



ACCOUNTABILITY FOR RESULTS EXECUTIVE SUMMARY

The Auditor General of Canada has defined accountability “as a relationship based on the obligations to demonstrate, review, and take responsibility for performance, both the results achieved in light of agreed expectations and the means used”.

First Nations have a vision of improving their quality of life, an important part of the achievement of which requires improving the accountability relationship between the Government of Canada, First Nations governments across the country, and the citizens they all represent. Such improvement means that there must be ways to enable those with authority to account for their decisions and for the results of those decisions, and to enable First Nations citizens to hold those with authority to account. Specific principles, processes and actions that will help everyone to achieve these goals are being identified.

For First Nations, they include:

- capacity building, aimed at an effective First Nations public service;
- institution building, aimed at providing First Nations with the facilities to govern; and,
- results-based management initiatives, aimed at instilling the Auditor General of Canada’s five principles for accountability at the heart of First Nations policy development and program delivery.

For the Government of Canada, they include:

- Getting the federal house in order to enable transformative change;
- Delivering on commitments made at the 2005 First Ministers’ Meeting in Kelowna; and,
- Refocusing on results for First Nations citizens as the objective of policies and programs.

For both parties, there is a shared vision of adopting and adapting the principles for accountability of the Auditor General of Canada, which are as follows:

- 1) **Clear roles and responsibilities.** Roles and responsibilities should be well understood and agreed on by the parties.
- 2) **Clear performance expectations.** The objectives, the expected accomplishments, and the constraints, such as resources, should be explicit, understood, and agreed on.





- 3) **Balanced expectations and capacities.** Performance expectations should be linked to and balanced with each party's capacity to deliver.
- 4) **Credible reporting.** Credible and timely information should be reported to demonstrate what has been achieved, whether the means used were appropriate, and what has been learned.
- 5) **Reasonable review and adjustment.** Fair and informed review and feedback on performance should be carried out by the parties, achievements and difficulties recognized, appropriate corrective action taken, and appropriate consequences carried out.

The Assembly of First Nations and the Government of Canada are engaged in a collaborative process to develop the concrete initiatives that will allow all parties to implement the Auditor General's principles. These initiatives will provide an objective analysis of the existing arrangements and where they do not meet the principles laid out, develop tools and capacities to enable implementation of the principles, and allow the parties to negotiate community-based agreements that meet the specific needs of First Nations citizens across the country.

Over the past two years, there have been positive steps taken by both the Government of Canada and First Nations to improve accountability and results for First Nation citizens. There are important agreements in place that establish a firm foundation for proceeding with trust and respect. There is reason to be hopeful and reason to work even harder to make these goals a reality.

More accountability, both from the Government of Canada and from First Nations governments is critical to realizing better results for First Nations citizens. This can be achieved with a new model of accountability for results that supports the aspirations of communities while assuring everyone of the effective management of resources. The Assembly of First Nations is committed to these processes and these objectives.





ASSEMBLY OF FIRST NATIONS

ACCOUNTABILITY FOR RESULTS - POSITION PAPER

Vision

Improved results for First Nations citizens and improved accountability for First Nations policy development and program delivery through:

- Enabling those with authority to account for their decisions and for the results of those decisions; and,
- Enabling First Nations citizens to hold those with authority to account.

Issue Statement

We seek to identify specific principles, processes and actions that will improve accountability for First Nations policy development and program delivery and improve results for First Nation citizens. The need for transformative change is not in doubt. Disparities between First Nations and other Canadians remain at unacceptable levels, with little visible improvement. The Auditor General of Canada has highlighted in consecutive reports how the Federal Government is failing with regard to accountability and results. Government of Canada authorities are now reaching the conclusion that First Nations have been pointing to for years; that real results will require a significant increase in political will and commitment to fundamental, systemic, transformative change.

Over the past year, important steps have been taken toward creating that change. In the First Nations - Federal Crown Political Accord on the Recognition and Implementation of First Nation Governments signed in May of 2005, the Government of Canada demonstrated the political will for change by committing to collaborate fully with First Nations on policy and program development. At the First Minister's Meeting on Aboriginal Issues in November of 2005, the Government of Canada made commitments to redress some of the funding gap which hampers the achievement of results for First Nations citizens.

