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Gabriel Dumont Institute

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Draft Operational Review

December, 1994

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Introduction

Concurrent with the development of a Business Plan for Gabriel Dumont Institute and its affiliates, Ernst & Young also conducted an Operational Review. The results of the Operational Review that dealt with mandate, program success and program cost effectiveness are included in both the Business Plan and this document. Further discussion of the management framework and recommendations for improvement are included in this document.

In general the programs offered by Gabriel Dumont Institute and Dumont Technical Institute are highly regarded by staff, students, Board and funding stakeholders. In particular, SUNTEP, Metis Management, and other longer duration certificate and diploma courses were cited as being successes. As the Dumont Technical Institute has only started to deliver courses, it is too early to determine the success of the program.

In terms of cost-effectiveness, it is acknowledged that Gabriel Dumont Institute courses have a higher cost as compared to courses offered through the university or technical institutes. However, with the higher cost comes a higher level of service in the form of a preparatory phase, coaching, life skills training, and Metis studies. From the interviews and information that is available, students at Gabriel Dumont Institute courses have both a good graduation rate and a good employment rate.

With limited funding, the organization needs to set priorities and to follow through on these in order to achieve continued program success. Enhancements can also be made in the area of management framework. Recommendations relating to such are outlined in the last section of this report.

Background and Purpose for the Operational Review

Introduction

In August of 1994, a joint committee of Gabriel Dumont Institute (GDI) and Saskatchewan Education, Training and Employment (SETE) asked Ernst & Young to conduct an Operational Review of GDI. The scope of this review included the Saskatchewan Urban Native Teacher Education Program (SUNTEP) and Dumont Technical Institute (DTI).

The Operational Review addressed four major areas –

- Mandate
- Program Success
- Program Cost-Effectiveness
- Management Framework

The primary review period is the last twelve to eighteen months of operation.

The key objectives of the Operational Review are –

- 1) To ensure that gains realized over the past number of years, with respect to Metis education, are not lost.
- 2) To offer conclusions and recommendations that will assist GDI and SETE in structuring programs that will continue to meet Metis educational needs in an efficient manner.

In September 1994, GDI was facing a cash flow crisis. To address the immediate cash flow requirements, SETE advanced \$60,083 on September 15, 1994. This amount was an early advance of the October core funding for GDI. Then on September 30, 1994, and on October 14, 1994, \$72,250 and \$61,472 were advanced. These amounts represented pre-payments for programs to be delivered by DTI between September 1, 1994 and March 31, 1995. SETE also advanced \$18,000 on Sept. 15 to pay prior year's audit fees owed to Ernst & Young.

At this time, Ernst & Young was also asked to assist in the preparation of a Business Plan to address the financial issues and to propose restructuring options for consideration by the funding

stakeholders and GDI. The scope of the Business Plan includes the Community Training Residence¹ as well as GDI, and DTI. The purpose of the Business Plan is to –

- 1) Prepare a financial analysis of the status quo in order to assess the magnitude of the financial problem for GDI, DTI and CTR.
- 2) Work with the funding stakeholders and representatives of GDI in considering options for restructuring the operations of GDI, DTI and CTR, including the restructuring of the debt and trade payables.
- 3) Recommend an option and formulate an action plan for implementation of the recommended option.

The Business Plan was prepared concurrently with the conduct of the Operational Review and elements of the Operational Review were incorporated into the Business Plan document.

Workplan and Approach

As part of the Operational Review we conducted the following activities:

- Document Review

- GDI / DTI Internal Documents –*

- Core, SUNTEP and DTI funding agreements
 - GDI Strategic Plan - 1993 - 1998
 - GDI Mandate - Towards Self-Government: A Mandate for the Nineties
 - GDI 1993 - Annual Report
 - GDI Program Review and 1993/94 Program Plan
 - DTI - Report to SIMAS - December 1993
 - DTI - Proposed 1993/94 Operation Plan
 - Gabriel Dumont College - June 1994
 - SUNTEP Annual Report - July 1994

- Program Evaluations –*

- Metis Housing Administration Program - July 1994
 - SUNTEP Evaluation - June 1994

¹ Located in Saskatoon, the Gabriel Dumont Institute Community Training Residence Inc. (CTR), delivers a residential community training program for female offenders in Saskatchewan. CTR was not part of the scope of the Operational Review, but due to the financial guarantees by GDI, was part of the Business Plan.

-
- Joint Evaluation of the Core Grant Contract - October 1991

Metis Nation Background Documents –

- Metis Nation Legislative Assembly - Batoche 1994
- Sask. Metis Family Literacy and Youth Ed. Strategy: A Provincial Survey
- Report of the Technical Advisory Team - April 28, 1994

In order to assess effectiveness of programs delivered by GDI and to consider changes in response to stakeholder needs, elements of the Operational Review were built into the Business Plan process. Interviews were conducted with a broad range of stakeholders, including:

- board members;
- Metis local representatives;
- educational stakeholders and referral agencies;
- instructors/faculty; and,
- senior management.

The process itself involved:

- establishing initial contact;
- providing an explanation of Ernst & Young's role in the development of the Business Plan and the conduct of the Operational Review;
- clarification of the interview process;
- booking interview appointments;
- conducting interviews via telephone or in person; and,
- summarizing interview findings.

Overview of Operations

Gabriel Dumont Institute

GDI is a Native-directed educational and cultural establishment that was formally incorporated as a non-profit corporation in 1980. Since that time, GDI has pursued the development of curriculum and historical educational materials, the training of Aboriginal teachers and the delivery of programming contracted from the universities and technical institutes in the province. The first program undertaken by GDI was SUNTEP, a four-year teacher education program leading to a Bachelor of Education Degree.

GDI's mission is –

"To promote the renewal and development of Metis culture through appropriate research activities, materials development, collection and distribution of those materials and the design, development and delivery of specific educational and cultural programs and services. Sufficient Metis people will be trained with the required skills, commitment and confidence to make the Metis Society of Saskatchewan goal of Metis self-government a reality."¹

The objectives as embodied in the by-laws are –

- 1) To develop unique Native education programs and resources for use in both Native and non-Native programs;
- 2) To establish a Library Resource Centre where such resource materials and aids are available for use by and distribution for such programs;
- 3) To carry on historical, cultural and social research;
- 4) To promote the unique educational needs of Native young people by implementing social programs such as the Native Teacher Education Program and by encouraging and assisting Native students to pursue a number of careers and professional opportunities;
- 5) To promote and participate in the development of and the implementation of a Native Studies Program in cooperation with both the provincial universities and to be involved in the

¹ Source - 1993 - 1998 Gabriel Dumont Institute Strategic Plan

development of a Native Studies Program with the University of Saskatchewan;

- 6) To promote and assist in the planning of community education programs to be delivered to local Native communities;
- 7) To provide special programs of a remedial nature to assist Native students to upgrade their basic life and job skills;
- 8) To provide special training programs for the staff of Native organizations and for private Native entrepreneurs;
- 9) To develop and offer courses to strengthen native cultural awareness dealing with both the historical and current cultural situation of Native people; and
- 10) To promote, develop and implement programs designed to improve cross-cultural relationships and increase cross-cultural understanding and awareness.¹

The main office for GDI has historically been in Regina, with sub offices in Saskatoon and Prince Albert. Programs are delivered on a needs basis in communities such as Yorkton, Meadow Lake, Buffalo Narrows, etc. across the province. SUNTEP offers programs in Regina, Saskatoon and Prince Albert. Library and resource information services are provided through centres in Regina, Saskatoon and Prince Albert.

In providing educational and employment training opportunities, GDI programs have been designed with a number of special features.

