



Aboriginal Affairs and
Northern Development Canada

Affaires autochtones et
Développement du Nord Canada

Directive 210

Third Party Funding Agreement Management

Table of Contents

1.0	Effective date	1
1.1	Transitional Considerations.....	1
2.0	Application (Who does this Directive apply to?)	2
3.0	Directive Statement (What is the directive designed to achieve?)	3
3.1	Objective	3
3.2	Expected Results	3
4.0	Context (Why this directive matters?)	4
5.0	Directive Requirements and Responsibilities (How will the desired directive results be achieved and who does what under this directive?)	5
5.1	Program Sectors	5
5.2	Regional Operations Sector and Northern Affairs Organization.....	5
5.3	The CFO and Transfer Payment Centre of Expertise (TPCOE)	6
5.4	Regional Directors General and HQ Director Generals with program funding responsibilities.....	7
5.5	Regional Funding Services Officers (FSO) or HQ Equivalent.....	7
5.6	Regional Directors, Corporate Services	8
6.0	Appointing a TPFAM	8
6.1	Roster of Pre-qualified TPFAM Managers	8
6.2	Call Up of Pre-qualified TPFAM Managers	8
6.3	Termination of Appointment	9
7.0	Notice of Appointment	9
8.0	TPFAM Performance Management Framework	11
8.1	Requirement for TPFAM	11
8.2	Funding Relationship Preserved	11
8.3	TPFAM Agreement.....	12
8.4	TPFAM Mandate	13
8.5	TPFAM Action Plan	14
8.6	Recipient Management Action Plan (MAP)	14
8.7	Redirection of Funds	15
8.8	TPFAM Manager Evaluation	15
8.9	Audit Trail	17
9.0	Release of Records	17
9.1	Confidential or Private Information	17
10.0	Oversight and Internal Controls	17
10.1	Departmental Business Processes	18
10.2	Staff Support	19
10.3	Engagement of TPFAM Manager.....	19
10.4	Oversight.....	20
10.5	Engagement of Recipient	20
10.6	Continuous Improvement of Assessment Tools.....	21



11.0 Consequences (What happens when significant issues arise under this directive?)	21
12.0 Enquiries	21
Appendix A: Definitions.....	22
Appendix B: References.....	26
Appendix C: TPFAM Performance Management Framework.....	27
Exhibit 1.0: Overview TPFAM Performance Management Framework	28
Exhibit 2.0: Notional TPFAM Action Planning	29
Exhibit 3.0: Quarterly Performance Evaluation	30

1.0 Effective date

This Directive takes effect on June, 2011.

1.1 Transitional Considerations

The transition strategy from the *Funding Arrangements: Intervention Policy (2008)* to the *Default Prevention and Management Policy* (effective June 2011) provides that from JUNE 2011.

1.1.1 Recipient

- any new requirement for a Recipient to undergo a Third Party Management process will be implemented by the Department under this Directive.
- any existing Third Party Management agreement not achieving the required results or not expected to do so by March 31, 2012 will be brought under this Directive as soon as practicable before March 31, 2012. The Default Assessment process, set out in the *Directive on Default Prevention and Management (2011)*, will be used to confirm the requirements.
- any existing Third Party Management agreement expected to achieve the required results by March 31, 2012 may continue up to that date. Any outstanding requirements on March 31, 2012 will be implemented by the Department under this Directive. A Default Assessment will be used to do so.
- any requirement for a Third Party Management agreement after March 31, 2012 will be implemented by the Department under this Directive.

1.1.2 Third Party Funding Agreement Manager

Subject to the Third Party Funding Agreement Manager remaining eligible for call-up by the Department, the Third Party Funding Agreement Manager may continue to provide services under an existing Third Party Funding Agreement Management. At the time of



implementing the transitional provisions in Section 1.1.1, the Department will terminate or amend any existing Third Party Funding Agreement Management in order to implement the requirements of this Directive, including securing a Third Party Funding Agreement Management Action Plan from the Third Party Funding Agreement Manager.

1.1.3 Terminology

Terminology in existing Third Party Manager Framework Agreements may not align to the terminology in this Directive. This Directive does not void or alter existing agreements. As new agreements come into place or existing agreements are amended, the language between this Directive and the agreements will be brought into alignment.

1.1.4 Scope

Application of this Directive will be extended from First Nations and Tribal Councils to other Aboriginal Recipients providing essential services to the First Nation service population.