At every stage, First Nations have worked collaboratively with the Government of Canada by providing the necessary leadership for transformative change. Just before the First Minister's Meeting, Assembly of First Nations National Chief, Phil Fontaine, wrote to the President of the Treasury Board setting out his objectives for improving accountability. These include:

- capacity building, aimed at an effective First Nations public service;
- institution building, aimed at providing First Nations with the facilities to govern; and,
- results-based management initiatives, aimed at instilling the Auditor General of Canada's five principles for accountability at the heart of First Nations policy development and program delivery.





The Accountability Relationship

The Auditor General of Canada has defined accountability "as a relationship based on the obligations to demonstrate, review, and take responsibility for performance, both the results achieved in light of agreed expectations and the means used".

As this definition makes clear, accountability is a relationship, with two sides of equal importance. On one side, there are those who are accountable. They have the authority to make and implement decisions, and the responsibility to provide an account of what decisions were made and what happened as a result. The other side is made up of those to whom the first group is accountable. They do not have decision-making authority or responsibility, but they do have the right and responsibility to demand an account from the first group and to demand that, once an account is provided, action be taken to improve results. Without respect for both roles and a full implementation of each, there is no accountability.

To date, with regard to policies and programs affecting First Nations, the Federal Government has assumed the second role and demanded that First Nations governments play the first. The Government of Canada has been prepared to demand that First Nations governments provide accounts for funds received and to demand changes when they have been dissatisfied with the reports they receive. For their part, First Nations governments have provided the required reports as best they could within their capacity. But the Federal Government, which has held the greater authority, has never accepted its responsibility to account to First Nations for the decisions it makes nor for the disastrous results of those decisions. And neither First Nations governments nor their communities have been empowered to hold the Federal Government to account or demand the changes that those disastrous results so clearly require. This is a situation of serious imbalance, leaving gaping holes in the relationship. There has been no real accountability.

The question posed by this situation concerns how to build the necessary relationship, create the needed balance, and provide true accountability. Again, the Auditor General of Canada has provided a basis for this work, setting out five principles for effective accountability:

- 1 – **Clear roles and responsibilities.** Roles and responsibilities should be well understood and agreed on by the parties.
- 2 – **Clear performance expectations.** The objectives, the expected accomplishments, and the constraints, such as resources, should be explicit, understood, and agreed on.
- 3 – **Balanced expectations and capacities.** Performance expectations should be linked to and balanced with each party's capacity to deliver.
- 4 – **Credible reporting.** Credible and timely information should be reported to demonstrate what has been achieved, whether the means used were appropriate, and what has been learned.
- 5 – **Reasonable review and adjustment.** Fair and informed review and feedback on performance should be carried out by the parties, achievements and difficulties recognized, appropriate corrective action taken, and appropriate consequences carried out."





The Assembly of First Nations fully supports the Auditor General's view. Of particular note is the priority placed on agreement between the parties, with regard to defining roles and responsibilities as well as performance expectations. That agreement is the codification of the accountability relationship. This speaks to the need for a process, led jointly by First Nations governments and the Government of Canada, to establish those roles and responsibilities and performance expectations.

Fortunately, the past year saw those same parties establish a set of principles on which this relationship could be built. The First Nations - Federal Crown Political Accord on the Recognition and Implementation of First Nations Governments signed in May of 2005 speaks directly to how this must be done. A process where "the principle of collaboration will be the cornerstone of our new partnership", where the "renewed relationship should be based on mutuality" and built on "cooperative policy development". This approach fits perfectly with the Auditor General's views on establishing agreed performance expectations, roles and responsibilities.