- 1) GDI programs are, for the most part, *community-based*. This means that courses leading to diplomas or certificates, normally attainable only by attending classes "on campus" are offered in towns and smaller urban centres across Saskatchewan. Students are encouraged to live in their own communities while attending class.
- 2) GDI programs include a *preparatory phase* that involves upgrading the skills of the students in areas related to the specific program.
- 3) GDI programs offer a *Native Studies component* to strengthen the students' cultural awareness.

¹ Source - GDI Bylaws as amended January 27, 1990.

- 4) GDI programs provide a comprehensive system of *student support*. This generally involves access to a Counselor who provides individual or group tutoring, life skills counseling or referrals to specialized services such as family counseling.
- 5) If possible, GDI programs offer an *applied practicum phase* to reinforce the skills learned in the classroom setting.

At the present time, GDI's primary source of funding is SETE. The following table outlines the primary programs and the key funding sources for these programs.

| Program | Sources of Funding - F94/95 |
|---|--|
| SUNTEP | SETE Core Funding - \$877,000 SETE Funding for Tuition and Course Costs - \$453,000 Prince Albert Grand Council and Band Funding for Tuition and Course Costs for Status Indian Students - \$130,000 est Teaching Income from U of S and U of R for SUNTEP faculty - \$68,000 est |
| Various Certificate and Diploma courses | Courses are generally purchased by Local Metis Management Boards (LMMBs) and range in cost depending on the length of the course. |
| Library Services, Annual Cultural & Education Conference, Metis Research, Development of Curriculum and Metis Studies Material, Administrative Services | SETE Core Grant - \$675,000 |

When GDI was incorporated funding was provided to carry out the following mandate –

- **Research and Development** - This area includes cultural and historical research to support the development of curricula or curriculum support materials with an Aboriginal focus.
- **Library Resource Unit** - The library resource activities included the acquisition and distribution of materials related to the culture and history of Aboriginal peoples not readily available from other sources. Technical materials relating to SUNTEP were provided for that program. To the greatest extent possible, the library's resources were to be available to the larger community,

- 4) GDI programs provide a comprehensive system of *student support*. This generally involves access to a Counselor who provides individual or group tutoring, life skills counseling or referrals to specialized services such as family counseling.
- 5) If possible, GDI programs offer an *applied practicum phase* to reinforce the skills learned in the classroom setting.

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The initial program was implemented in 1985. Although CEIC would not fund training leading to a university degree, it would fund university level programs leading to a certificate or diploma. Therefore, much of the training has focused on traditional vocational, trades and technical training. In more recent years, GDI delivered several CEIC funded programs under arrangements for certification through the University of Regina. (e.g., Metis Management Studies, and Human Justice)

Vocational, trades and technical training programs were primarily delivered through arrangements for certification with SETE and the technical institutes that were the certifying agencies. Under these arrangements GDI was not able to access funding for Adult Basic Education programs. Therefore, GDI built upgrading components into the various training programs it was delivering. As a result, the GDI programs were of longer duration and therefore involved a higher cost than the programs delivered through the technical institutes and universities.

Further agreements were signed with CEIC for training delivery up to 1991. In that year, the federal government introduced a new training strategy for Aboriginal people known as PATHWAYS. The basic concept of this program was to turn over the responsibility and the funding for Aboriginal training to Aboriginal organizations. Six Local Aboriginal Management areas with their own separate boards were established. These boards now receive funds from PATHWAYS that are earmarked for Metis training. The Boards are responsible for determining the training needs in their areas and for purchasing training from the most appropriate source.

As a result of the introduction of PATHWAYS, CEIC training funds are no longer directly accessible to GDI. The financial implications for GDI have been dramatic. Up until March 31, 1994, GDI received approximately \$2 million per year under a contract with CEIC for the delivery of technical and vocational training courses. Most of the staff who deliver the courses work on a contract basis and therefore program expenditures have been reduced in proportion to the reduction in the program revenue. However, every program is charged an administrative fee. These fees represented a significant source of revenue for the administrative area and through these fees GDI was able to lever the delivery of core services such as research and curriculum activities, incurring core costs beyond what was funded through the core funding contract with SETE. However, these costs are relatively fixed and it has taken longer for GDI to adjust these expenses to reflect the change in the volume of

revenue. This has contributed to the cash flow difficulties experienced in September of 1994.

Dumont Technical Institute

In 1987, SETE entered into an agreement with GDI to establish a counseling support unit for Aboriginal students of SIAST. This unit was known as the Native Services Division of GDI and was funded under a separate contract with SETE. Prior to the conclusion of the contract in October 1993 a Master Agreement was signed with SETE, the Metis Society of Saskatchewan (MSS) and the newly incorporated DTI to facilitate delivery of Adult Basic Education (ABE) and vocational / training programs to Metis communities. With the formation of DTI, staff previously employed in the Native Services Division of GDI moved to SIAST and arrangements were made between SIAST and SETE for the funding of the services.

DTI was incorporated as a non-profit corporation on October 11, 1991 and began operations November 1, 1992. A Federation Agreement was signed with SIAST on June 27, 1994, such that DTI was legally and financially independent, but academically integrated with SIAST. As of September 1994, DTI offered Adult Basic Education courses and had 113 students enrolled in these programs.

The mandate of DTI is to –

- Develop strategies and services that support Metis and Non-Status Indians access to and successful completion of SIAST and other technical programs.
- Assess the post-secondary technical / vocational needs of Metis and Non-Status Indians and identify the appropriate resources, programs and services to address these needs.
- Deliver ABE, preparatory and technical / vocational programs under the terms and conditions of the Federation Agreement with SIAST.
- Help Metis and Non-Status Indian graduates find employment.

SETE provides funding for the activities of DTI through a monthly core funding grant and through reimbursement of tuition and course cost charges from SIAST.

GDI is the sole member of the non-profit corporation and provides administrative services and office facilities. The administrative fee is approximately 12.5% of the annual core grant from SETE. DTI also rents office space from GDI in Saskatoon.

Mandate

During the interview program, we did not specifically differentiate between GDI, DTI and SUNTEP with respect to mandate or mission. In the following summary comments, references to GDI generally include all three, unless specifically noted.

When addressing the issue of mandate with Metis local representatives, the prevailing opinion was that GDI was doing an excellent job of meeting its mandate. Mandate in this instance was defined as providing educational opportunities and cultural information to Metis people throughout the Province of Saskatchewan. Opinions on the periphery were very diverse and ranged from: no opinion, indications that they were not even aware that GDI existed any longer, to indications that it was impossible to know if GDI was meeting its mandate as appropriate needs analysis in the community had never taken place.

Mandate as defined by educational stakeholders took on a broader perspective. This group viewed the mandate of GDI as being multi-faceted and including:

- an avenue of providing educational opportunities for Metis people;
- GDI is to act as a research institute;
- a vehicle to provide non-Metis people with the opportunity to learn about the Metis culture; and,
- to improve employment prospects of the Metis people and to promote employment equity throughout the province.

In discussing GDI's success at meeting its mandate, comments were less supportive. There was full acknowledgment that SUNTEP and other programs were meeting their mandates. Some stakeholders were of the opinion that GDI would be more effective through stronger management and more focus on the achievement of GDI's mandate.

Individuals from senior management felt that the current mandate of GDI was barely being met and that the mandate as formally articulated was perhaps outdated. They felt that there were difficulties associated with inadequate resources to fully meet the mandate. Individuals from this group also expressed a desire to expand or broaden the current mandate into such areas as arts and sciences and viewed the establishment of Gabriel Dumont College as a response to this need. Additionally, senior management viewed

the regional libraries as an asset in meeting the mandate in terms of providing support and educational opportunities to the Metis people within their communities.

Program Success

SUNTEP

SUNTEP students pursue a four year Bachelor of Education degree with recognition through the University of Regina or the University of Saskatchewan. Students attend classes at one of the SUNTEP locations in either Regina (University of Regina degree), Saskatoon, or Prince Albert (University of Saskatchewan degrees). The head office for SUNTEP is in Saskatoon.

