

**ACTION PLAN IMPLEMENTATION STATUS UPDATE
REPORT TO THE EVALUATION, PERFORMANCE MEASUREMENT AND REVIEW COMMITTEE - AS OF SEPTEMBER 30, 2011**

Chief Financial Officer and Regional Operations

Evaluation of The Intervention Policy (09082)

APPROVAL DATE: 18/11/10

| PROJECT RECOMMENDATIONS | ACTION PLAN | EXPECTED COMPLETION DATE | PROGRAM RESPONSE |
|---|--|---|--|
| <p>1. Implement prevention and early detection strategies to prevent First Nations going into intervention status or escalating to a more serious level of intervention. Activities should include:</p> <p>a. Better identification of financial and governance capacity gaps and needs (linked to the General Assessment);</p> <p>b. Better and broader identification of triggers for third party management and co-management;</p> <p>c. Identification of incentives for third party managers to build First Nations capacity, to be written into agreements with third party managers;</p> <p>d. Development of questions to assess properly key success factors to analyze trends in relation to escalation and de-escalation (consider undertaking</p> | <p>a. The roll out of the General Assessment (GA) tool got underway in October 2010 and will be fully implemented by April 1st, 2011. The GA will provide information as to the risk level of recipients and will also serve to identify recipients' capacity gaps. The GA will be used as a source of information to prevent and address defaults under a new Default Prevention Management Policy.</p> <p>Regional Operations Sector is currently in the process of developing two more effective approaches to capacity development programming within INAC and will develop strategies to better respond to gaps identified in the GA.</p> <p>b. The new Default Assessment Tool will add consistency to the decision to appoint a Third-Party Funding Agreement Manager (TPFAM). This tool will be based on concrete evidence provided from a number of sources such as field visits, the GA and other available information.</p> <p>c. It is often found that the relationship between the TPFAM and the recipient is not amenable to building trust and capacity. As a result, incentives are not written into the funding agreements. However, upon re-opening the MERX process identifying a new set of TPFAMs, the need to include incentives and milestones for capacity development will be evaluated.</p> <p>d. The Policy on Transfer Payments identified key capacity requirements for success (governance, organizational capacity, mature processes / procedures, accountability mechanisms, and</p> | <p>From April, 2011</p> <p>2011-12</p> <p>2011-12</p> <p>2011-12</p> <p>2011-12</p> | <p>Status: Request to Close - Completed</p> <p>Update/Rationale: As of 30/09/2011:</p> <p>CFO- 1 a) The General Assessment was approved and implemented April 1, 2011. The General Assessment provides an annual "snapshot" of the funding recipient's past performance and identifies strengths and emerging risks that may have an impact on how the department manages its transfer payments to the recipient. The GA results are also used as a source of information to prevent and/or address defaults under the new Default Prevention and Management Policy and Directive. Meanwhile, the P&ID program has been re-structured to focus on 4 priority areas which address gaps identified in community GA scores. In addition, \$4 million have been invested to address 76 community Default Management Prevention Plans across all regions this fiscal year.</p> <p>RO- Status: Request to Close - Completed</p> <p>1 a): Version 2 of the General Assessment, a recipient risk assessment tool, has been approved for use across the department to support a risk based approach to managing funding agreements. The General Assessment has been approved and posted on the Transfer Payments Centre of Excellence Website.</p> <p>CFO- b) Default Assessment tool and User Guide were developed to ensure:</p> <ul style="list-style-type: none"> • Policy requirements are met; • A consistent approach across regions and sectors; and • Due diligence is exercised and can be demonstrated. <p>The Default Management process provides a standard means to assess the nature and level of risk associated with a default, based upon AANDC's risk tolerance which is expressed in the form of a "Heat Map" (grid). This allows the consideration of</p> |

**ACTION PLAN IMPLEMENTATION STATUS UPDATE
REPORT TO THE EVALUATION, PERFORMANCE MEASUREMENT AND REVIEW COMMITTEE - AS OF SEPTEMBER 30, 2011**

