

**ACTION PLAN IMPLEMENTATION STATUS UPDATE
REPORT TO THE AUDIT COMMITTEE
AS OF DECEMBER 31, 2013**

| 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: Underway</p> <p>Update/Rationale: As of 31/12/2013:</p> <p>A Memorandum of Understanding between AANDC and CMHC was signed in April 2013. The MOU addresses the sharing of information in order to increase due diligence and effectively collaborate on the management of the Ministerial Loan Guarantee program.</p> <p>AANDC and CMHC have collaborated to increase compliance with building standards for new homes on reserve. A new requirement for an attestation of code compliance by a qualified third party inspector will be implemented by CMHC in 2014.</p> <p>AANDC is in the process of revising the Terms and Conditions for Ministerial Loan Guarantees; these revisions will reflect new requirements for building code compliance by borrowers.</p> <p>The Department continues to work with CMHC to address issues concerning due diligence and loan management.</p> <p>Revised Expected Completion date: Q1 2014-15</p> |

**ACTION PLAN IMPLEMENTATION STATUS UPDATE
REPORT TO THE AUDIT COMMITTEE
AS OF DECEMBER 31, 2013**

| 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>CMHC Physical Condition Reviews and client visit reports be shared with AANDC as a mandatory requirement of the eligibility process.</p> | | | <p>AES: Implementation ongoing.</p> |
| <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 | <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> | <p>Q3, 2013-14</p> | <p>Status: Underway</p> <p>Update/Rationale: As of 31/12/2013:</p> <p>The department has identified a number of issues for undertaking administrative reforms to its minor capital funding stream, of which housing is a part. These reforms introduce a risk-based approach that prioritizes health and safety, and will help ensure that assets funded by AANDC in First Nation communities achieve their intended operational life. Reforms to the administration of housing funds are being considered concurrently for future integration into the renewed Terms and Conditions of the CFM Program.</p> <p>Community Infrastructure Branch is currently working with the Evaluation, Performance Measurement and Review Branch on renewing our Performance Measurement Strategy. The updated strategy will be</p> |

**ACTION PLAN IMPLEMENTATION STATUS UPDATE
REPORT TO THE AUDIT COMMITTEE
AS OF DECEMBER 31, 2013**

| Regional Operations | | | |
|--|-------------|--------------------------|--|
| <i>Comprehensive Audit of the AANDC and Attawapiskat First Nation Management Control Framework</i> | | | |
| <i>APPROVAL DATE: 09/28/2012</i> | | | |
| PROJECT RECOMMENDATIONS | ACTION PLAN | EXPECTED COMPLETION DATE | PROGRAM RESPONSE |
| <p>eligibility requirement;</p> <ul style="list-style-type: none"> • Discontinuing the practice of allowing minor core capital to be used for the purposes of debt repayment; and, • 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>completed by April 2014 in accordance with the Department's Performance Measurement Strategy Action Plan. Strategies to revise our housing performance indicators are being explored as part of this work.</p> <p>Revised Expected Completion date: Q1 2014-15</p> <p>AES: Implementation ongoing.</p> |