However, a complete mechanism does not yet exist for identifying the existing roles and responsibilities of the different parties involved or the results expected from existing policies and programs, let alone a process for achieving agreement on whether and how those all might be changed. There are also no mechanisms for the other three principles spoken of by the Auditor General: ensuring that there is a balance between expectations and capacities so that no one is set up to fail; providing credible and timely reporting so that everyone knows the facts, thereby ensuring transparency; or ensuring that reasonable review and adjustment take place so that results improve on the ground. These mechanisms must be built, and they must be built in a collaborative, cooperative and mutually satisfactory manner. With the Government of Canada (GOC), the Assembly of First Nations (AFN) is acting to do just that.

The Accountability for Results Initiative

Launched in late 2005, the AFN and GOC have initiated a process for improving the accountability of all government and improving results for First Nations citizens. As underlying principles, the initiative acknowledges that:

- the primary accountability of any government is to its citizens;
- for policies, programs and services to First Nations, the primary objective is to improve results for First Nations citizens;
- accountability is shared between GOC and FN governments; and,
- accountability is mutual between GOC and FN governments.

It is clear how these principles respect and apply the approach to joint policy development spelled out in the First Nations - Federal Crown Political Accord.

Our initiative takes the five principles of the Auditor General (AG) as the basic tool for analyzing and building an improved system of accountability for results. It speaks to enabling





the application of those principles in all policies, programs and services aimed at First Nations.

This would involve three steps:

- 1) **Analyze existing arrangements** by applying the AG's five principles to the accountability structures now in place in order to more thoroughly understand how they are developed and where they break down. This would involve an examination and evaluation of federal spending, using the five principles of the Auditor General of Canada as an analytical tool applied to the entire process to identify problems and point to solutions.

Such an analysis would identify who the key parties are at each stage of the policy and program development cycle and their interests. It would explore the logic of programs in terms of what is being done and what the expected results of those actions are. This is not only essential to redesigning programs that are not reaching their goals, but it also lays bare situations where the goals of programs are not what both parties want to achieve. The principle of agreed performance expectations can not be achieved when there is a lack of transparency regarding the actual intent of program spending and the results expected. Ultimately, it is expected this examination will identify where the five principles are not followed and why they are not followed, allowing the parties to develop recommendations for new approaches that respect and effectively apply those principles.

- 2) **Develop the tools needed by both the GOC and First Nations** to be able to apply the AG's five principles fully and effectively to all policies, programs and services aimed at First Nations. At a broad level, those tools are of two types:
 - a) those needed by the GOC to "get its house in order"; and,
 - b) those needed by FN governments to provide responsible and accountable government for their constituents.

The fact that the GOC has identified the need to get its house in order is a welcome recognition of the current state of affairs. Accountability is seriously hampered by the fact that, not long ago, the GOC did not know how many departments were involved in First Nations policy development and programming, nor how much they were actually spending. These questions have recently been answered, but there is much more to learn and to set right.

The conditions do not currently exist to enable the kind of transformative change that is needed and of which this paper spoke earlier. There are systemic impediments, both real and perceived, that prevent strategic thinking and action from taking place, resulting in a limitation on the kind of change that can take place. This is why we have seen little but tinkering on the margins of a system that everyone has recognized is fundamentally broken. At this point, all of the impediments are not even clear. This is a situation which the analytic process discussed under paragraph 1 above should resolve. Those which are clear, however, include:





- a lack of cohesion and integration in programming, which may be related to the Treasury Board's *Policy on Transfer Payments*, or which may need other solutions;
- a misalignment between the policy framework and expected results, which has been discussed above, and for which a great deal more must be done. Part of the answer to this situation will include simply developing more transparent and comprehensive information about what is now being done and part will require both the GOC and FNs, once they have reached agreement on results expectations, to agree on the best methods for meeting those expectations by restructuring the policy and program development, design and delivery process; and,
- a need to reduce the administrative and reporting burden that current GOC accountability practices place on FN governments to no benefit, and to replace those practices with reporting and information systems that provide useful management information in the least resource intensive manner. From the accountability perspective, an obvious priority should be information sharing protocols and systems, as these increase transparency in addition to reducing the reporting burden.

Transformative change is also impeded by a lack of capacity within many FN governments. While it is clear that government and management capacity vary widely across the different First Nations, there are common steps that can be taken to address capacity needs.

