

**Report to the
Standing Committee on Public Accounts**

**Regarding
Oyate ataya WaKanyeja OwicaKiyapi Inc.**

June 2006



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SASKATCHEWAN

June 22, 2006

Mr. Elwin Hermanson, Chair
Standing Committee on Public Accounts
Room 239, Legislative Building
REGINA, SK S4S 0B3

Dear Mr. Hermanson:

I have the honour to submit my report on the special investigation of Oyate ataya Wakanyeja OwicaKiyapi Inc. as requested by the Standing Committee on Public Accounts on March 9, 2006.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Fred Wendel".

Fred Wendel, CMA, CA
Provincial Auditor

/dd

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Main points

Oyate ataya WaKanyeja OwicaKiyapi Inc. (Oyate) is a safe house for children 12 to 15 years of age who are victims of sexual exploitation 'on the street' or are at imminent risk of being sexually abused. Oyate is a community-based organization that provides services to children on behalf of the Department of Community Resources (DCR).

On March 9, 2006, the Standing Committee on Public Accounts asked our Office to carry out an immediate special investigation of the services, administration, and operations of Oyate including any allegations of wrong-doing.

In response to this request, we examined Oyate's oversight practices, control processes, and compliance with the law during the period March 26, 2003 to March 31, 2006. We also examined DCR's practices to supervise Oyate's activities for the same period.

Our investigation did not assess the standard of care received by the children at Oyate. The Children's Advocate of Saskatchewan is investigating the allegations concerning the safety and well-being of children residing at Oyate. The report of the Children's Advocate will describe the quality of care at Oyate and the responsibilities of the Minister of Community Resources for the children in his care. During our investigation, we worked cooperatively with, but independently of, the Children's Advocate.

Our investigation of Oyate showed that its Board of Directors (Board) did not set clear direction to management and staff of the safe house or adequately monitor the safe house's performance. The Board did not set goals or objectives for the safe house or policies and procedures for how to achieve planned results. As a result, safe house management and staff did not receive clear guidance on how to address the needs of the children in their care. The children's needs typically include food and shelter, safety from sexual exploitation, drug detoxification and other medical care, assistance to return to school, and reconnection with family and community. One consequence of the lack of adequate policies and procedures was that children often ran away from the safe house.

Oyate's practices were not adequate to safeguard money that Oyate received from DCR or to ensure it was used for the purposes intended by

Oyate ataya WaKanyeja OwicaKiyapi Inc.

DCR. Oyate did not comply with DCR's service agreement that required Oyate to plan and implement a program for each child to meet her/his individual needs.

We found that DCR did not use adequate practices to supervise Oyate's activities. DCR did not follow all of its established processes to select Oyate to operate a safe house for children. For example, it selected Oyate to deliver the services even though Oyate had no experience in the residential care of children.

Once the Oyate safe house opened, DCR did not do a risk assessment of Oyate to determine how closely it needed to supervise Oyate. Oyate is a high-risk agency and needs close supervision. First, its Board did not understand its roles and responsibilities and thus did not set clear direction or adequately monitor Oyate's performance. Second, Oyate did not have the capacity or the necessary skills to care for at-risk children. For example, Oyate often hired staff that did not have the required knowledge, skills, or abilities to care for sexually exploited children. Third, there have been several allegations of mismanagement and wrong-doing at Oyate. However, DCR did not closely supervise Oyate or take adequate corrective action when it became aware of the allegations.

Oyate and DCR announced on April 13, 2006 that the safe house has stopped accepting children until further notice.

Introduction

Oyate ataya WaKanyeja OwicaKiyapi Inc. (Oyate) safe house was established in 2003. The safe house is a group home that operates as a transitional shelter for children 12 to 15 years of age who are victims of sexual exploitation 'on the street' or are at imminent risk of being sexually abused.

Oyate is a community-based organization (CBO) that provides services on behalf of the Department of Community Resources (DCR). Oyate received \$1,064,000 from DCR during the period March 26, 2003 to March 31, 2006. DCR initially paid Oyate \$136,000 to develop a program specific to the needs of sexually exploited children. DCR also paid Oyate operational funding of \$928,000 over three years to deliver that program. In addition, Saskatchewan Housing Corporation paid Oyate a grant of \$345,000 in the form of a forgivable loan for a new safe house. Appendices A and B, at the end of this report, show Oyate's total spending on operations by year.

Oyate is incorporated as a member corporation under *The Non-profit Corporations Act, 1995*. Oyate is not a Crown agency as defined in *The Provincial Auditor Act*, and accordingly is not subject to an audit by our Office. We accepted a special assignment to investigate Oyate as requested by the Standing Committee on Public Accounts (Public Accounts Committee).

On March 9, 2006, the Public Accounts Committee asked our Office to carry out an immediate special investigation of the services, administration, and operations of Oyate including any allegations of wrong-doing. The allegations were that the staff at Oyate failed to follow procedures designed to protect children in their care; that DCR was aware of the concerns; and that DCR failed in its obligation to ensure that the home was providing adequate care¹.

We agreed to do the investigation. We examined DCR's practices to supervise Oyate's activities and examined Oyate's oversight practices, control processes, and compliance with the law. Our report does not cover the standard of care received by the children at Oyate. We worked cooperatively with, but independently of, the Children's Advocate of

¹ CBC-TV, SASK., February 28, 2006

Saskatchewan. The Children's Advocate is investigating the allegations concerning the safety and well-being of children residing at Oyate. The Children's Advocate report will describe the quality of care at Oyate and the responsibilities of the Minister to the children in his care.

Background

The Legislative Assembly appoints legislative committees to deal with specific matters or inquiries and report their findings and recommendations to the Legislative Assembly. In December 1999, the Legislative Assembly created a Special Committee to inquire into the abuse and exploitation of children through the sex trade.