Since inception in 1980, SUNTEP has graduated 253 students to June 1993.¹ The employment rate of these students is very high with virtually all students finding teaching positions or pursuing graduate studies. The current SUNTEP enrollment is as follows:

| Centre | Year 1 | Year 2 | Year 3 | Year 4 | Total Enrollment |
|---------------|--------|--------|--------|--------|------------------|
| Prince Albert | 31 | 25 | 14 | 25 | 95 |
| Saskatoon | 20 | 13 | 15 | 10 | 58 |
| Regina | 13 | 11 | 8 | 8 | 40 |
| Total | 64 | 49 | 37 | 43 | 193 |

While SETE only provides funding for up to 180 Metis students, Status Indian students are also registered in the program. These students are funded through various Bands throughout the province and the Prince Albert Grand Council. The following is the breakdown between Metis and Status by centre.

| Centre | Metis | Status | Total |
|---------------|-------|--------|-------|
| Prince Albert | 55 | 40 | 95 |
| Saskatoon | 53 | 5 | 58 |
| Regina | 31 | 9 | 40 |
| Total | 139 | 54 | 193 |

As of March 1993, the audited financial statements disclosed an accumulated surplus for the SUNTEP program of \$215,000. This surplus has arisen for two reasons –

- 1) Each GDI program is charged an administrative fee of approximately 12.5% of revenue for administrative, management and accounting service rendered. For fiscal years 1980/81, 1981/82, and 1982/83, this internal charge was not recorded.

¹ Source - GDI 1993 Annual Report

Had administrative fees been recorded, the accumulated surplus would have been reduced by approximately \$225,000.

- 2) In Fiscal 1986/87, the Prince Albert Grand Council (PAGC) contracted with GDI for the purchase of seats in the SUNTEP program. This revenue averages approximately \$150,000 per year. The incremental costs associated with the revenue are approximately \$85,000 and primarily relate to faculty costs. Therefore, the program realizes incremental revenue associated with PAGC or other Band seat purchases in the program.

SUNTEP Evaluation

In accordance with the terms of the funding agreements, an evaluation of the SUNTEP program was recently completed. The report, which was issued June 1994, was prepared by the Saskatchewan Instructional Development and Research Unit. The report concluded that all of the stakeholders - faculty, students, graduates, funders, etc. - felt that SUNTEP was a valuable program that was needed and should be continued.

The stakeholders also identified a number of key issues. These are noted as follows:

- 1) **Funding** - Funding was an issue in two areas. The first being funding for students and student loans and the second being funding for service delivery. With respect to the latter, the evaluation report went on to note that the direct funding for service delivery was not sufficient for renewal of equipment, renewal of the resource collection, parity of faculty with the Indian Teacher Education Program, and no allowance for ongoing professional development of staff.
- 2) **Change in the Student Profile** - Over the years there has been a change in the profile of students enrolled in the SUNTEP program. The "typical" student used to be female, 30-40 with children. Now the "typical" student is younger and has just graduated from Grade 12. As a result, not as much emphasis is required to upgrade the student's skills, but more emphasis is required for Metis cultural awareness.
- 3) **Strategic Direction** - The SUNTEP faculty felt that due to budget constraints there was little opportunity for interaction between staff and between staff and the SUNTEP administrators. They were unsure of the overall strategic plan for SUNTEP. Questions such as - Should the program focus on training secondary and graduate teachers? Should the program

be other than a teacher education program? - were raised. Participants in the evaluation of the program suggested that it was time for SUNTEP to look beyond the areas of elementary education and expand in new directions such as secondary education and graduate studies.

The evaluation concluded as follows:

"In terms of those who are involved with the program and in terms of the wider society the program serves, it would appear from this evaluation that SUNTEP is needed, valued, and has a contribution to make to all teacher education."¹

Other GDI Programs

The scope of the Operational Review considered programs delivered by GDI in the last twelve to eighteen months. These programs are discussed as follows.

Core Services

Since 1980, SETE has provide GDI with funding to support core activities. These include:

- contemporary and historical research;
- development of curriculum support materials;
- library resource services;
- annual cultural conference; and
- administrative services to support the above.

Due to the decrease in the level of funding for core activities and due to the significant decrease in program revenue (and corresponding administrative fees that were directed to core activities), GDI has been unable to provide the core services as outlined in the funding agreement. The following is an assessment of GDI's performance / capacity over the past year in relation to the activities outlined in the Core Grant contract.

¹ Source: Evaluation of the Saskatchewan Urban Native Teacher Education Program - June 1994.

| Core Grant Contract Activity | GDI Performance / Capacity |
|---|--|
| Contemporary and historical research; development of curriculum support materials; providing expertise; career development; reference centre; and development of post-secondary education and training programs | In October 1992, GDI had six staff devoted to research and curriculum. As a result of the significant loss in program revenue, GDI has downsized these two areas. As of October 1994, the organization had one researcher and no curriculum officers. Efforts in support of these core grant initiatives are being addressed by the remaining management staff. The capacity to perform these activities is greatly diminished. |
| Library resource unit | In October 1992, the library resource unit included 2 librarians and 3.5 library technicians. Following the downsizing in August of 1994, there is now one part time librarian in Prince Albert and a library technician in Regina who also covers the reception. The services that are currently provided are in support of the SUNTEP program. However, collection development efforts are nominal, implementation of the NOTIS on-line system is basically on hold, and reference and research services are not provided to anyone other than GDI students. |
| Annual cultural conference | Due to financial constraints, an annual meeting and cultural conference has not been held by GDI for the last two years. |
| Support for administrative structure | GDI currently does not have a Director of Finance. At the present time, monthly accrual financial statements and detailed analysis of budget to actual expenditures are not undertaken. The accounting system is cumbersome and relevant, timely financial management information is not readily available. Administrative staff are located in both Regina and Saskatoon. |

Other Programs

The following table provides a summary of the other GDI program delivery commitments as at November 1994.

| Program | Nature of Program | Contract Expiry Date | Number of Students |
|-------------------------------------|----------------------------------|-----------------------------|---------------------------|
| Regina Metis Mgmt. | Metis Mgmt. Studies Program | December, 1994 | 17 students |
| Yorkton Metis Mgmt. | Metis Mgmt. Studies Program | March, 1995 | 17 students |
| Nipawin Social Work | Social Work Program | August, 1996 | 20 students (est) |
| North Battleford Metis Entrepreneur | Metis Entrepreneur Prep. Program | March, 1995 | 20 students (est) |

Regina Metis Management

The Metis Management Studies Program in Regina is a two year business management program that provides a Diploma of Associate in Business Administration from the University of Regina. This program is funded through the PATHWAYS initiative. Depending on eligibility students may receive training allowances from a variety of sources including the Unemployment Insurance Commission, Human Resources Development Canada and provincial Social Services.

Of the 21 students who started the program in September 1993, 17 students are currently enrolled. The program contract runs until December 1994.

The Metis Management courses are highly regarded and tend to have a good success rate. In 1993, 27 students completed the program and 22 students received their diploma. Six of these students went on to pursue University degrees.¹

Other internal information for the Metis Management Studies Programs indicate the following:

1989 - 1994

Cumulative Educational Achievements

| | <u>Number</u> | <u>Success Rate</u> |
|--------------------------------------|---------------|---------------------|
| Students sponsored | 92 | |
| Certificates in Administration | 87 | 95% |
| Certificates in Continuing Education | | |
| Administrative Development | 77 | 84% |
| Diplomas in Business Administration | 47 | 66% |
| Degree in Business Administration | 1 | |
| Degree in Business Education | 1 | |
| Degree in Social Work | 1 | |
| Degree in Indian Studies | 1 | |

Employment Achievements

| | <u>Number</u> | <u>Success Rate</u> |
|-----------|---------------|---------------------|
| Graduates | 67 | |

¹ Source: GDI 1993 Annual Report.

| | | |
|----------------------------------|----|-----|
| Students with jobs | 35 | 52% |
| Students who continued education | 18 | 27% |
| Unemployed | 8 | 12% |
| Unknown | 6 | 9% |

Yorkton Metis Management

The Business Management and Administration Program commenced in Yorkton in June of 1993 and will continue until March of 1995. Students completing the two year program will receive a Diploma of Associate Administration. The Yorkton program has 17 students.

