access by First Nations people to provincial shelters may not be a problem from a funding perspective....”<sup>30</sup>: However, this is not the case, and here, in her own words, is a funding problem articulated by the Executive Director of a YWCA-run shelter:

“Once a woman leaves the reserve, she is no longer covered by her Band. She then becomes the responsibility of the Saskatchewan Department of Community Resources and Employment (DCRE) (formerly Social Services). We are grant-funded to provide 24 beds for the department. The woman can access our services under these conditions if she is in crisis or is at present a client of DCRE. If she is in crisis and is not a DCRE client she has four working days to contact DCRE for approval for assistance.

“If the woman is an on-reserve client and comes to us in crisis, we bill the First Nations Band a per-diem amount. Unfortunately, due to the fact that many Bands are delinquent in paying their bills, we must get pre-approval from the Band office prior to her stay. If it is after hours, she may access our services, but we must get approval the next business day.

“The amount of money we receive from the First Nations is very small in relation to the number of clientele. In 2004, we received \$7,363 from First Nations. In comparison we received \$98,130 from DCRE, \$20,258 from Correctional Services of Canada, and \$14, 833 from women who paid themselves.

“Obviously, with these kinds of figures, we have a very tight operating budget. The YWCA would like to be able to offer more Aboriginal programming, but does not have the budget to do so. This increases the burden on the shelter to provide additional services without additional funding.”

This problem is caused by this INAC policy: if an on-reserve woman has to access an off-reserve shelter, which is provincially-funded and provincially-managed, INAC reimburses the First Nation through their social assistance program the per diem charged for the services provided to that client.

<sup>30</sup> Source: [http://www.ainc-inac.gc.ca/pr/pub/ae/ev/01-26/01-26\\_e.pdf](http://www.ainc-inac.gc.ca/pr/pub/ae/ev/01-26/01-26_e.pdf) (English)

Source: ([http://www.ainc-inac.gc.ca/pr/pub/ae/ev/01-26/01-26\\_f.pdf](http://www.ainc-inac.gc.ca/pr/pub/ae/ev/01-26/01-26_f.pdf)) (French)

The issue of delinquent payments from the Band administration is one that is not at all uncommon. When the YWCA shelter office becomes aware of it, the YWCA administration attempts to assist in facilitating the payment of any outstanding invoices. There are many reasons that cause delays in payment and in some cases refusal to pay at all – one reason is that the Band is in Third-Party Management and shelter services may be deemed “non-essential.”

As acknowledged by the *Evaluation of the Family Violence Prevention Program for First Nations*, the provincially funded shelters often do not address the needs of First Nations women. This is particularly relevant when, for example, in this Saskatchewan case, close to 90% of the clients are Aboriginal – and, although not all are Status Indians (thereby entitled to INAC services), a large number are.

Although not all provinces have the same fiscal arrangement with INAC regarding Status Indian clients as this Executive Director in Saskatchewan experiences, funding arrangements between INAC and the provincial shelters need to be examined to ensure that Status Indian clients can access women’s shelters that are provincially-funded without the worry of per diem costs, and also the worry of whether or not her First Nation is in Third-Party Management or Co-Management, or even if her First Nation will pay. This is certainly an additional stress on already over-stressed clients, not to mention the stress to the shelter itself.

INAC needs to change its policy for clients “who normally reside on-reserve” to “Status Indians.” If this change were to be implemented, the issue of who lives on- or off-reserve would not enter the accessibility of women needing shelter services.

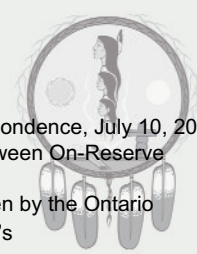
- ii. An issue closely related to the one previous is that: in Saskatchewan, the province reimburses a First Nations shelter at a lower rate for Indian women who live off-reserve than for an on-reserve client who goes to a provincially-funded shelter.  
  