The Special Committee determined that the problem of sexually exploited children has been growing in Saskatchewan. The Committee estimated that as many as 200 children under the age of 18 are 'working the streets' in Regina and Saskatoon. The Minister of Community Resources owes a duty to children who are at-risk and unable to be adequately protected by their parents or guardians. The Minister has the responsibility to intervene, can apprehend these children as wards of the Crown, and act as parent with the rights and obligations of a parent. The Minister's duty includes providing shelter and ensuring the safety and well-being of the children.

The Special Committee produced a report in June 2001 called the Final Report of *The Special Committee to Prevent the Abuse and Exploitation of Children Through the Sex Trade*². This report made 49 recommendations. One of the recommendations states that 'every child who is on the street and at-risk of sexual abuse or suffering sexual abuse should be guaranteed the right to services in a timely and coordinated way including a safe place to stay, medical care, addictions treatment, counselling for abuse, help in making the return to school, and lending assistance to children to make effective steps towards a full recovery.'

The report recommended both an involuntary and a voluntary safe house in the Regina region. The proposed purpose of the involuntary safe house was to place children into mandatory protective care for up to 21 days. After that period, the children would be transferred to a voluntary safe

² Copy available at <http://www.legassembly.sk.ca/committees/Archive/aecc/Docs/final%20report.pdf>

house or recovery home. The Government did not implement the involuntary safe house recommendation.

The Committee recommended that culturally appropriate recovery homes be established throughout the Province and staffed by specially trained personnel. The Committee also recommended that the Regina region voluntary safe house be established in partnership with the Tribal Councils around Regina.

The above recommendations led to the establishment of a safe house for the Regina region. A safe house is meant to be a refuge for victims of sexual exploitation and provides a transitional residential home for temporary placement (1 – 2 months) of the children so they may be sheltered from the street, stabilized, detoxified (if required) and to enable time to plan a positive reunification with their community. DCR contracted with Oyate for a safe house³.

A safe house is a voluntary, non-secure facility. The children are to be encouraged to stay, but cannot be forcibly kept in the facility. All DCR residential group homes are voluntary facilities, including Oyate. The Department of Corrections and Public Safety operates secure facilities for youth convicted of criminal activity. The Department of Health operates secure facilities for youth needing addictions detoxification.

Oyate provides five spaces for sexually exploited children. Initially, Oyate delivered services out of a rented house located in Regina. In 2004, a permanent site on the outskirts of the city for the new safe house was finalized through an arrangement with the Cowessess First Nation. Construction of the new safe house was completed in October, 2005.

Oyate received capital funding from Human Resources and Skills Development Canada for \$450,000 and a grant in the form of a forgivable loan from Saskatchewan Housing Corporation for \$345,000. The terms of the loan include Saskatchewan Housing Corporation forgiving the principal over a 15-year period providing Oyate is not in default. If in default, principal and interest are repayable. Default occurs if Oyate

³ Originally, DCR contracted with the Regina Treaty/Status Indian Services Inc. (RT/SIS) for this service until Oyate could be incorporated. RT/SIS and Oyate are organizations owned by the First Nations of the Touchwood Agency and the File Hills Qu'Appelle Tribal Councils described later. On May 29, 2003, Oyate was incorporated. For the purposes of this report, we refer to the safe house operation as Oyate.

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ceases to provide shelter to victims of violence. A mortgage was written as security for this loan.

During 2003 to 2005, DCR received allegations of inappropriate care of the children, a sexual assault on a child, unfair labour practices, and misuse of public money at Oyate. In March 2006, a Member of the Legislative Assembly asked the Public Accounts Committee to investigate the alleged mismanagement taking place at Oyate.

Oyate and DCR announced on April 13, 2006 that the safe house had stopped accepting children until further notice.

Our investigation objectives

On March 9, 2006, the Public Accounts Committee asked our Office to do a special assignment to investigate the services, administration, and operations of Oyate including any allegations of wrong-doing.

For the period March 26, 2003 to March 31, 2006, we assessed:

- ◆ the Oyate Board of Directors' practices to oversee the operations of Oyate
- ◆ management's practices to safeguard money it received from DCR and to ensure it was used for the purposes intended by DCR
- ◆ management's compliance with governing legislation, the service agreement, and the policies of the Board of Directors and DCR

For the same period, we also assessed whether DCR used adequate practices to supervise Oyate's activities to ensure that Oyate:

- ◆ complied with its service agreement with DCR
- ◆ safeguarded the money it received from DCR
- ◆ used the money only for purposes intended by DCR

The service agreement is important because it describes the standard of care that DCR expects Oyate to deliver to at-risk children.

We also considered if DCR took prompt and appropriate action to remedy any significant problems it knew, or should have known, about Oyate's operations.

Our investigation conclusions and findings

For the period March 26, 2003 to March 31, 2006:

- ◆ the Oyate ataya WaKanyeja OwicaKiyapi Inc. (Oyate) Board of Directors did not have adequate processes to oversee the operations of Oyate
- ◆ Oyate's management did not have adequate processes to safeguard the money it received from DCR and to ensure it was used for the purposes intended by DCR
- ◆ Oyate did not adequately comply with governing legislation, the service agreements with DCR, or policies of the Board of Directors and DCR
- ◆ DCR did not use adequate practices to supervise Oyate's activities to ensure that Oyate:
 - complied with its service agreement with DCR
 - safeguarded the money it received from DCR
 - used the money only for purposes intended by DCR
- ◆ DCR did not consistently take prompt and appropriate action to remedy significant problems it knew, or should have known, about Oyate's operations

We describe the results of our special investigation in two parts. The first part covers Oyate's performance. The second part describes DCR's supervision of Oyate.