Nipawin Social Work

This program began in October 1994 and will continue until August 1996. Students completing the program will receive a Certificate of Social Work from the University of Regina. The program will accommodate up to 20 students.

North Battleford Metis Entrepreneur Preparatory Program

This program began in October 1994 and will run until March 1995. This program is the preparatory phase for the Certificate or Diploma Administration program. There are 20 students enrolled in the program

Meadow Lake Metis Management - This program started in November 1993 with 16 full-time and 4 part-time students who were pursuing the Certificate in Administration program. The program contract was completed in October 1994. At that time there were 10 students in the program.

Saskatoon Metis Housing and Administration - This program was a cooperative effort of GDI, MSS, Saskatchewan Community Services and Canada Mortgage and Housing Corporation. The course trained students in two areas - housing administration and technical services in government-assisted housing. Eight of the sixteen months of the program were spent in a variety of work experience situations. Ten students began the program in February 1993. The program concluded in May 1994 with certification of students by SIAST.

Togo Metis Entrepreneurial Preparatory Program - This program ran from December 1993 to June 1994. Ten students were enrolled in the program.

North Battleford Chemical Dependency Worker - The program began in November 1992. All twelve students who started the program completed their work at the certificate level in December 1993. The program is accredited through SIAST, Woodland Campus. In January 1994, nine students continued to September 1994 to pursue a Diploma.

Batoche Heavy Equipment - This program ran from May 1994 to July 1994 and included 9 students.

DTI Programs

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As the programs delivered by DTI have just begun, it too early to assess the success and effectiveness of the programs.

Results of Interviews

Comments from all interviewed groups regarding program success were very positive. In particular, interviewed parties viewed SUNTEP as being an extremely successful program and of a high quality. Comments of a similar nature were forthcoming regarding the Metis Management Programs. Comments were limited regarding the success of DTI programs due to the time frame this entity has been in existence.

Comments specific to the Metis local representative group include:

- recognizing the success of GDI programs, there is a need to encourage LMM'S throughout the province to support GDI and purchase programs;
- one indicator of the success of the programs is the high employment rate of graduates;
- felt GDI programs were successful and would continue to contract with GDI for delivery of programs in the future if government money is made available;
- general perception that students complete programs and there is a low drop-out rate; and,
- had purchased GDI programs in the past and were pleased with the programs offered.

Among the educational stakeholders, there was general consensus that SUNTEP was an extremely successful program with very high completion and employment rates. Specific comments from this group included:

- there is a need for program diversification if programs are to become more successful;
- referrals to Adult Basic Education Programs have historically had approximately a 50% drop-out rate versus the SUNTEP program that has a much lower drop-out rate; and,
- there is a need for a research component to DTI which would assist in the area of curriculum development to address the high drop-out rate for ABE programs.

Instructors and faculty were very proud of the quality and success rates of their programs. They expressed a great deal of commitment to SUNTEP and the Metis Management Program. They also felt that the Metis community at large was very supportive of programs and GDI as an educational institution. There was some disappointment expressed regarding programs that were designed to run for a full two years but only able to operate for a one year period due to lack of funding.

There were no comments made by management that were exclusive to this group. The pervasive opinion of management reinforced their perception of program success due to high quality and graduate employment rates. However, they felt that programs could

become even more successful by assisting with actual placement and employment following graduation. This could be accomplished by utilizing an employment liaison person, perhaps contracted through the RAM. They also suggested that programs such as CTR were not a stand-alone program.

Program Cost Effectiveness

Results of Interviews

A range of comments pertaining to program cost-effectiveness is expressed by all of the interviewees.

The Metis local representative group generally indicated that:

- GDI programs were costly due to high administrative costs and the additional expense for the inclusion of a cultural component into programs;
- due to high costs, LMM's cannot afford to designate all of their training monies into the support of the purchase of one GDI program;
- financially, there is a higher feasibility to supporting seat purchase rather than program purchase; and,
- expenses could be reduced through cooperation among LMM's and through joint sponsorship of programs.

Educational stakeholders support GDI programs on the basis of the uniqueness of programs offered. However, there were a number of areas which were identified as being issues:

- a need for the establishment of priorities due to limited operating monies;
- no identified educational strategy for the institution;
- duplication of administration and programming which could be rectified through greater cooperation with SIAST and the regional community colleges;
- inadequate resources to support courses and programs;
- difficulty between SUNTEP and the University of Saskatchewan pertaining to cost increases throughout the year resulting in a funding shortfalls; and,
- the difficulty faced by the institute to raise additional funds exclusive of the core funding.

Other comments from educational stakeholders included:

-
- although there may be duplications of administration with other programs, it is important for GDI to remain distinct to preserve their sense of identity; and
 - Adult Basic Education seats are purchased through DTI and once all seats are filled through this avenue, seats may be purchased through the Saskatchewan Skills Development Program.

Staff and faculty feel that they have some capacity to reduce program costs, however, in order for this to occur they feel that they must have input into the budgeting process and be consulted about organizational and administrative issues. Staff members feel that they have little, if any, input into this process and that decisions are made arbitrarily, exclusive of staff input.

Management identified two areas which impact on program cost-effectiveness. These relate to accounting and reporting difficulties of the past and the impact of cost increases allocated by the University of Saskatchewan throughout the year. Management admit that there may be duplications of administration of other educational institutions. However, they suggest that it would be difficult to consolidate administration with other groups as GDI follows a different model.

Given the level of core services that GDI has provided in the past, the organization has been relatively cost-efficient in the use of core funding. GDI has been able to use the core funding to lever funding from other sources, particularly CEIC. Given the introduction of the PATHWAYS program, the dramatic reduction in program revenue and the corresponding reduction in fees for administrative services, GDI is unable to maintain the same level of core activity for the current level of core funding. The Business Plan provides a detailed analysis and options for the level of core activities, as well as the implications for core funding.

SUNTEP

Delivery and funding for the program are governed by two trilateral agreements between SETE, GDI and 1) the University of Regina; and 2) the University of Saskatchewan. These are six year contracts that expire March 31, 1995.

Under these contracts, SETE provides an annual core operating grant and reimburses university tuition fees and course costs for up to 180 SUNTEP students each year. Course costs include: full-time faculty, sessional rates, 15% administration fee to the Universities,

guest lecturer costs, travel, books, extra materials and equipment costs.

The SETE funding over the last seven years is as follows:

| Year | Core Grant | Tuition & Course | Total |
|-------|------------|------------------------|-------------|
| 88/89 | \$896,860 | \$569,142 | \$1,466,002 |
| 89/90 | \$941,000 | \$521,628 | \$1,462,628 |
| 90/91 | \$942,240 | \$469,017 | \$1,411,257 |
| 91/92 | \$942,240 | \$511,958 | \$1,454,198 |
| 92/93 | \$932,842 | \$611,511 | \$1,544,353 |
| 93/94 | \$913,970 | \$707,150 | \$1,621,120 |
| 94/95 | \$877,296 | \$453,591 ¹ | \$1,330,887 |

Program Cost - Effectiveness Issues

University Tuition and Course Costs

There is a significant difference in the course costs at the University of Saskatchewan versus the University of Regina. A comparison of these costs for fiscal 1993/94 follows.