INAC–provincial agreements and provincial agreements with all shelters should strive to be uniform. Jurisdictional issues must be resolved.
- iii. Another issue is how an on-reserve shelter can be extricated from the authority of a Manager or Co-Manager when it is in Co-Management or any stage of Third-Party Management. In many instances, the shelter has not contributed to the Band’s being in this financial state. Is there a mechanism by which a shelter can bypass the Band’s accountability issue and still be able to access any new dollars allocated for Family Violence and/or other funding?
- iv. INAC-funded shelters receive far below the amounts received by provincially funded shelters. Here is an example:  
  
- In Alberta in 2005, the average INAC-funded shelter received \$255,750;<sup>31</sup> the average provincially funded shelter in the same year was \$465,472<sup>32</sup> – a difference of \$209,722.

Even provincially funded shelters’ budgets have been inadequate; they fund-raise to meet their costs.<sup>33</sup> This gives some idea of how much under-funded on-reserve shelters really are, and how much they feel even the deductions that Chiefs and Councils take for administration fees. It is imperative, therefore, that INAC funds on-reserve shelters **at minimum to the same level** as what provincial funding provides for off-reserve shelters.

<sup>31</sup> Source: Serge Menard, Policy & Research Officer, Family Violence Prevention Program, INAC (Gatineau, QC), e-mail correspondence, July 10, 2007.

<sup>32</sup> Source: Alberta Council of Women’s Shelters (ACWS) publication, *A Comparative Review and Evaluation: Seeking Parity Between On-Reserve Shelters and Shelters Funded by the Province of Alberta*, 4.2.2.

<sup>33</sup> Source: *Falling Through the Gender Gap: How Ontario Government Policy Continues to Fail Abused Women and their Children* by the Ontario Association of Interval and Transition Houses (OAITH), November 1998. See: <http://www.owjn.org/archive/gender2.htm#women's>



## 9. Recommendations

- Accreditation for standards is a must. Shelters must decide whether it would work best if accreditation was:
  - Provincial
  - Professional
- INAC-funded shelters must, at least, receive parity funding in line with provincially funded non-Native shelters.<sup>34</sup>
- INAC should fund all shelters to meet all the shelters' fixed costs, plus operating expenses to include cost-of-living allowances indexed to the annualized inflation rate.
- Shelters should be incorporated and/or have charitable status so they can conduct fund-raising events as well as have access to other funding sources – such as having the capability of seeking outside corporate and private donations, which includes having the legal mechanisms to issue tax receipts.
- INAC should make necessary funding policy changes so that shelters can be incorporated without permission from the Chiefs and Councils.
- Shelters should have the option of being funded directly by INAC.
- It may be in the shelters' best interests to flow funds through their Tribal Council because the Tribal Council most probably represents most of the shelters' catchment areas. As well, Tribal Councils, because of their regional characteristic, may be much more helpful in accessing provincial funding for specific or broader purposes.
- INAC should waive the 10% holdback from the total annual budget funding to the shelters; this creates an immediate budget deficit for each shelter. Note that Health Canada, in funding NNAPF, does not implement a holdback.
- It is not feasible at this time for NACAFV to act as the “administrator” for funds for INAC shelters. The present human resources capacity and funding allocation of the organization makes this impossible.

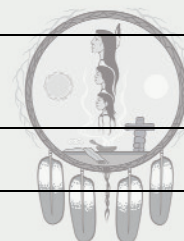
## Appendices

- Canada/First Nations Funding Arrangement (CFNFA)  
*Source (English):* [http://www.ainc-inac.gc.ca/pr/pub/compfn\\_e.html](http://www.ainc-inac.gc.ca/pr/pub/compfn_e.html)  
*Source (French):* [http://www.ainc-inac.gc.ca/pr/pub/compfn\\_f.html](http://www.ainc-inac.gc.ca/pr/pub/compfn_f.html)
- Comprehensive Funding Arrangement National Model for use with Recipients other than First Nations and Tribal Councils  
*Source (English):* [http://www.ainc-inac.gc.ca/pr/pub/compnmr\\_e.html](http://www.ainc-inac.gc.ca/pr/pub/compnmr_e.html)  
*Source (French):* [http://www.ainc-inac.gc.ca/pr/pub/compfn\\_f.html](http://www.ainc-inac.gc.ca/pr/pub/compfn_f.html)
- Family Violence Prevention Program, Shelter List<sup>35</sup>

<sup>34</sup> See Alberta Council of Women's Shelters (ACWS) publication, *A Comparative Review and Evaluation: Seeking Parity Between On-Reserve Shelters and Shelters Funded by the Province of Alberta*, Section 5.0.