Chief Financial Officer and Regional Operations

Evaluation of The Intervention Policy (09082)

APPROVAL DATE: 18/11/10

| PROJECT RECOMMENDATIONS | ACTION PLAN | EXPECTED COMPLETION DATE | PROGRAM RESPONSE |
|--|---|--------------------------|---|
| <p>community surveys to better assess community capacity factors for success); and</p> <p>e. Improve communication and coordination at the national and regional level with other federal government who deliver services and programs to First Nations.</p> | <p>financial health). The Department is developing assessment tools to examine recent strengths and weaknesses related to these capacity requirements. The General Assessment and Readiness Assessment are key tools under implementation and development now. The processes and structures around these tools involve purposeful, focused community engagement. In addition, the Department is examining options for more comprehensive approaches to supporting community development and community planning, which will further strengthen our understanding of community key success factors.</p> <p>The results of the GA will be reviewed annually to monitor escalation or de-escalation of all communities/recipients in various areas and key factors to generate escalation will be explored.</p> <p>e. Work with DOJ and other federal departments to facilitate information sharing between federal departments where there is a common recipient e.g. working with Health Canada on a protocol and common agreement clauses and look for opportunities for harmonization in regards to community development.</p> <p>INAC also co-ordinates an ADM Network on Aboriginal Affairs that meets regularly to improve communication and coordination. Regional managers participate in Federal Regional Councils.</p> | <p>Ongoing</p> | <p>both the urgency and consequence of the default situation. The DM process provides a standard means to express the nature and level of risk associated with a default (low, medium, high) and a series of default management processes, to adjust administrative requirements on recipients proportionate to the level of risk.</p> <p>CFO- c) The TPM may be asked by the department to carry out advisory, administrative or capacity development roles. Administrative roles include safeguarding the financial operations required in support of delivery of programs and services to First Nation communities while assisting the Recipient to be in a position to administer the funding in the near future. The TPM may be asked, as specified in the TPM Call-up, to</p> <p>a) Administer, in whole or in part, the Recipient's funding and its obligations set out in the Recipient Funding Agreement(s);</p> <p>b) Act as facilitator between the Recipient and its creditors to negotiate repayment plans, if required;</p> <p>c) Assist the Recipient to remedy default in order to facilitate the return of administration of the funding to the agreement. This may include the provision of advice on the resolution of difficulties as well as capacity development, including the preparation and implementation of strategy as defined in the policy. The Third Party Funding Agreement is also subject to performance review.</p> <p>CFO- d) The General Assessment provides an annual "snapshot" of the funding recipient's past performance and identifies strengths and emerging risks that may have an impact on how the department manages its transfer payments to the recipient. The GA results are also to be used as a source of information to prevent and/or address defaults under the new Default Prevention and Management Policy and Directive.</p> <p>RO- Underway d) The department has been working concurrently on the development of a departmental Readiness Assessment, an</p> |

ACTION PLAN IMPLEMENTATION STATUS UPDATE
REPORT TO THE EVALUATION, PERFORMANCE MEASUREMENT AND REVIEW COMMITTEE - AS OF SEPTEMBER 30, 2011

Chief Financial Officer and Regional Operations

Evaluation of The Intervention Policy (09082)