University Course and Tuition Costs - Year ended March /94

| | PA | Saskatoon | Regina |
|---|------------------|------------------|------------------|
| Student fees & tuition | \$ 17,309 | \$ 65,442 | \$ 36,712 |
| Purchased courses | <u>328,415</u> | <u>206,894</u> | <u>106,546</u> |
| | <u>\$345,724</u> | <u>\$272,336</u> | <u>\$143,258</u> |
| Number of credit hours | 126 | 126 | 120 |
| Cost per credit hour, including tuition | \$2,744 | \$2,161 | \$1,194 |
| Cost per credit hour, excluding tuition | \$2,606 | \$1,642 | \$888 |
| Number of students | 96 | 70 | 50 |
| Cost per student | \$3,601 | \$3,891 | \$2,865 |

The Prince Albert and Saskatoon amounts represent the University of Saskatchewan costs and the Regina amounts represent the

¹ Based on the approved funding from SETE for fiscal 1995. It is expected that actual costs for fiscal 1995 will be approximately \$700,000. Funding for any amounts above the approved budget require Treasury Board approval.

University of Regina costs for all of the SUNTEP students registered in the program as at March 31, 1994. The Prince Albert costs per credit hour are higher than the Saskatoon and Regina costs as a number of instructors must travel to Prince Albert to teach the courses. However, the comparison of Regina and Saskatoon reveals that the University of Saskatchewan costs per credit hour are almost double the University of Regina costs. Given that the courses are similar, it is reasonable to expect that these costs should be more comparable than they are.

The trilateral contracts for SUNTEP expire in March 1995. In renegotiating the contract with the University of Saskatchewan, this analysis should be considered and the costs from the University of Saskatchewan should be brought in line with the costs from the University of Regina.

Parity of Faculty

The SUNTEP evaluation identified an issue in that SUNTEP faculty do not have parity with other teacher education programs in the province.

The following analysis illustrates the difference in remuneration:

| GDI - In-Scope Personnel (Effective April 1991) Classification¹ | Salary Range² | U of S Salary Schedules (July 1, 1994 - June 30, 1995) Classification | Salary Range³ | Percentage Difference for Median of Range |
|---|-------------------------------------|--|---|--|
| Faculty I - min. 3 yrs. of post-secondary or equivalent training and experience | 22,954 - 32,135 | Instructor & Ext. Spec. I | 28,103 - 36,111 | 16% |
| Faculty II - min. Bachelor of Education degree or equivalent and min 3 yrs of experience in the education field | 27,824 - 38,954 | Lecturer & Extn. Spec. II | 29,884 - 37,892 (overlap ceiling 41,588) | 1% (7% with overlap ceiling) |
| Faculty III - min. Bachelor of Education degree. Must have completed work at graduate level and have min. five years experience in the education field. (GDI will only hire someone with a Masters degree at this level.) | 30,824 - 43,153 | Asst. Prof. & Extn. Spec. III | 37,275 - 48,696 (overlap ceiling 53,967) | 16% (23% with overlap ceiling) |

¹ Source: GDI position descriptions.

² Source: GDI Salary Grid - effective April 1, 1991.

³ Source: U of S Salary Grid.

In addition, the University staff will receive a special or additional allowance for administrative duties. GDI does not pay an equivalent allowance, but expects that administrative functions performed are compensated for as part of the annual remuneration for SUNTEP faculty.

GDI estimates that an additional \$60,000 per annum would be required to achieve parity. This equates to an increase of approximately 15%.

Prince Albert Grand Council

The Prince Albert Grand Council (PAGC) have indicated that they will likely reduce or eliminate the number of seats purchased through SUNTEP. PAGC wish to organize a separate teacher education program. For purposes of the financial projections we have assumed that there is no revenue from PAGC after the 1994/95 academic year. Gross revenue lost would be approximately \$85,000 per annum plus tuition and course costs. The net revenue after incremental expenses that would be lost is estimated to be \$65,000 per annum.

Teaching Income

Under the trilateral agreement, SUNTEP faculty are allowed to teach anywhere from 6 to 12 credit hours, depending on the campus location. SUNTEP faculty are currently teaching for the following credit hours:

| | Credit Hours |
|---------------|-----------------|
| Regina | 10 |
| Saskatoon | 6 |
| Prince Albert | 12 |

GDI is paid by the university for the credit classes taught by GDI staff. In addition, the core grant for SUNTEP also covers the cost of SUNTEP faculty. The contracts will be re-negotiated in March 1995 and for the purpose of financial projections we have assumed the teaching income will reduce the amount of the core grant.

Core Services

Since 1980, SETE has provided GDI with funding to support certain core activities. This funding has been granted on an annual basis under a five year contractual agreement that expires March 31, 1997. The Core Grant is the only broad-based funding that GDI receives. All other funding is short-term or project specific.

From 1980 to 1987, Core Grant funding grew from \$51,000 (for the start-up period) to \$940,000 in 1987. Since that time, Core Grant funding has been gradually decreased. Funding over the past 7 years is summarized in the following chart:

| Fiscal Year | Core Grant ¹ | Percentage Change |
|-------------------|-------------------------|-------------------|
| 88/89 | \$726,200 | N/A |
| 89/90 | \$742,881 | 2.3% |
| 90/91 | \$739,885 | (0.4%) |
| 91/92 | \$794,884 | 7.4% |
| 92/93 | \$716,165 | (9.9%) |
| 93/94 | \$702,895 | (1.9%) |
| 94/95 (projected) | \$675,000 | (4.0%) |

¹ Source: Annual audited financial statements for fiscal 1989 - 1993. Internal financial records for fiscal 1994 and 1995. Core grants are net of amounts allocated to the Kapachee Centre.

In 85/86 the total core grant was increased to \$943,630 from \$873,630 in 84/85. The majority of the increase was for the amount to be allocated to the Kapachee Centre.

Management Framework

Introduction

In addressing management framework for GDI (including SUNTEP) and DTI, we were asked to consider the following elements:

- Are the systems and practices adopted by the Board, by management and by the funding stakeholders adequate and effective?
- Are the financial, administrative and operational systems reliable and appropriate for the identification, measurement, classification and reporting of management information?
- Is there compliance with those policies, plans, procedures, laws and regulations that could have a significant impact on operations and reports?
- Are the existing internal control procedures adequate for the safeguarding of assets?
- Are there improvements that could be made with respect to the economy and efficiency in the deployment of resources?

The approach taken that was taken in assessing the management framework included the following:

- interviews with GDI and DTI staff concerning financial, administrative and operational management processes;
- interviews with Board, staff, funding stakeholders and other stakeholders concerning operational and accountability matters;
- review of prior years Management Letters from the external auditors concerning improvements in the system of internal controls; and
- review of various internal documents.

Our observations and recommendations for improvement are grouped under the following topic areas:

- Effectiveness of Board Structure and Governance
- Management / Board Authority and Accountability
- Budgeting

-
- Contract Administration
 - Contracts for Course Delivery
 - Planning Activities
 - System of Internal Controls
 - Economy and Efficiency in the Deployment of Resources
 - Kapachee Training Centre

Result of Interviews

Questions and responses surrounding the issue of management framework dealt with board and management effectiveness and operation.

Most of the Metis local representatives felt that the board of GDI should consist of representatives from all regions of the province. These individuals also indicated that the current board composition and size was appropriate. However, they also indicated that the frequency of board meetings were inadequate and that teleconference board meetings were not an adequate solution. There were also some concerns about the circulation of minutes of meetings and some indicated that they had not received such documentation in nearly a year.