Part I – Oyate investigation—findings

Control by Board of Directors needed

Oyate is incorporated as a member corporation under *The Non-profit Corporations Act, 1995*. The First Nations of the Touchwood Agency and the File Hills Qu'Appelle Tribal Councils⁴ own and control Oyate. Oyate's Board must follow the legislative requirements of *The Non-profit Corporations Act, 1995* and the bylaws set by the Tribal Councils that own Oyate.

A board of seven directors (Board), elected by the member First Nations, governs Oyate.

A board is a key element of control in managing the business of an organization. A board sets the corporate culture for the organization. It defines acceptable behaviour of board members and staff by setting a code of conduct and defining conflicts of interest. A board provides independent oversight on the conduct of business and monitors management's performance in achieving the organization's objectives. Through planning and overseeing business, a board ensures the effective and efficient delivery of services.

Board minutes are the recorded evidence of all Board decisions. Oyate's bylaws require it to keep minutes of all resolutions of board meetings. The bylaws also state that minutes are to be adopted by the Board as true, and signed by the Board Chair. Oyate could not provide us with a complete set of minutes for all Board meetings. Where board minutes existed, the Board did not adopt them at the next meeting and the Board Chair did not sign them as being the official record of the meeting. As a result, the Board does not have a complete record of its decisions. According to the minutes, the Board rarely made decisions. The minutes simply note that board members discussed various motions and other issues.

⁴ Members of Oyate consist of the member First Nations of the Touchwood Agency and File Hills Qu'Appelle Tribal Councils being the following First Nations: Day Star First Nation, Fishing Lake First Nation, Gordon First Nation, Kawacatoose First Nation, Muskowekwan First Nation, Carry the Kettle First Nation, Little Black Bear First Nation, Muscowpetung First Nation, Nekaneet First Nation, Okanese First Nation, Pasqua First Nation, Peepeeksis First Nation, Piapot First Nation, Standing Buffalo First Nation, Star Blanket Cree Nation, and Wood Mountain First Nation.

The Board does not have a code of conduct policy governing Board members. The Board has a conflict of interest policy governing Board members in its bylaws. Such policies help to ensure that the behaviour of Board members are guided by the principles of integrity, objectivity, and accountability. We found no evidence that the Board monitored compliance with the conflict of interest policy. Several allegations related to interference by a board member in the day-to-day operations of the safe house.

Agencies that receive public money have a special duty to spend that money with due care. DCR makes an annual service agreement with Oyate to provide services to sexually exploited children. The agreement sets out DCR's service expectations including a detailed budget. These services address the safety, developmental, educational, medical, cultural, and family needs of the children while they reside at Oyate.

Oyate's Board had inadequate processes to oversee Oyate and to meet the service agreement requirements. Oyate's Board did not approve written policies setting out:

- ◆ the scope of the Board's authority and responsibilities
- ◆ the Board's directives to, or performance standards for, the Safe House Director

Oyate had a strategic plan but the Board did not approve it.

The Board also did not establish written standards and procedures to ensure that Oyate delivered services consistently to meet the needs of sexually exploited children. DCR expected Oyate to base its services on a knowledge of behaviour management strategies, and knowledge of childhood sexual abuse, addictions, and family-centered case management principles. Without adequate guidance from the Board, Oyate managers were not consistent in their delivery of service to the children or their expectations of staff performance.

To implement DCR's program expectations, the Board needs to translate its strategic plan into program standards and procedures to guide delivery of services to meet the goals and objectives. As neither an approved strategic plan nor a formal program were in place, the Board did not set direction for Oyate (i.e., goals, objectives) or decide how to assess

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management's progress in achieving the Board's objectives (i.e., performance measures and targets).

DCR told us its practice is to provide guidance to boards of agencies. We found no evidence that Board members received formal training to ensure they understood their roles and responsibilities and were effective in directing Oyate. In addition, the Board did not periodically assess its own performance or that of its Safe House Director.

- 1. We recommend that the Board of Directors of Oyate ataya WaKanyeja OwicaKiyapi Inc. (Oyate Board) maintain a complete and approved set of minutes of all Board meetings.**
- 2. We recommend that the Oyate Board adopt a code of conduct policy that is consistent with *The Non-profit Corporations Act*, and monitor compliance.**
- 3. We recommend that the Oyate Board monitor board members' compliance with the conflict of interest policy.**
- 4. We recommend that the Oyate Board define the scope of its authority and responsibilities.**
- 5. We recommend that the Oyate Board define the authority, responsibilities, and performance standards for the Safe House Director.**
- 6. We recommend that the Oyate Board approve a strategic plan for Oyate ataya WaKanyeja OwicaKiyapi Inc.**
- 7. We recommend that the Oyate Board establish standards and procedures to guide the delivery of services to sexually exploited children.**
- 8. We recommend that the Oyate Board provide governance training for its members.**
- 9. We recommend that the Oyate Board periodically assess the performance of the Safe House Director.**

The lack of Board controls described above contributed to the following mismanagement of public money.

Service delivery needs improvement

Oyate received \$928,000 since it began operations to deliver services for DCR in 2003. The potential existed for Oyate to deliver over 5,000 service days⁵ to the client group. Oyate delivered approximately 2,100 service days or 41% of its capacity. We understand that residential service facilities seldom operate at full capacity, but the provision of services at Oyate is considerably less than at other residential programs. DCR told us that the average occupancy rate at other residential programs is between 85% and 90%.

Oyate has provided services to 47 children since it opened. Oyate has records of providing approximately 2,100 service days to these 47 children. Neither Oyate nor DCR could provide us with the discharge date for eight of these children, so we are unable to determine the exact number of service days delivered. However, Oyate's management told us that in some of these cases, the children 'ran away' the next day, therefore formal case records were not kept.

