



4240-2-143
CDIM 455863

Your file - Votre référence

Our file - Notre référence

December 5, 2011

Chief and Council
Attawapiskat First Nation
PO Box 248
ATTAWAPISKAT ON POL 1A0

Dear Chief and Council:

Re: Third Party Manager – Introduction

Further to my letter of December 1, 2011, I am writing to advise you of next steps relating to third-party management.

This escalated intervention is a direct result of AANDC taking into account your declaration of the state of emergency on November 12, 2011, and the ensuing AANDC on-the-ground assessment which has determined that urgent health and safety issues demand immediate action. AANDC has determined that measures already in place including the management action plan and the involvement of a co-manager are no longer sufficient to address the risks to the health and safety of community members. The decision to appoint the third party manager was taken as a last resort with a view to safeguarding delivery of programs and services including infrastructure and to addressing the risk to the health and safety of community members.

The Third Party Funding Agreement Manager has been selected to work with the Chief and Council and the Attawapiskat First Nation community members. From the firm of BDO Dunwoody, Mr. Jacques Marion will be the third-party manager (TPM), effective today, December 5, 2011. Mr. Marion was chosen as he has significant experience in working with First Nation clients in northern geographic settings who manage large annual program and service budgets. Mr. Marion will also have the support of Mr. Russell Paradoski from BDO Dunwoody.

It is important that your Council and administrative officials meet with the TPM quickly to ensure a smooth transition. To that end, Mr. Marion and Mr. Paradoski will travel to the community today with Leigh Jessen, Associate Regional Director General for the North of Ontario Region, and Yves Chenier, Senior Funding Services Officer. This meeting will be an opportunity for an introduction and to review and discuss the roles and expectations jointly of all parties in person.

The primary role of the (TPM) will be to focus on financial management services but may also include advisory/capacity development with your Council. We will expect the TPM to:

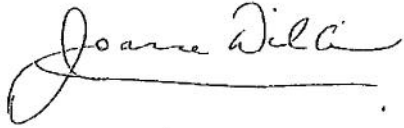
- assume and administer, in whole or in part, the FN's funding and its obligations set out in the Aboriginal Recipient Funding Agreement and professionally manage all funding advanced by AANDC;
- offer advisory assistance to you in management and repayment of debt and could include with your consent acting as facilitator between the FN and your creditors to negotiate repayment plans and commence the update of your management action plan, where required;
- assist your Council to remedy the default in order to facilitate the return of full administration of the ARFA to local Council and Community control, including the preparation and implementation of the management action plan update identified in the third-party management agreement. This may include the provision of advice on the resolution process for health and safety default difficulties as well as some capacity development support in budgets and administration as outlined for example in your recent management letter from your auditor in order to facilitate the return of program management and delivery responsibilities to your Council. We will be insisting the TPM discuss and develop the preparation and implementation of an exit strategy as defined in the departmental policy for this TPM agreement as appropriate;
- open an account in their name "in trust" and undertake signing authority for financial transactions such as the issuance of cheques for payroll, housing investments, and education programs. The TPM cannot use this "in trust" account to pay invoices for their own services. The TPM will share financial records under this agreement upon receipt of a Band Council Resolution for the purposes of completing the annual consolidated financial statements;
- not to terminate the employment of Council staff or to hire staff on behalf of the Council;
- endeavour where possible to process on behalf of the Council salaries and benefits of staff to the extent that funds are available under the ARFA;
- request approval or consent during the appointment where required under the administration of the ARFA and seek a Council resolution of your consent or direction signed by a quorum of Councillors at a duly convened Council meeting;
- comply with all applicable employment laws including the Canada Labour Code in carrying out the Council roles under the funding agreement; and
- not to secure, guarantee, sign or co-sign any loans to or for the Council or any of its community members either from the funding from the TPM call up or from any other source.

With the transition to a TPM administration, the roles and responsibilities for the Chief and Council change only as described in the following paragraphs; all other roles and responsibilities normally performed by the duly elected Council members within the community remain unchanged.

Under section 10.2 of the funding agreement, AANDC is formally requiring, with the appointment of the TPM, that the Council will:

- provide access to all financial systems and communicate with the TPM your intentions for the settlement of your liabilities and accounts payable and where practical and appropriate the TPM will honour your requests, provided that all essential programs and services are delivered in accordance with your ARFA;
- participate in the update of the Management Action Plan development prior to the end of February 29, 2012;
- notify your creditors, financial institutions and suppliers that effective December 5, 2011, the TPM has assumed the authority to act on your behalf to deliver AANDC funded programs and services, and direct any entity that has provided accounting, record-keeping or co-management services to the Council to provide copies of all accounts and records to the TPM;
- provide the TPM with all accounts and records of the Council relating to the funding provided under your ARFA for the 2011-12 fiscal year and up to seven previous fiscal years including all original supporting documentation and G/L chart of accounts and all opening entries for the general ledger and any subsidiary ledgers of the Council and its Boards and Agencies;
- allow the TPM to inspect such accounts and records and, except where prohibited by law, to take copies and extracts of such accounts and records;
- provide to the TPM such additional information as they may require with reference to such accounts and records and provide all necessary assistance to the TPM, including providing the TPM with access to the Council premises and all other public buildings;
- give consent to allow the TPM to have access to working papers that support the opinion or the denial of opinion as applicable from consolidated financial statements;
- require, by Band Council Resolution only, that the TPM release financial records maintained under the TPM agreement and the ARFA in order to assist the Auditor appointed by Council in the preparing of your year ended consolidated financial statements;
- provide access to FN financial systems;
- direct any Chief and Council requests for interim monthly financial status reports during the TPM agreement to the attention of the Regional Director General;
- provide Band Council Resolutions where council is being asked for consent or for direction from the TPM in performing their authorized functions under the TPM agreement and your ARFA; and
- actively identify Council participants or duly authorized spokespeople to discuss the necessary steps to remedy the default and to exit this level of intervention and return control to Council for managing AANDC programs and services.

I appreciate that this situation has been difficult but trust that we can achieve progress, especially as it relates to the immediate health and safety needs of the community, by working together.

A handwritten signature in cursive script that reads "Joanne Wilkinson". The signature is written in black ink and is positioned above a horizontal line that extends across the width of the signature.

Joanne Wilkinson
Regional Director General
Ontario Region

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c.c.: Ron Hallman, Senior ADM, Regional Operations