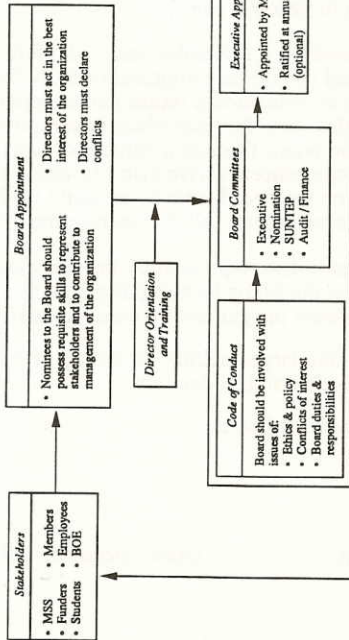
There were, however, a few individuals who felt that the board was cumbersome and should be comprised of individuals who were knowledgeable of educational issues and experienced in this area. Supporters of this view felt that Metis area representatives should interact with the board through a vehicle such as an educational committee. Some concerns were also expressed about limited representation on the board from areas south of Saskatoon. The Metis local representatives felt that management was effective.

The opinions and ideas expressed by the other stakeholders are in sharp contrast to the Metis local representatives. The following summary represents the general views expressed:

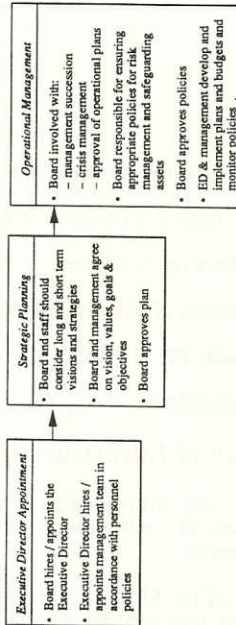
- the board is too large, lacking continuity of membership, and lacking direction and leadership;
- the board meets infrequently and with insufficient notice of meetings;

Corporate Governance Process - GDI and Affiliates

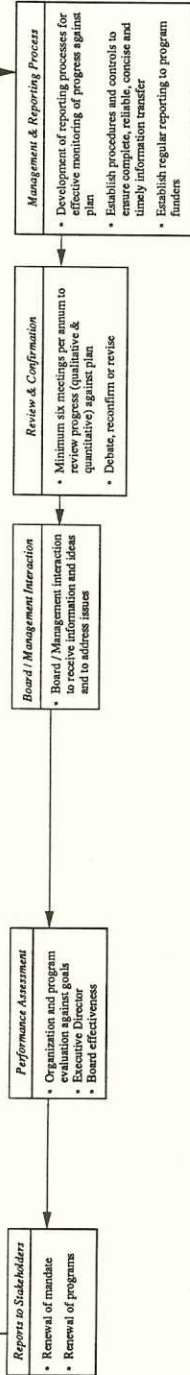
1. Board Appointment & Organization



2. Board Role and Authority



4. Evaluating Board and Management Performance



-
- minutes of board meetings are not distributed;
 - board effectiveness could be improved through board restructuring and distancing from the political aspects of MSS;
 - the board should be responsible for key policy development of the organization and this role is restricted due to the political nature of the board and the vested interests of its members;
 - GDI appears to be lacking strong leadership; and
 - communication between GDI and educational stakeholders could be improved through exchange of board members and introduction of a liaison committee to deal with operational issues.

Faculty and staff expressed a considerable level of frustration feeling isolated and vulnerable. They feel that communication is a serious problem and that they have no avenue for input into the decision-making process. They generally view board members as being inexperienced and lacking commitment. The major concern relating to board effectiveness centres around the issue of politics as they view the board as serving the political interests of the MSS and the various locals.

Management concur that communication is a problem, but indicate that attempts to improve this situation will be addressed through a flattening of the organization. Management also indicate that institutional tension between GDI and the College of Education of the University of Saskatchewan present difficulties. Management representatives are strongly in favour of the establishment of a Federated College associated either with the University of Saskatchewan or the University of Regina.

Observations and Recommendations

Effectiveness of Board Structure and Governance

During the course of the interview program conducted for the Operational Review, a number of issues were raised with respect to the Board and corporate structure for GDI. These are discussed as follows. The diagram on the page opposite provides an outline of Board responsibilities, authorities and accountabilities.

Size of the Board - Virtually everyone felt that with 24 people, the size worked against the effectiveness of the Board. It was generally felt that a Board size of 5 to 9 members was more appropriate.

Infrequent Meetings - While the by-laws state that the Board is to meet a minimum of six times a year and are to ratify decisions made by the Executive Committee during the intervening periods, this has not happened. The size of the Board and the cost of holding a Board meeting have been constraints to involving the Board in recent crisis management and decision making. The last Board meeting was in April. With the proposed financial restructuring of GDI and its affiliates, the Board should return to holding regular meetings every two months as provided for in the by-laws.

Another issue that arose is that minutes of Board meetings have not been distributed for a number of months. This again is attributed to the financial difficulties experienced by GDI and the turnover of staff. In the future, Board minutes should be distributed prior to the next meeting and, as a minimum 45 days after the meeting. In accordance with the by-laws, the date of the next regular meeting should be set at the conclusion of the meeting. Special meetings require 48 hours notice.

Communication Between Board and Management / Staff - Staff have been particularly sensitive to the lack of interaction with the Board and feel the Board may not understand the operations of the organization. In order to address this issue, we encourage joint Board / staff planning sessions for the development / review of operational and strategic plans. In addition, management / staff should continue to be invited to Board meetings to make presentations concerning operational initiatives or concerning the annual budget proposal.

Effectiveness of the Board - At the present the composition of the GDI Board focuses on representation of various regional, organizational and funding stakeholders. Board member appointment should also be based on knowledge, expertise, and commitment to the mandate and values of the organization.

Board Liability - Due to cash flow issues, the August remittances to the Receiver General were late. The Directors are personally liable for taxes and other statutory withholdings. Based on the interviews we conducted, Board members did not appear to be aware of the seriousness of the financial issues and consequently were not aware of their potential legal liability as Directors. Given the personal consequences to the Directors, the Board should have been advised of the potential liability.

If the matter is not already addressed in the Board orientation sessions that are currently provided, these sessions should include a discussion of Director liability and risk management.

Standing Committees - At the present time GDI has one standing committee, being the Executive Committee. We recommend the establishment of an Audit and Finance Committee and a Nomination Committee.

Although there is not a statutory requirement to do so, the Boards of not-for-profit corporations increasingly are creating Audit and Finance Committees with mandates to carry out the following:

- review and recommend for approval the annual budget;
- review the quarterly financial statements with comparison to budget;
- review the annual audited statements and recommend for approval;
- meet with the external auditors to discuss the audited financial statements and any recommendations for improvement in internal controls;
- recommend the appointment of the external auditors and approve the audit fee;
- periodically review and assess banking arrangements;
- review the adequacy of insurance coverage and recommend for approval insurance policies and coverage;
- review the delegation of authority guidelines and recommend for approval; and
- monitor the status of advances to employees and Board members.

Generally the committee will have at least three members, one of whom is a member of the Board. The other members are often not members of the Board. It is not a requirement that committee members have an in-depth knowledge of accounting or law, but such knowledge is an advantage. A broad business background, together with sound judgment, independence of mind and a healthy degree of skepticism are needed.

The other standing committee is a Nomination Committee. The Nomination Committee likely only meets once a year, but has an important role in ensuring that Board members represent a diversity of knowledge and experience. What we propose is a Nomination Committee that is comprised of three members - a representative of the Board, a representative of senior management and a representative of the funding stakeholders. The committee would be responsible for proposing the slate of new directors that would then be ratified through the process required under the terms of the by-laws. While final authority for approval of the directors rests elsewhere, this committee would represent diverse stakeholders of GDI and would together have a broad knowledge of good candidates whose names should be put forward as Board members.