Eligible children are those who are sexually exploited or at risk of being sexually exploited and are 12 to 15 years of age. Oyate and DCR told us that 12 to 15 year olds should be segregated from the 16 and 17 year olds to reduce their risk of being exploited by the older children. In addition, children 12 to 15 years old who are not at risk of sexual exploitation should not be placed in the safe house to avoid the risk of learning high-risk behaviours.

However, records indicated that children who were not sexually exploited or at risk of being sexually exploited were receiving services. Also, children were there who were over 15 years of age. Of the recorded days of service delivered, Oyate served the eligible client group approximately 1,600 days⁶, or at 31% of its capacity.

DCR and Oyate's management told us that children placed in Oyate 'ran away' much more frequently than from other residential programs for youth in Saskatchewan. Oyate's former Safe House Directors and DCR staff told us that Oyate did not follow standards and procedures

⁵ Calculated as 5 beds x 365 days/year x 2 years and 10 months = 5,170 potential service days

⁶ 2,112 service days – 505 days to ineligible clients = 1,607 eligible days/ 5,170 potential days

commonly used by other residential programs to discourage children from leaving the safe house without permission.

10. **We recommend that Oyate accept only children who are eligible to receive its services.**
11. **We recommend that Oyate establish adequate processes to reduce the risk that children run away from the safe house.**

Control over spending of public money needed

Funding agencies specified the purpose of grants given to Oyate. For example, DCR set detailed budgets for each grant given. Oyate maintains six separate records to account for its spending:

- ◆ Building Capital Fund – to account for the construction of the new safe house (opened in November, 2005)
- ◆ Development Fund – to account for the start-up costs of the new program
- ◆ Operating Fund – to account for the day-to-day operations of the safe house
- ◆ Three other funds – to account for approximately \$60,000 in Federal grants to provide culturally appropriate services such as talking/healing circles, community initiatives, and elder programs. We did not investigate programs funded with federal grants.

Most boards of directors maintain control of major spending, such as capital purchases or commitments for services, by limiting the spending authority of their management. Our review of the minutes did not indicate Board approval for major expenditures, e.g., contracts.

Oyate received \$136,000 as a 'start-up' grant from DCR in March 2003 to develop programming for specialized services for the client group. DCR told us it expected Oyate to use the grant for recruiting, training staff, and to develop a program and community partnerships. Appendix B shows the budget and spending from this development fund. Oyate has spent \$100,000 of this money at March 31, 2006. We found no evidence that Oyate developed a program designed for children in its care. We found no evidence that Oyate has built community partnerships.

Oyate paid more than \$10,000 (\$1,800 from the operating fund and \$8,250 from the development fund) for Board honorariums even though

DCR's service agreements do not allow Oyate to pay honorariums. Also, Oyate's bylaws do not allow board members to be paid for their services. The honorariums were similar to amounts paid by government agencies for board honorariums.

Oyate paid \$6,000 (recorded as a purchased service) to a contract employee to develop a personnel-scheduling system. Oyate spent a further \$3,200 in ancillary expenses for this contract employee to attend computer training and for travel expenses. Oyate could not provide us with evidence that this \$9,200 in spending resulted in a functional personnel-scheduling system. Oyate paid a further \$7,600 for consulting to various contractors. We could not determine what services the contractors provided.

We found several instances where expenses were incorrectly accounted for. Oyate recorded \$9,900 of salary expense incorrectly as food and camp expenses in the development fund. Oyate recorded \$10,000 of capital expenditures incorrectly as purchased services paid from the development fund instead of the building capital fund. Errors such as these make it difficult for an organization to ensure it is spending within budget.

12. We recommend that Oyate properly account for its expenses in accordance with its service agreement with the Department of Community Resources.

Control over personnel needed

Oyate did not have an adequate system to monitor time worked by employees at the safe house. The Safe House Director did not consistently approve weekly time sheets. This may have contributed to the salary and benefits expense being greater than budgeted expenses in 2004-05 and 2005-06 as described later in this report.

Staff turnover

Over the last three years, Oyate employed four permanent Safe House Directors and three temporary Safe House Directors to manage Oyate. The longest term of a permanent Safe House Director was fourteen months. Most stayed less than six months.

Oyate ataya WaKanyeja OwicaKiyapi Inc.

Although Oyate operates with only six full-time staff, it has employed about 60 staff since 2003 (two employed continuously since it began operations). High staff turnover may be the result of staff conflicts as alleged by former employees⁷. The turnover may also be due, in part, to the lower salaries at community-based organizations (such as Oyate) than those salaries paid by DCR to employees of Department-owned residential programs (such as Dale's House and Eden House). The Government has an initiative to improve the pay scales in community-based organizations to help address this issue.

Without a stable work force, it is difficult to deliver quality services.

Hiring practices

Oyate staff are employees of the File Hills Qu'Appelle Tribal Council (FHQTC) and are governed by the FHQTC Personnel Regulations, March 24, 2005 (policy manual). The policy manual states that any person who is an immediate or extended family member of an existing employee and who is hired in a permanent or temporary position, or contracted, shall not be placed in a direct supervisor-subordinate relationship with that existing employee. We are aware that several employees at Oyate were relatives of people in supervisory roles.

The policy manual requires that where an applicant for a position is a relative of a member of the selection committee, the member of the committee shall excuse him/her self from any decision-making process. We understand that several employees and contracted staff were relatives of Board members. As the Board minutes provided to us were incomplete, we were unable to determine if members of the selection committee appropriately excused themselves from the decision-making process.