<sup>35</sup> Source: Serge Menard, Policy & Research Officer, Family Violence Prevention Program, INAC (Gatineau, QC).

Shelter Name	On/Off Reserve	Funder	Funding Route
Bigstone Women's Shelter (Wabasca, AB)	On	INAC	(CFA)
Stoney Eagle's Nest (Morley, AB)	On	INAC	(CFA)
Sucker Creek (Enilda, AB)	On	INAC	(CFA)
Ermineskin (Hobbema, AB)	On	INAC	(CFA)
Paspew House (Fort Chipewyan, AB)	On	INAC	(CFA)
Sheshatshiu (Sheshatshiu, NL)	On	INAC	(CFA)
Gignoo (Station B, NB)	Off	INAC	(CFA)
We'koqma'q (Whycocomagh, NS)	On	INAC	(CFA)
Millbrook (Truro, NS)	On	INAC	(CFA)
Hans Knaskt (Lytton, BC)	On	INAC	(CFA) With survivor-ship clause
Syemyim (Merritt, BC)	On	INAC	(First Nation CFA)
Xolhemet (Chilliwack, BC)	On	INAC	(CFA) With survivor-ship clause
Three Sister Haven (Telegraph Creek, BC)	On	INAC	(First Nation CFA)
Nuxalt (Bella Coola, BC)	On	INAC	(First Nation CFA)
Okanagan (Penticton, BC)	On	INAC	(CFA)
Fisher River (Koostatak, MB)	On	INAC	(CFA)
Wechinin Waskigan (Shamatawa, MB)	On	INAC	(CFA)
Mamawehetowin (Pukatawagan, MB)	On	INAC	(CFA)
le Thi Nin Ten; Ha le Thi Non Ronh Khwn (Cornwall, ON)	On	INAC	(CFA)
Kii Kee Wan Nii Kam (Muncey, ON)	On	INAC	(CFA)
Naotkammegwanning (Pawitik, ON)	On	INAC	(CFA)
Kitchenuhmaykoosib Equaygamik (Big Trout Lake, ON)	On	INAC	(CFA)
Ganohkwa Sra (Ohsweken, ON)	On	INAC	(CFA)
Onyota'a:ka (Southwold, ON)	On	INAC	(CFA)
Nimkii - Naabkawagan Batchewana (Sault Ste. Marie, ON)	On	INAC	(CFA)
Mishkeegogamang (Mishkeegogamang, ON)	On	INAC	(CFA)
Haven House (Listuguj, QC)	On	INAC	(CFA)
Centre Ashpukun Mitsuap (Schefferville, QC)	On	INAC	(CFA)
Centre Tipinuaikan (Sept-Iles, QC)	On	INAC	(First Nation CFA)
Centre d'Herbergement Asperimowin (La Tuque, QC)	Off	INAC	(CFA) (through Tribal Council)
Waseya House/Kitigan Zibi (Maniwaki, QC)	On	INAC	(First Nation CFA)
Qu'Appelle (Fort Qu'Appelle, SK)	Off	INAC (with Tribal Council)	(CFA)
Piwapan (La Ronge, SK)	Off	INAC (with Tribal Council)	(CFA)
Waskoosis (Meadow Lake, SK)	Off	INAC (with Tribal Council)	(CFA)
YTC Safe Haven (Yorkton, SK)	Off	INAC (with Tribal council)	(CFA)
Ross River (Ross River, YK)	Off	INAC and Yukon	(CFA)



**\*Note:**

The only shelter that receives funding North of 60 through INAC is the Ross River Shelter in Yukon.

All listed shelters are funded through the Family Violence Prevention Program (FVPP) and may be funded through other governments and/or third parties, but this is unknown to INAC.

All shelters, according to the INAC Funding Arrangements office, fall under the Comprehensive Funding Arrangement, although there are variations of this type of funding. An example is funding given to the Band Council, which then directs funding to the shelter.

INAC is usually the main funder, but other funds may come from other organizations through the Band Council, as specified.