Management / Board Authority and Accountability

Delegation of Authority Guidelines - Through the signing authority guidelines, the Board delegates to management the authority for the approval of expenditures up to a certain level and holds management accountable for the decisions taken. The current delegation of authority for GDI specifies approval limits for expenditures. These guidelines should be widened to also cover commitments. An expenditure is the payment for a good or service after the good or service has been received whereas the commitment is the authorization to purchase the good or service. For true accountability, this is where this delegation of authority should be.

Executive Director - At the present time, the Executive Director position is being filled on an acting basis by another GDI/DTI employee. We recommend filling this position with a permanent staff member within the next one or two months. Implementing the restructuring and operational changes that are necessary requires the time and attention of full-time staff member. It is difficult for a staff member to management two positions during a time of significant stress and change for the organization.

Code of Ethics - GDI has developed a code of ethics that covers the actions of both Board and staff of GDI. It is useful to have both new Board and staff members sign acknowledging their agreement to comply with the code.

Budgeting

GDI is facing serious financial problems and the budget is a critical tool in establishing the financial plan to set the course of action, to monitor results versus plan and to modify plans where

circumstances dictate. We have the following recommendations concerning the budgeting process and the use of the budget as a management tool.

Budgeting Deficits - The documentation made available to us with respect to the GDI budgets for the fiscal years ended March 31, 1994 and 1995 indicated budgeted losses of \$1 million and \$300,000, respectively. As Board minutes were not available, we were not able to verify whether or not these budgets for the organization as a whole were approved by the Board.

The approved budget is the Board's concurrence with management's plan for the upcoming year. The Board should hold management accountable for operational performance as planned in the budget. If circumstances significantly change, then management should take a revised operational plan and financial forecast to the Board for approval. In turn the Board is responsible for ensuring appropriate actions are taken to maintain the financial health of the organization.

The budgets for fiscal 1994 and 1995 showed significant losses and indicated that without action, GDI was in serious financial difficulty. These appear to be the only budgets that were prepared, even though actions were taken to address the financial problems and the actual loss for the year ended March 1994 will be in the order of \$320,000.

Our recommendation is that the respective Boards of GDI and DTI should approve the overall budgets for the organizations. This approval should be documented in the minutes along with a copy of the approved budget. If significant operational or financial changes are expected or occur during the year, management should bring a new forecast to the Board for approval.

In addition, following the restructuring, the Board should adopt a balanced budget policy, such that a deficit budget plan can not be approved.

Timing - The budget should be prepared and approved prior to the start of budgeted fiscal year.

Involvement in the Process - In the past our understanding is that the budget was largely prepared by the Director of Finance with input from Senior Management. Recently, program co-ordinators have been involved in the budgeting process. We recommend that this practice continue and be encouraged throughout the

organization. Responsibility for budget preparation should follow with accountability and authority for program management.

Mid-Year Evaluation - It is often difficult for organizations such as GDI and DTI to accurately forecast the number and nature of programs that will be delivered throughout the year. Many not-for-profit organizations have found it useful to conduct a mid-year re-evaluation of the financial forecast to the end of the year to assess whether or not revisions to operational plans are necessary.

SUNTEP Budget Process - According to the trilateral SUNTEP agreements, GDI has agreed that all payments from SETE will be made in accordance with an annual budget. In the past few years GDI requests for payments in the area of tuition and course costs have exceeded the budgeted amounts. During our interviews, GDI staff indicated that a contributing factor to the overruns was due to the lack of control or influence GDI had with respect to the course costs billed by the universities. GDI cannot and should not, from a financial point of view, commit to a fixed budget for tuition and course costs with SETE unless the universities also commit to a budget with GDI at the start of the fiscal year.

The current SUNTEP agreements expire in March 1995. In the renegotiation of these agreements, a provision should be made in the agreement for the universities to be part of the budgeting process for the tuition and course costs and to commit to a fixed budget, as GDI is asked to commit to a fixed budget with SETE.

Contract Administration

The key contracts with the funding stakeholders are the Core Funding Agreement, the SUNTEP trilateral agreements, and the DTI funding agreements. Under the terms of these contracts GDI and its affiliates receive significant funds for the delivery of programs and services for which GDI is accountable to SETE. SETE has a responsibility to GDI to provide timely feedback and to participate in joint program evaluations.

If there are specific expenditures or activities that should not be funded in whole or in part through funds received in accordance with the government contracts, these should be specified in the contract. This would allow for ease of interpretation of what is or is not an eligible expense.

Each contract provides for program reporting on an annual or a monthly basis. (The Core Funding Agreement is annual and the SUNTEP Agreements are monthly.) Based on the experience of the

last twelve to eighteen months, we concluded that contract reporting requirements were generally not been followed, although the SUNTEP Review Committee is starting to meet once again on a regular basis.

We recommend that the program reporting be standardized in the all of the contracts to help simplify the reporting requirements for GDI, while meeting the objectives of SETE. Therefore, we recommend that a Management Report be prepared on a quarterly basis. This report would include the following information:

- Quarterly financial statements with a comparison to budget by major program area - SUNTEP, Core program activities, Administration, and Other Specific Contract Projects.
- Planned Activities and Accomplishments during the quarter by major program area - This section would compare initiatives undertaken versus plans.
- Issues or Other Matters of Note

The Management Report would be coordinated by the Executive Director, with the assistance and input of the senior management team. This report could be circulated as information to the Board, the SUNTEP Review Committee, SETE and the senior management team. The Board, the Review Committee and SETE would then be responsible for the timely review of this report and comment, as appropriate.

Program Evaluation

GDI has a comprehensive Program Evaluation Guide for program coordinators to complete. The guide was developed in February 1989. The guide includes activities to be conducted at the beginning of the program, activities to be conducted on an ongoing basis, activities to be conducted at mid-session and activities to be conducted at the end of the program. The evaluation is to be completed by the program coordinator.

We understand that if the evaluations are being completed the information is kept by the program coordinator and not being summarized or used for the overall assessment of programs. The information gathered through this evaluation is useful in measuring program output, in assessing effectiveness and in improving future programs.

In particular the student assessments and the assessment of achievement of goals and objectives are particularly useful and should be used to assess plans and programs on an organization wide basis. The evaluation results can also be used as something of a marketing tool to encourage LMMBs and bands to purchase seats in GDI programs.

Contracts for Course Delivery

Cash flow and the timing of cash flow is a major concern for GDI. The organization has agreements with a number of bands and LMMBs for the delivery of courses and programs such as SUNTEP (bands and PAGC), Metis Management, Social Work, etc. Some of these contracts are for the purchase of seats for students in a course, others are for the purchase of a complete course. The following are recommendations that will improve cash management, enhance revenue collection and reduce bad debts relating to these contracts.

Contracts for Complete Courses - The course contract should include the following:

- The contract should be signed by the Band or LMMB acknowledging agreement to the contract terms.
- The contract should specify the billing arrangements. We recommend that an amount be received in advance of the course commencement to provide cash flow for start-up costs. Provision should also be made for monthly billings based on the budget for the course that is normally attached to the contract. The final bill would be held until an actual accounting for the course costs was available and would reflect any adjustments required. This would allow for courses to be billed on a regular basis.

Seat Purchases - For seat purchase courses, the tuition should be billed in an advance, for the semester or term. If payment is not received within one month, a written request for payment should be sent. If the amount is outstanding after two months then a registered letter should be sent, with a copy to the student, indicating that if payment is not received the student will be asked to withdraw from the class and their certificate withheld.

Planning Activities

In 1993, GDI management developed a comprehensive five year plan. This plan detailed objectives, actions and timetable for numerous initiatives by major program area.

This strategic plan is a very detailed document. While the concepts are excellent, it is difficult to use as a guide for operations. We have the following recommendations for the planning process.

The strategic plan should include the goals and objectives for the five year period with only the key strategic action initiatives for the five year period noted. More detailed action plans should only be prepared on an annual basis and should be linked to the budgeting process. The latter is critical to ensure that adequate resource (personnel and funds) are available to undertake the planned initiatives.