Hiring of relatives is not in itself inappropriate. However, it can give the perception of inappropriateness if not done correctly. Several of the allegations of wrong-doing related to hiring and preferential treatment of relatives.

13. We recommend that the Oyate Board follow its hiring policies.

⁷ CBC-TV, SASK. February 28, 2006

Training

DCR has given repetitive training over three years to Oyate staff in residential services, crisis intervention, and suicide prevention. We are unable to determine how much this training has cost DCR (provision of training services), or for the payment of wages to Oyate employees receiving the training (Oyate does not classify training costs separately from other salary expenses). Oyate does not require support staff to have educational qualifications. So, staff do not necessarily have knowledge of basic residential care standards and procedures, such as client needs assessments or intake practices. As a result, support staff must receive training on these basic principles.

We also understand that Oyate needed to develop a training program to help ensure employees are knowledgeable in the specialized services needed for its clients. Programming to deal with the needs of sexually exploited children who frequently have difficult behavioural issues, addictions, and severe medical conditions requires specialized training. Oyate told us that this training program is still under development.

DCR told us it has given more training to Oyate staff than any other community-based organization providing residential services. The repetitive training may be due to the high turnover of employees.

Compliance with the law and other authorities needed

Oyate is governed by *The Non-profit Corporations Act, 1995*, its founding legislation, *The Residential Services Act*, which sets the standards for group homes, and the annual service agreements with DCR.

The Non-profit Corporations Act, 1995

The Non-profit Corporations Act, 1995, Oyate's bylaws, and the service agreements with DCR all require that Oyate annually present audited financial statements, including a statement of financial position (i.e., what it owns and owes) and a statement of revenues and expenses to its members, the Corporations Branch at the Department of Justice, and DCR. Each year, Oyate only provided an audited statement of revenues and expenses (see Appendix A). In this regard, it did not comply with the law, its bylaws, or the service agreements.

As described earlier, Oyate did not keep minutes as required by *The Non-profit Corporations Act*.

The Residential Service Act

The Residential Service Act requires community-based organizations to obtain a license from DCR in order to run a group home. Licensing requirements cover areas such as physical condition (fire and public health inspections) and insurance requirements. Oyate complied with all licensing requirements.

Service agreement

The adequacy of care of children and case planning for the recovery of children expected under the service agreement with DCR will be addressed by the Children's Advocate in his report. We report Oyate did not comply with the annual service agreement in the following areas.

The agreement requires Oyate to hold an admission conference and follow-up formal case planning conference for each child admitted to the safe house. The conferences are to include the child, the safe house supervisor (or designate), the DCR or First Nations Child and Family Services caseworker, and the parent(s)/guardian(s). The agreement states that the conferences have two purposes:

- ◆ to review the child's circumstances and needs, set child-focused and family-centred case planning goals and plans, and to consider discharge resource options for the child
- ◆ to review six weeks after admission, the child's progress and developmental needs, review case planning goals, and discuss future family-centred service and resource needs

In many cases, Oyate files did not contain documented evidence that it held the admission conferences. Many of the files also did not contain evidence of the follow-up conference for those children who stayed longer than six weeks. Oyate showed us activity planning for the children such as school attendance, doctor's appointments, and healing circles.

The service agreement also requires Oyate to establish appropriate legal status for care under *The Child and Family Services Act* or have parental agreement for each child staying at Oyate. This requirement ensures that Oyate has the legal right to provide residential services to the child. Oyate did not adequately document each child's legal status. As a result, we do

not know if Oyate had the legal right to provide services to all of the children that stayed at Oyate.

The annual service agreement also sets out the financial and operational monitoring reports Oyate was to provide to DCR. These reports include monthly statistical reports on children served, quarterly income and expenditure reports, and an annual audited financial statement.

As described in Part II of this report, Oyate did not meet these reporting requirements. Reports were often late and contained insufficient information to allow DCR to assess if Oyate was complying with the agreement.

As described earlier, Oyate paid honorariums to Board members even though its bylaws and the service agreements prohibit these payments.

The service agreement sets the budget amounts for salary and non-salary expenses and does not allow Oyate to spend more than the budgeted salary amount on staffing. Appendix A shows that spending on salaries and benefits was greater than budget for 2004-05 and 2005-06 by almost \$34,000.

- 14. We recommend that the Oyate Board comply with its service agreement with the Department of Community Resources (DCR) including:**
 - ◆ documenting admission and follow-up conferences for each child in its care
 - ◆ documenting permission to provide services from DCR or parents/guardians
 - ◆ providing annual audited financial statements
 - ◆ providing other required financial and operational reports

- 15. We recommend that Oyate spend public money only for purposes intended by the Department of Community Resources.**

Part II – DCR investigation—findings

This part of our report describes DCR's supervision of Oyate.

As described earlier, the second objective of our investigation was to determine whether, for the period March 26, 2003 to March 31, 2006, DCR had adequate practices to supervise Oyate's activities to ensure that Oyate:

- ◆ complied with its service agreement with DCR
- ◆ safeguarded the money it received from DCR
- ◆ used the money only for the purposes intended by DCR

We also examined DCR's processes to award contracts for new services. We also assessed if DCR took prompt and appropriate action to remedy any significant problems it knew, or should have known, about Oyate's operations during the above noted period.

DCR places at-risk children who are unable to be adequately cared for by their parent(s)/guardian(s) in residential care when suitable alternative care is not available. It uses 11 group homes in the province including Oyate. These facilities provide 73 spaces for children under 16. There are a further 124 spaces in specialized service homes. DCR told us there is a chronic shortage of residential care spaces in the province.