APPROVAL DATE: 18/11/10

| PROJECT RECOMMENDATIONS | ACTION PLAN | EXPECTED COMPLETION DATE | PROGRAM RESPONSE |
|---|--|---------------------------------|--|
| | | | <p>eligibility assessment tool that will be used to assess recipient capacity to deliver AANDC programs and services using more flexible funding mechanisms and approaches.</p> <p>Work is underway to fully integrate the Readiness Assessment into the General Assessment for the release of General Assessment Version 3. The Readiness Assessment is undergoing testing to make final adjustments and prepare the tool for broad application April 2012.</p> <p>CFO- e)AANDC has a joint work plan with HC and is co-leading with HC the National Interdepartmental G&C Delivery Pilot for Aboriginal Recipients with HRSDC and Public Safety acting as sponsor organizations.</p> <p>RO- Status: Underway e) Workplan items completed and underway, quarterly meetings of the working group completed.</p> <p>AANDC and HC DG level working group has recommended SADM approval of the AANDC and HC Consolidated Workplan.</p> <p>AES: It is recommended that this recommendation be closed.</p> <p>Actions have been implemented or being implemented. No further follow-up is required.</p> |
| <p>2. It is recommended that:</p> <p>a. Third party managers be prequalified and assessed against performance criteria;</p> | <p>a. The current third party managers' prequalified list was established in FY 2009-10 by means of a MERX competitive process. The list as well as Framework Agreements with third party managers are valid for a period of three years and can be amended for a period up to five years.</p> <p>The current Intervention policy requires that a performance review be conducted to assess the performance of the third party manager in meeting the requirements of the third party management agreement. CFO is currently reviewing the Policy and will ensure performance review requirements</p> | <p>Completed</p> <p>2011-12</p> | <p>Status: Request to Close -Completed</p> <p>Update/Rationale: As of 30/09/2011:</p> <p>a) The new Third Party Funding Agreement Management Directive includes Performance Management Framework for Third Party Funding Agreement.</p> <p>b) The department has developed a Recipient Audit Policy and Directive that apply to Third Party Funding</p> |

ACTION PLAN IMPLEMENTATION STATUS UPDATE

REPORT TO THE EVALUATION, PERFORMANCE MEASUREMENT AND REVIEW COMMITTEE - AS OF SEPTEMBER 30, 2011

| Chief Financial Officer and Regional Operations | | | |
|--|---|--|--|
| <i>Evaluation of The Intervention Policy (09082)</i> | | | |
| APPROVAL DATE: 18/11/10 | | | |
| PROJECT RECOMMENDATIONS | ACTION PLAN | EXPECTED COMPLETION DATE | PROGRAM RESPONSE |
| <p>b. INAC audit co-management and third party management arrangement on a risk basis; and</p> <p>c. Revise the third party management agreement to request participation of third party managers in evaluations as well as in audits.</p> | <p>continue to be addressed in the new Default Prevention Management Policy by means of improved monitoring tools.</p> <p>b. CFO will ensure that its revised directive on third party management requires sectors to perform audits of co-management and third party management agreements on a risk basis.</p> <p>c. The current third party framework agreements already include an audit clause that requires third party managers to provide all necessary assistance to auditors. CFO will ensure that new framework agreements include a requirement for participation of third party managers in evaluation as well.</p> | <p>2011-12</p> <p>Completed</p> | <p>Agreements. Third Party Funding Agreements also include rights to audit clauses. We no longer require Recipient to enter into a Co-Management Agreement. It is now replaced with Advisory Services.</p> <p>c) Completed as indicated in the 2010 status update.</p> <p>AES: It is recommended that this recommendation be closed.</p> |
| <p>3. The proposed new Default Prevention and Management Policy should address the design and delivery gaps of the current Intervention policy by:</p> <p>a. Implementing national tools and formalized processes in the assessment of First Nations;</p> <p>b. Clarifying FSO roles and responsibilities, developing job descriptions that identify competencies and knowledge needed, and identifying training to meet requirements; and</p> <p>c. Clearly communicate the new policy and assessment processes to stakeholders and</p> | <p>a. Policies/directives for default management and the GA as well as tools supporting consistency and implementation will be formalized through a national process in First Nation Inuit Transfer Payment.</p> <p>b. Roles and responsibilities will be clearly identified in the policy/directives document.</p> <p>FSO roles are currently being reviewed to identify requirements for strategic alignment with core functions. A report has already been tabled and is currently being considered in term of realigning resources to operational priorities.</p> <p>c. Engagement sessions on the new Default Prevention and Management Policy were delivered over summer 2010. Policy-directives document will be reviewed based on feedback from those sessions. Training-info sessions will be provided to INAC staff before and after April 2011 implementation. INAC will liaise with AFOA in order to update Aboriginal training material provided by</p> | <p>April 2011</p> <p>] April 2011</p> <p>April 2011</p> <p>July 2011</p> | <p>Status: pending Implementation</p> <p>Update/Rationale: As of 30/09/2011:</p> <p>a) The Default Prevention and Management Policy and companion tools have been developed and approved in July 2011. These standard tools have been developed to ensure policy requirements are met; a consistent approach across regions and sectors; and due diligence is exercised and can be demonstrated. The FNITP system intervention module will also experience a design review to functionally implement the new directives, tools and controls.</p> <p>Status: Request to Close - Completed</p> <p>b) The Default Prevention and Management Directive clearly identifies roles and responsibilities of FSO.</p> <p>Status: Underway</p> <p>c)The new Default Prevention and Management Policy and Directive have undergone numerous consultations with both internal external parties. The Default Prevention and Management Policy and companion tools have been approved in July 2011. The new Policy and Directive have been shared</p> |