- First, each nation needs to understand where it stands now, what it wants to achieve and what will be needed to get there. Long-term strategic planning, sometimes referred to as comprehensive community planning, is an excellent way to explore and identify these issues.
- Second, opportunities must be available to build a capable First Nation public service. These opportunities should provide the management capacity needed, through education and on-the-job training. They should also result in modern, efficient and effective information systems, financial management systems, and financial management standards being put in place within FN communities.
- Third, FN-led and FN-specific institutions will be needed, as First Nation citizens must be empowered to hold both their local government and the Government of Canada to account. Such institutions include an Ombudsperson's office, so that individuals have a trusted venue to pursue accountability concerns outside of either the local or federal governments. They would also include a First Nations Auditor General who could both provide ongoing advice to assist FN governments in providing accountability and, at the same time, improve accountability by exposing problems and recommending solutions. To get to the point where an Auditor General's office would be effective, however, there are a number of preliminary





steps that must be taken. An effective AG is contingent on the capacity building discussed in the preceding paragraph, as the financial and other management systems and standards must be in place to carry out effective audits and the human capacity must exist, both within FN governments and within the office of an FN Auditor General, before audit reports would be of significant use. That is why the AFN believes the process should begin with that capacity building and with the establishment of a First Nations Certification Institute that could assist FN governments in preparing their financial management systems for effective audits by establishing and maintaining standards and certifying individual FN governments as ready. Such certification processes also provide the kind of assurance that is needed to encourage investment and economic development, thereby increasing available resources within a community and reinforcing the commitment to accountability. The creation of other institutions, such as a Comptroller General and a Fiscal Office, are also deserving of investigation, as is an effort to identify how to more effectively utilize existing institutions, such as the FN Statistical Institute, Governance Institute, and others. In particular, work must proceed on other ways to make FN governments themselves more effective institutions for ensuring accountability.

Although the tools described here are only part of those needed by either FNs or the GOC, they would provide a broad and greatly strengthened basis on which to continue to improve, and they would mark a significant advance over the situation that has characterized the accountability relationship until now.

- 3) **Negotiate community-based agreements** in a manner analogous to a contract, or as government departments would do in a results-based management accountability framework/risk-based audit framework. This allows for long-term, comprehensive strategic planning to take place and to guide the use of the resources that are available to a community. It also allows for the specificity necessary to reflect both the aspirations and the capacities of individual communities, while at the same time identifying possible areas of cooperation and synergy between communities that share the same goals and have mutually beneficial capacities. Such agreements can create a new management accountability structure for FN governments whether they operate under the *Indian Act*, they are self-governing, or they are at some point in between.

The preparedness of a FN government - in other words, sufficient understanding of its own objectives and sufficient capacity to apply the five principles effectively - and the commitment of the GOC as a partner will determine the success of these agreements. Therefore, FNs should take the time to work through these issues before agreements are entered into, setting out conditions for participating and a model for what might be included. Such work could involve conducting a needs assessment or comprehensive community planning process. For its part, the GOC should be prepared to provide innovative financing and reporting models that are suited to a community's needs and aspirations. Most importantly, these agreements should address fully each





party's understanding, responsibilities and commitment to all of the AG's five principles.

Conclusion

Over the past two years, there have been positive steps taken by both the Government of Canada and First Nations to improve accountability and results for First Nation citizens. There are important agreements in place that establish a firm foundation for proceeding with trust and respect. The GOC and the AFN are engaged in a process that is providing a broad framework for success and concrete recommendations for moving forward. There is reason to be hopeful and reason to work even harder to make these goals a reality.

It is essential that concerns, which will arise and must be addressed, do not detract from the process but rather enhance our depth of understanding of the issues and make our next steps even surer. We must invest both resources and commitment to maintain momentum, to listen to those voices that will make us stronger, and to reach our objectives.

More accountability, both from the Government of Canada and from First Nations governments is critical to realizing better results for First Nations citizens. This can be achieved with a new model of accountability for results that supports the aspirations of communities while assuring everyone of the effective management of resources. The Assembly of First Nations is committed to these processes and these objectives.