DCR gave money to Oyate to provide transitional residential care spaces for sexually exploited at-risk children in Regina. Oyate's facility is meant to house five at-risk children. DCR told us that in response to its concerns about the quality of care Oyate could provide, DCR has not fully used Oyate's capacity. (As reported earlier, Oyate operates at approximately 41% of its capacity).

Department needs to follow its contracting processes

DCR has a process to ensure that it makes service agreements with community-based organizations (CBOs) that have the capacity to deliver the required services. When DCR decides there is a need for a new program, such as the specialized residential program to address the needs of sexually exploited children, it uses a 'request for proposal' (RFP) process to select a CBO to deliver the service. The process consists of planning (needs and objectives), solicitation (expressions of interest),

award (decision), implementation and evaluation (monitoring performance).

DCR defines the needs and expected outcomes of the program, then asks for expressions of interest from the community. It determines which interested CBOs meet the minimum selection criteria, then issues an RFP to those CBOs. The RFP requires the CBOs to submit proposals outlining their capacity (facility, equipment and resources), skills (human resources), processes, and practices for the delivery of the required service.

The RFP also requires the CBOs to outline their processes for recording, reporting, and maintaining statistical information and confidential data, and collecting and providing financial information. Based on the proposals received, which are assessed against known rating criteria, DCR awards the contract. In some cases, DCR uses a selection (or steering) committee to assess the proposals received. DCR is required to document the basis for its award decision. DCR is required to monitor performance. DCR's processes to select CBOs are reasonable.

DCR's RFP for the safe house was adequate in describing the needs and expected outcomes of the program and contained the key selection criteria. DCR received proposals from two CBOs and awarded the contract to the Regina Treaty/Status Indian Services (RT/SIS).

We examined the RT/SIS proposal and concluded it did not adequately respond to the key selection criteria set out in the RFP. For example, an important criterion for selection was experience in the delivery of residential care to children and youth. RT/SIS's proposal did not describe any experience in the residential care of children.

Another criterion was the inclusion of cultural values and traditional principles of treatment and healing for delivering services. RT/SIS's proposal for this component was based on the First Nations *Sacred Way of Life* holistic healing model. DCR could not explain what this model entails. Oyate board members could not describe the nature and purpose of this model to us. During operations, Oyate did offer cultural healing circles to the children in its care.

Other criteria include knowledge of effective behaviour management strategies and knowledge of childhood sexual abuse, addictions, and family-centered case management principles. RT/SIS's proposal did not

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describe its knowledge of any of these significant issues relating to the specific client group of sexually exploited children.

The RT/SIS proposal does address the requirement for a connection with First Nations communities and First Nations Child and Family service agencies, and the requirement for a working relationship with other human service agencies in Regina.

We asked for DCR's assessment of the two proposals it received. DCR was unable to provide us with adequate documentation of its assessments or the basis for awarding the contract to RT/SIS. As a result, we could not tell if DCR adequately assessed RT/SIS's capacity and skills to care for at-risk children. DCR provided us with a report called the Joint Briefing to Saskatchewan Social Services (DCR's former name) and the Federation of Saskatchewan Indian Nations. The Briefing announced the awarding of the contract to RT/SIS based on a "superior program proposal exceptionally strong in the areas of delivering culturally based care and counselling to victims of sexual abuse."

The member Tribal Councils, as described earlier own RT/SIS. They later created Oyate to deliver the safe house services.

16. We recommend that the Department of Community Resources follow its processes and document its basis for awarding contracts for services to community-based organizations.

Department's oversight processes need strengthening

DCR needs to strengthen its oversight processes to ensure that CBOs such as Oyate comply with DCR's service agreements, safeguard the money they receive from DCR, and use the money only for the purposes intended by DCR.

We expected DCR to have processes to keep informed about CBOs' operations including any significant problems. DCR should base its processes on a risk assessment of each CBO. CBOs that have difficulty delivering the contracted services, sustaining operations within budget, or complying with their governing laws and regulations should be considered as high-risk by DCR.

High-risk CBOs require stronger supervision. For high-risk CBOs, such as Oyate, DCR should do regular inspections of their operations and attend boards of directors' meetings.

DCR makes agreements with all CBOs that provide services on its behalf. DCR uses these agreements to help it direct and supervise the agencies and to keep informed of any problems.

Next, we describe how DCR's agreements with Oyate and other CBOs are not adequate for that purpose.

Annual service agreements

DCR spends \$20 million annually for 153 contracted agencies to provide child and family services on its behalf including six residential care homes in the Regina area. DCR provides some of its residential services to at-risk children in Regina directly through Department-owned group homes such as Dale's House and Eden House. It also funds specialized services in homes such as Ranch Erhlo.

To achieve its objectives, DCR must ensure that all CBOs work towards DCR's objectives. To do this, DCR needs to supervise the performance of these agencies.

DCR makes annual agreements with the CBOs (including Oyate). The agreements authorize spending limits on specific kinds of expenses (e.g., salaries, rent) on a line-by-line basis. Appendix A shows the authorized spending limits (budget) for Oyate for the period March 26, 2003 to March 31, 2006.

The agreements with CBOs need improvement to help ensure that the CBOs achieve DCR's objectives. DCR should vary the content of its agreements based on a risk assessment.

Adequate service agreements have the following key elements:

- ◆ set out clearly DCR's financial, operational, and compliance with the law objectives
- ◆ require the CBOs to report periodically to DCR their assessments of the controls they have established to achieve DCR's financial, operational, and compliance with the law objectives

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- ◆ require the CBOs to report to DCR periodically on their progress in achieving DCR's objectives
- ◆ give DCR access to the CBOs' staff and records; and allow DCR, or require an independent auditor, to verify the CBOs' reports
- ◆ describe how DCR will provide money to the CBOs

DCR's agreements with Oyate and other CBOs delivering child and family services contained the key elements described above, except they did not:

- ◆ set out DCR's operating objectives or performance measures
- ◆ require CBOs to report periodically to DCR their assessments of the controls they have established to achieve DCR's financial, operational, and compliance with the law objectives

We have reported this matter in previous reports to the Legislative Assembly. In September 2004, the Public Accounts Committee agreed with our recommendation that the agreements with CBOs such as Oyate contain the elements described above.