To help the organization focus and effectively allocate the scarce resources available, priority goals/objectives need to be set. These priorities must be developed through interaction with the Board and through workshops assessing member needs at the annual members meetings.

In addition, it is useful to share strategic initiatives with the funding stakeholders. At the present time this is a static process whereby a copy of GDI's strategic plan is submitted to SETE. GDI may or may not receive comments on the strategic initiatives.

We recommend that a more interactive process be adopted such that there is a sharing of relevant strategic initiatives and intents. This can be accomplished through a meeting between GDI personnel (possibly including a member of the Board) and SETE personnel. At this meeting the GDI plans and initiatives would be discussed, as would relevant SETE policy changes, proposals and initiatives. Understanding the policy direction of the funding stakeholders should help GDI in their planning activities. This meeting should take place just prior to the commencement of the budgeting cycle, to link the plans with the funding available.

System of Internal Controls

As part of the Operational Review we reconsidered the system of internal control and have the following observations and recommendations.

Segregation of Duties - Due to the relatively small number of accounting staff employed by GDI, and the vacant Director of Finance position, segregation of important accounting functions does not always occur. For example, the same person often prepares the cheques, processes the invoices and handles banking transactions.

Segregation of duties is important as it is an excellent way to control the integrity and accuracy of accounting information and records. At this point, GDI has a small accounting staff and management staff are located in Saskatoon. This makes proper segregation of duties difficult. Once the Director of Finance position is filled, this issue should be addressed.

Supervisory Review - Due to the fact that the Director of Finance position is currently vacant, the supervision of day to day operations of the accounting and finance functions is being performed by management staff in Saskatoon, in addition to their other duties. Resources are stretched in the areas of billing, follow-up and collection of receivables; management of banking relations; monitoring of cash inflows and outflows; completion of GST remittance forms, etc. As a result, cash flow suffers.

We recommend that GDI fill the vacant Director of Finance position as quickly as possible.

Presigned Cheques - Presigned cheques are maintained in the Regina office in a locked safe. These cheques are released for payment of suppliers by the accountant in Regina. Management staff and signing authorities are located in Saskatoon.

Ideally, presigned cheques should not exist. However, given the fact that none of the signing authorities are resident in Regina, presigned cheques are most likely a necessity.

While access to the cheques is controlled through a locked vault, use of the cheques should be monitored and verified by the signing authorities in Saskatoon. A list of the cheques (and cheque numbers) released should be faxed to Saskatoon for management review. Management should also review the bank statements and ensure that the cheques listed on the daily fax are the only cheques that have been processed through the bank account.

If the administrative operations were consolidated in one location, the need for pre-signed cheques should be eliminated.

Prenumbered Invoices - GDI prepares and sends billing invoices for programs and services rendered to various bands, LMMBs and funding agencies. The invoices may be prepared by personnel in Regina or in Saskatoon, depending on the program. The invoices are prepared on normal GDI letterhead and faxed from Saskatoon to Regina, as applicable. The invoices are not prenumbered and as a result it is difficult for the accounting staff to ensure that all invoices have been received and processed in the books of account.

GDI and DTI should use prenumbered invoices for billings. Continuity of the invoice numbers should be checked by the accounting staff to ensure that all revenue is recorded in the books and records.

Travel and Employee Advances - Travel and other advances are frequently requested by the Board and staff of GDI and its affiliates. Requests are not always accompanied by support for the request. The use of travel advances is an area of concern for funding stakeholders. In fiscal 1994, CTR wrote off a portion of an advance to the former Executive Director for the training residence.

We recommend that all advance requests be accompanied by a reason for the advance and a rationale for the advance. (i.e., If the advance is for a trip to Regina, the advance should be provided to cover estimated out of pocket mileage expenses. The purpose for the trip should also be noted.) Advance requests not accompanied by the appropriate support should not be approved until the support is received.

Travel advances should not be made if there is an existing advance outstanding for which a travel claim has not been submitted.

Economy and Efficiency in the Deployment of Resources

Facilities - Due to the downsizing of operations, GDI has excess space in the Regina and Prince Albert locations. In Regina, GDI leases a former elementary school from the Board of Education and in the Fall of 1994, a reduced lease rate was negotiated.

In Prince Albert, GDI owns the building. Although part of the building is leased to a third party, GDI does not require all of the space that is available. We estimate that carrying this excess space is costing GDI approximately \$80,000 per annum. The building has been listed for sale and it appears that it may be sold in the near future.

At the present time, administrative personnel for GDI and DTI are located both in Regina and Saskatoon. Senior management are located in Saskatoon, with the accounting staff in Regina. From an economy and efficiency point of view, it would be better if all administrative operations were consolidated in one location. Due to the fact that Saskatoon is geographically more central to the services GDI provides than is Regina, we recommend that the administrative operations be consolidated in Saskatoon.

With the consolidation of operations in Saskatoon, the following matters need to be considered:

- *Staff communication and notification* - At the present time, it is unlikely that the current accounting staff would transfer to Saskatoon. Given the current Director of Finance vacancy, turnover of staff at the accounting level would prove to be a considerable hardship to GDI as knowledge and understanding of historical operations would be lost. In order to minimize the disruption, an attractive relocation package or short-term (six month) contract should be made available to key accounting staff. The latter would help in the transition of operations to Saskatoon and the training of new staff that may be hired in Saskatoon.
- *Timing of the relocation* - We suggest that the timing of the relocation be scheduled for after the year end and after the completion of the audit field work. This would ensure that the closing of the financial year would not be delayed by the move and that historical records would not have to be unpacked after the move to accommodate audit requirements.
- *Member and LMMB communication* - One of the fundamental reasons why the administrative office was located in Regina was to ensure geographical distribution of operations in both the northern and southern parts of the province. MSS members in the southern part of the province may feel that with the consolidation of administrative functions in Saskatoon, needs of members in the southern part of the province will not be properly addressed. Expectations need to be managed through a planned, open communications program with all of the LMMBs. The communications program should explain that the consolidation of operations is a cost reduction / efficiency initiative. The communications program should also explain that program, training and education needs will be met through program development personnel and research personnel to be employed by GDI and DTI.

PA Library - GDI has library facilities located in Regina and Prince Albert. The Prince Albert library has a broad based user group, including students of GDI, former students of GDI, students enrolled in other university programs (particularly the University of Regina) and other Prince Albert residents. The librarian in Prince Albert has initiated discussions with the SIAST library and the public library in Prince Albert concerning a "shared services concept". Although the concept is in the preliminary stages and requires the support of the

GDI Board to proceed, the concept is a good initiative. As a minimum it should enhance the level of service that is already collectively provided by the libraries in Prince Albert. It also has the potential for collectively increasing the funding support for these libraries by bringing key stakeholder / user groups to the table, being the University of Regina and the Prince Albert Grand Council.

Kapachee

Approximately \$50,000 per year of GDI's core grant is designated for Kapachee Centre (Kapachee). Kapachee was formed in 1977 and has delivered accredited Post Secondary Education, on the Job Training and Technical Training in various vocations. ¹

Because of difficulty in acquiring funding for accredited education and technical training, Kapachee appears to be shifting to providing training with more of a social focus. Their plans for 1994/95 include the provision of the following courses:

- Life Skills Coach/Facilitator
- Early Childhood Development
- Integrated Services: Brighter Futures
- Pre-Employment Entry Program
- Systematic Training for Effective Parenting Teens
- Interpersonal Communications

GDI courses tend to be oriented more to technical, vocational or educational training. As a result, there is less synergy between the two organizations. We recommend the Kapachee funding be received directly from SETE and not through GDI. This would eliminate the administration required by GDI for the Kapachee program.

¹ Source: Kapachee Training Centre Activity. Report 1993 - 1994 and Projected Programming 1994 - 1995.