ACTION PLAN IMPLEMENTATION STATUS UPDATE
REPORT TO THE EVALUATION, PERFORMANCE MEASUREMENT AND REVIEW COMMITTEE - AS OF SEPTEMBER 30, 2011

Chief Financial Officer and Regional Operations

Evaluation of The Intervention Policy (09082)

APPROVAL DATE: 18/11/10

| PROJECT RECOMMENDATIONS | ACTION PLAN | EXPECTED COMPLETION DATE | PROGRAM RESPONSE |
|--|---|--|--|
| First Nations. | AFOA to Aboriginal recipients. | | with Aboriginal Financial Officers Association of Canada in order for the organization to update its training material. The department is now conducting a final review of the translated documents to fully communicate the policy, companion directives and tools. Training sessions will also be added on the training calendar. Status: Request to Close - Completed AES: It is recommended that this recommendation be closed. |
| <p>4. Develop and implement better monitoring and reporting systems that involve:</p> <p>a. A performance measurement strategy to allow for meaningful reporting through quarterly progress reports and the Departmental Performance Report. Indicators such as duration, incidence and level of intervention, and level of implementation of Remedial Management Plan could be considered;</p> <p>b. A cost tracking system at the headquarters and regional level to capture cost data in order to measure cost effectiveness and inform future decisions; and</p> <p>c. Re-design the intervention policy module in FNITP that will involve a revision of the inputs, processing and output (reports) of the system at the regional and national level in order to make it more user-friendly, reliable and to inform performance measurement strategy to be developed in line with the new policy.</p> | <p>a. CFO will report quarterly to the Financial Management Committee Senior Management meeting, on the intervention status, based on clear indicators. National oversight will also be managed annually by Operations Committee to review all communities with default management activity.</p> <p>b. Cost of 3rd party managers will be tracked in FNITP and oversight reports will be regularly produced.</p> <p>A one time assessment of costs other than 3rd party management will be performed after two years of application of the new policy to measure the cost effectiveness.</p> <p>c. The FNITP intervention module will be redesigned to align with the new Default Prevention and Management Policy and its underlying directives.</p> | <p>April 2011</p> <p>2011-12</p> <p>2013-14</p> <p>2011-12</p> | <p>Status: Request to Close - Completed</p> <p>Update/Rationale: As of 30/09/2011:</p> <p>a) CFO report to the Financial Management Committee on Intervention status. Last update was 15/09/2011.</p> <p>Status: Underway</p> <p>b) Cost of Third Party Managers is tracked in FNITP. Report is available to senior management. The assessment of cost effectiveness will be conducted after two years of application of the new Default Prevention and Management Policy and companion tools.</p> <p>Status: Closed</p> <p>c) The FNITP system intervention module will experience a design review to functionally implement the new directives, tools and controls.</p> <p>Status: Underway</p> <p>AES: It is recommended that this recommendation be closed.</p> |