DCR does not do a risk assessment on CBOs to determine which CBOs it should monitor more closely. As a result, it had not determined that Oyate needed close supervision. DCR did not regularly inspect or evaluate Oyate's programs. In addition, DCR did not attend the board of directors' meetings. Attending Oyate's board meetings could have helped DCR to understand the lack of governance processes and the failure to provide the expected services.

Without adequate processes to keep informed of all significant problems at Oyate, DCR did not know if Oyate was meeting DCR's objectives. In addition, DCR did not know if Oyate safeguarded the money it received from DCR and used it only for the purposes DCR intended.

- 17. We recommend that the Department of Community Resources strengthen its processes to keep informed about any significant problems at community-based organizations (CBOs). The processes should include:**

- ◆ doing a risk assessment on all CBOs to determine the nature and extent of processes needed to monitor each CBO's performance
- ◆ identifying objectives, performance measures, and targets for each CBO
- ◆ reviewing each CBO's performance reports routinely
- ◆ carrying out regular on-site assessments of high-risk CBOs
- ◆ attending board of director's meetings of high-risk CBOs

Financial and operational reports

DCR needs to ensure that it receives and reviews financial and operational performance reports from CBOs on a timely basis. The service agreements require quarterly financial and operational reports 30 days after each quarter, as well as an annual report including audited financial statements.

Oyate has not given DCR any annual audited financial statements. Instead, each year it gave DCR an audited schedule of revenues and expenses (see Appendix A). Oyate's external auditors' reports provide assurance that Oyate's schedules are reliable. However, without information on the financial position of Oyate (i.e., what it owns and owes) or information on its cash flows (i.e., its sources and uses of cash), DCR is not able to tell if Oyate is in a sustainable position to continue to deliver services.

DCR attempted to collect this information including sending registered letters to the Board Chair.

Oyate was often not timely in giving DCR quarterly financial information. Quarterly information allows DCR to regularly assess Oyate's performance and ensure money is spent for the purposes intended.

Oyate often did not give DCR monthly operational performance information. For example, the service agreement required Oyate to give DCR monthly statistical information on the client population in the safe house. This information is valuable to DCR to ensure the safe house's capacity is used effectively and the children staying in the home are eligible to receive services.

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As described earlier, the service agreement does not set out DCR's operating objectives, performance measures, or expected reporting on progress towards these objectives. However, it does allow DCR to request information necessary to determine if the agency is complying with the terms and conditions of the agreement.

We expected DCR to request performance reports that included key information on recommendations of the Special Committee to Prevent the Abuse and Exploitation of Children through the Sex Trade. The Committee recommended that services should be delivered in a timely and coordinated way including a safe place to stay, medical care, addictions treatment, counselling for abuse, help in making the return to school, and lending assistance to children to make effective steps towards a full recovery. We expected that DCR would ask for information on these key successes of the program.

We did not see evidence that DCR asked for any information of this type. Oyate could not show us evidence that it collected information on its success rates, i.e., number of children returned to a safe and healthy environment.

Residential services policy and procedures manual needed

DCR provides residential services to children in the care of the Minister in 11 group homes in the province. DCR does not have an approved residential services manual that sets out the policies and procedures defining the standards of care to be delivered to children in the care of the Minister while in a group home.

Without clearly defined standards, it is difficult to ensure that CBOs are delivering adequate and equitable services. Approved policies and procedures provide for the orderly and efficient delivery of services. They reinforce the Minister's delegation of authority to group home workers delivering services on the Minister's behalf.

DCR told us that it has prepared a draft residential services manual of policies and procedures. It notes that it has distributed the draft manual to all residential service CBOs in April 2006 for their evaluation.

- 18. We recommend that the Department of Community Resources approve policies and procedures for delivering services in a residential setting.**

Corrective actions not adequate

As described earlier, we assessed whether DCR took prompt action to remedy problems it became aware of from March 26, 2003 to March 31, 2006. DCR did not always take appropriate action to remedy those concerns.

DCR gave us numerous examples of 'issue papers' that described problems it was aware of at Oyate since November 2003. For example, these issue papers describe quality of care concerns at Oyate, questionable personnel practices, excessive training, resistance by Oyate to offers of support and training by DCR, and the absence of governance processes. DCR was unable to show us who at DCR received these papers, what corrective actions were proposed, and what, if any, remedies DCR took when Oyate did not correct the problems.

DCR told us its intervention was to limit or suspend placement of children at Oyate and to provide or offer to provide Oyate's staff with more training. As reported earlier, even when DCR limited or suspended placements, it continued to fully fund Oyate.

