

**ACTION PLAN IMPLEMENTATION STATUS UPDATE
REPORT TO THE AUDIT COMMITTEE
AS OF JUNE 30, 2014**

Regional Operations			
<i>Comprehensive Audit of the AANDC and Attawapiskat First Nation Management Control Framework</i>			
APPROVAL DATE: 09/28/2012			
PROJECT RECOMMENDATIONS	ACTION PLAN	EXPECTED COMPLETION DATE	PROGRAM RESPONSE
<p>1. The Ministerial Loan Guarantee process should be reviewed, in consultation with CMHC, giving consideration to the following:</p> <ul style="list-style-type: none"> • Developing stricter enforcement practices with respect to eligibility requirements and taking remedial action with regard to non-compliance; • Implementing practices to certify completion of housing units by a suitably qualified professional according to National Building Code of Canada standards or an accepted equivalent set of standards; • Conducting a risk-based periodic review of First Nation inspection records; and, • Developing formal practices (e.g. Memorandum of Understanding between AANDC and CMHC) to require that the results of 	<p>We concur with this recommendation.</p> <p>Lenders providing loans backed by Ministerial Loan Guarantees (MLGs), including CMHC, must assure due diligence with loan management, including prudent lending practices, arrears, default and reporting to AANDC. AANDC will work with lenders to identify opportunities for improving due diligence processes.</p> <p>AANDC is exploring mechanisms for improving National Building Code compliance.</p>	<p>Q3, 2013-14</p>	<p>Status: Ongoing Update/Rationale: As of 30/06/2014:</p> <p>The MOU is fully implemented, and AANDC and CMHC are regularly sharing the requisite information. Regional MLG officers have been briefed on relevant CMHC data obtained under the MOU.</p> <p>AANDC and CMHC have established a process for regular monthly meetings at the DG/VP level to discuss issues of concern and ensure co-ordination of housing activities.</p> <p>AANDC is in the process of revising the Terms and Conditions for Ministerial Loan Guarantees in order to update them with new specifications for prudent lending practices, requirements to adhere to the National Building Code, and changes associated with the new Environment Review Process.</p> <p>Revised Completion date: Q4 2014-2015</p> <p>AES: Overdue, recommend acceptance</p>

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CMHC Physical Condition Reviews and client visit reports be shared with AANDC as a mandatory requirement of the eligibility process.			of revised due date.
<p>2. The Capital Facilities and Maintenance (CFM) Program terms and conditions should be reviewed, giving consideration to the following:</p> <ul style="list-style-type: none"> • Including eligibility requirements which require demonstrated financial management capability with respect to the First Nation's housing program (e.g. Replacement Reserve Account, collection practices, reliable housing reports); • Adding the requirement that a separate Housing Authority be established as a CFM eligibility requirement; • Discontinuing the practice of allowing minor core capital to be used for the purposes of 	<p>We concur with this recommendation.</p> <p>AANDC will review the CFM Program as it relates to housing, and consider the issues identified by this audit when next renewing the Terms and Conditions for the program.</p>	Q3, 2013-14	<p>Status: Ongoing Update/Rationale: As of 30/06/2014:</p> <p>A concept/framework for the reform of management of minor capital funding, of which housing is a part, was developed in Q4 of 2013-14. In 2014-15, First Nations will be required to indicate where they plan on investing all formula-based funding in their 2015-16 community First Nation Infrastructure Investment Plan to demonstrate accountability for its use. A risk-based approach will be used to evaluate and approve these plans.</p> <p>Tools and guidance documents are being finalized, and are currently under review by Regional Offices. Regional Directors General have been advised about changes to CFMP practices.</p>

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<p>debt repayment; and,</p> <ul style="list-style-type: none"> • Clarifying housing report definitions and developing housing performance indicators which can be used to assess maintenance needs and establish a baseline on which to measure ongoing performance. 			<p>The department is examining the impact of this minor capital funding reform on housing allocations to First Nations.</p> <p>A revised Performance Measurement Strategy for the CFMP was approved by the Evaluation, Performance Measurement and Review Committee on April 25, 2014. Revised housing targets were set in June 2014 during the 2015-16 Performance Measurement Framework target setting exercise. An analysis of the housing performance indicator will be considered during the 2015 renewal of the strategy, which will be completed in Q4 of 2014-15.</p> <p>Revised Completion date: Q4 2014-2015</p> <p>AES: Overdue, recommend acceptance of revised due date.</p>

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