- 19. We recommend that the Department of Community Resources improve its processes to remedy any significant problems at community-based organizations (CBOs). These processes should include procedures to:**
- ◆ clearly define the problem
 - ◆ provide options for corrective action
 - ◆ promptly inform the CBO and the Deputy Minister, in writing, of the problem and corrective action required
 - ◆ give the CBO a deadline for fixing the problem
 - ◆ set predetermined remedies if the CBO does not fix the problem promptly
- 20. We recommend that the Department of Community Resources ensure Oyate ataya WaKanyeja OwicaKiyapi Inc. implements recommendations 1 – 15 of this report.**

Appendix A

Schedule of Revenue and Expenses for Operating Fund Years Ended March 31, 2004 to 2006

	2004		2005		2006		3 year Total
	Budget ¹	Actual ²	Budget ¹	Actual ²	Budget ¹	Actual ²	Actual
Revenue							
Grants - DCR	\$ 304,340	\$ 306,400	\$ 307,820	\$ 307,820	\$ 310,900	\$ 313,490	\$ 927,710
Miscellaneous	-	3,150	-	1,000	-	925	5,075
Total revenue	<u>304,340</u>	<u>309,550</u>	<u>307,820</u>	<u>308,820</u>	<u>310,900</u>	<u>314,415</u>	<u>932,785</u>
Expenditures							
Personnel expenses:							
Board honorarium	-	200	-	-	-	1,600	1,800
Salaries and benefits	238,420	231,745	240,870	252,964	240,870	262,735	747,444
Total personnel expenses	<u>238,420</u>	<u>231,945</u>	<u>240,870</u>	<u>252,964</u>	<u>240,870</u>	<u>264,335</u>	<u>749,244</u>
Operating expenses:							
Building occupancy	21,860	20,930	21,860	20,649	21,860	22,889	64,468
Food supplies	10,950	12,322	10,950	11,339	10,950	12,771	36,432
Housekeeping	8,135	-	8,135	-	8,140	-	-
Medical supplies	200	-	200	-	200	-	-
Miscellaneous	-	3,870	-	6,303	3,080	3,954	14,127
Recreation/Education	1,800	1,571	1,800	223	1,800	828	2,622
Staff recruiting/education	2,750	3,765	3,780	1,702	3,780	-	5,467
Transportation	9,000	8,434	9,000	9,092	9,000	8,047	25,573
Total operating expenses	<u>54,695</u>	<u>50,892</u>	<u>55,725</u>	<u>49,308</u>	<u>58,810</u>	<u>48,489</u>	<u>148,689</u>
Supply expenses:							
Office supplies	2,100	10,243	2,100	7,193	2,100	4,219	21,655
Purchased services	6,000	6,110	6,000	541	6,000	1,837	8,488
Total supply expenses	<u>8,100</u>	<u>16,353</u>	<u>8,100</u>	<u>7,734</u>	<u>8,100</u>	<u>6,056</u>	<u>30,143</u>
Other expenses:							
Administration fee	3,125	8,375	3,125	-	3,120	-	8,375
Purchase of assets	-	-	-	-	-	1,061	1,061
GST	-	1,537	-	1,357	-	2,149	5,043
Total other expenses	<u>3,125</u>	<u>9,912</u>	<u>3,125</u>	<u>1,357</u>	<u>3,120</u>	<u>3,210</u>	<u>14,479</u>
Total expenditures	<u>304,340</u>	<u>309,102</u>	<u>307,820</u>	<u>311,363</u>	<u>310,900</u>	<u>322,090</u>	<u>942,555</u>
Net income (loss)	<u>\$ -</u>	<u>\$ 448</u>	<u>\$ -</u>	<u>\$ (2,543)</u>	<u>\$ -</u>	<u>\$ (7,675)</u>	<u>\$ (9,770)</u>

¹ Budget figures come from the annual service agreements between DCR and Oyate.

² Actual figures come from audited financial information.

Appendix B

Schedule of Revenue and Expenses for Development Fund Years Ended March 31, 2003 to 2006

	Budget ¹	4 year Total Actual ²	Spending in individual years			
			2003 Actual ²	2004 Actual ²	2005 Actual ²	2006 Actual ²
Surplus from previous year				\$112,995	\$93,269	\$52,176
Revenue						
Grants - DCR	\$ 136,090	\$ 136,090	\$ 136,090	-	-	-
Expenditures						
Personnel expenses						
Board honorarium	-	8,550	300	-	6,550	1,700
Elder/Staff honorarium	-	2,250	-	1,700	550	-
Salaries and benefits	19,464	16,803	3,633	-	13,170 ³	-
Total personnel expenses	19,464	27,603	3,933	1,700	20,270	1,700
Operating expenses						
Building occupancy	3,108	-	-	-	-	-
Recreation/Education	6,600	1,670	-	-	-	1,670
Board/Elder/Staff travel	-	8,886	479	1,864	5,061	1,482
Office supplies	6,880	3,002	2,951	-	51	-
Staff recruiting/education	47,038	732	732	-	-	-
Purchased services	3,000	39,321	900	16,162 ⁴	11,294 ⁵	10,965
Total operating expenses	66,626	53,611	5,062	18,026	16,406	14,117
Miscellaneous expenditures						
Admin fee	14,100	14,100	14,100	-	-	-
Community consultation	5,000	-	-	-	-	-
Cree-Ative consulting	900	-	-	-	-	-
Building design	30,000	-	-	-	-	-
Purchase of assets	-	4,117	-	-	4,117	-
GST	-	300	-	-	300	-
Total miscellaneous expenditures	50,000	18,517	14,100	-	4,417	-
Total Expenditures	136,090	99,731	23,095	19,726	41,093	15,817
Net income/(deficit)	\$ -	36,359	112,995	(19,726)	(41,093)	(15,817)
Surplus		\$ 36,359	\$ 112,995	\$ 93,269	\$ 52,176	\$ 36,359

¹ Budget figures come from the March 26, 2003 service agreement between DCR and Oyate.

² Actual figures come from audited financial information.

³ Amount restated to correct classification error of \$9,924 salary expense, which was recorded as Recreation/Education (food) expense.

⁴ Amount includes \$3,759 of building costs, which should have been paid from the building capital fund not the development fund.

⁵ Amount restated to correct classification error of \$1,100 board travel expense, which was recorded as purchased services. Amount includes \$6,423 of building costs, which should have been paid from the building capital fund not the development fund.