2.0 Application (Who does this Directive apply to?)

- 2.1. This directive applies to Aboriginal Affairs and Northern Development Canada (AANDC) (hereinafter referred to as the Department) officials managing transfer payments with the exception of funding provided under legislated self-government agreements and funding agreements resulting from federal-provincial accords.
- 2.2. This objective of this directive is to aid in the implementation of the *Default Prevention and Management Policy (2011)* through Departmental processes which identify defaults. Recipients will be required to remedy their default(s) in an appropriate, timely and cost effective manner, Programs, services, activities and



projects are to be delivered with funds being expended as required in the funding agreement

3.0 Directive Statement (What is the directive designed to achieve?)

3.1 Objective

To provide for the timely and effective remedy of high risk Defaults, where the Recipient is assessed by the Department as being unwilling and/or unable to rectify its default situation and only when deemed by the Department to be necessary, by engaging a Third Party Funding Agreement Manager to administer the terms and conditions of the funding agreement signed by the Department – for a period of time during which the Recipient works to remedy the underlying causes of the Defaults and reassume administration of funding.

3.2 Expected Results

The expected results of this Directive are:

- to support the success of individual funding agreements, in terms of ensuring the continuity of service delivery and that funds are expended as intended, such that the desired results are achieved;
- to reduce the severity, duration and recurrence of Defaults;
- to inform the allocation of capacity development resources in order to correct problems and support continuous improvement; and
- to identify areas of Default across Recipients and programs in order to inform investments in finding common solutions – of an operational and policy nature.



4.0 Context (Why this directive matters?)

The Directive sets out Third Party Funding Agreement Management as an administrative response appropriate in the event of high risk Defaults involving a First Nation, Tribal Council and Other Aboriginal Recipient providing essential services; or the funding agreement that would normally exist with these Recipients is not in place.

This Directive should be read in conjunction with the “Default” and the “Remedies on Default” sections of the funding agreement.

Third Party Funding Agreement Managers are pre-qualified through the federal MERX process, managed through the Transfer Payment Centre of Expertise. They are “called up” by regions / sectors based upon the most competitive bid for the specific services required.

Third Party Funding Agreement Managers operate at arms-length from the Department, in that they are not directly supervised by the Department, and are expected to conduct themselves according to their own judgement and expertise. They possess general management skills to provide for local service delivery – using the Recipient’s service channels to the extent possible. Their responsibilities and accountabilities are defined in a TPFAM Agreement which itself is a composite of: the Department’s national TPFAM Framework Agreement; and the region/sector call-up and TPFAM Action Plan specific to each assignment.

As part of the Third Party Funding Agreement Management regime, Recipients are required to develop a Management Action Plan (MAP) by which they may correct the Defaults and strengthen their capacity, in order that the departmental requirement for a Third Party Funding Agreement Manager may be removed and the Recipient may resume administration of the funding agreement. The Recipient may request the assistance of the Third Party Funding Agreement Manager in doing so.



The Chief Financial Officer (CFO) has authority to issue this Directive in support of the TBS *Policy on Transfer Payments*, to amend or rescind the Directive and to approve any exceptions to the Directive that may be sought.

5.0 Directive Requirements and Responsibilities (How will the desired directive results be achieved and who does what under this directive?)

In addition to the responsibilities assigned to departmental officials within the *Default Prevention and Management Policy*, the following duties are to be fulfilled by:

5.1 Program Sectors

Program Sectors in engaging Recipients through program design are responsible to:

- review the incidence of defaults within their program areas to determine if program design, supporting operating systems or support to staff and Recipients requires adjustment to reduce the incidence of default

5.2 Regional Operations Sector and Northern Affairs Organization

Regional Operations Sector and Northern Affairs Organization in supporting the consistent and cost-effective implementation of this Directive across regions are responsible to:

- identify cross-regional issues arising in implementation of this Directive and develop and implement common solutions or recommend them to the responsible sector
- monitor the attainment of service standards



- review the incidence of default to define priority areas requiring national development activities and working with other sectors as required to address them
- integrate the implementation of this Directive with those Directives supporting risk management and capacity development

5.3 The CFO and Transfer Payment Centre of Expertise

The CFO and Transfer Payment Centre of Expertise (TPCOE) in its leadership role for transfer payments are responsible to:

- support implementation of this Directive by developing guides, working tools and training; and definition of user requirements for enabling infrastructure;
- provide for the development of enabling infrastructure (e.g. FNITP);
- provide for a roster of pre-qualified Third Party Funding Agreement Managers;
- provide ongoing interpretation and advice on implementing this Directive;
- define the challenge function to be performed by Regional Directors Corporate Services or their equivalent and tools for exercising this function;
- establish the requirements for a regional program for functional review of the implementation of this Directive;
- maintain this Directive.



5.4 Regional Directors General and HQ Director Generals with program funding responsibilities

Regional Directors General and HQ Director Generals with program funding responsibilities in exercising their overall co-ordination role for the geographic or program area are responsible to:

- bring into place procedures to implement this Directive in the context of the region / sector organization and provide for its periodic review;
- bring into place a governance structure for the approval of decision documents which may include a Transfer Payment Management Committee (TPMC);
- implement the national outreach and communications strategy to build understanding of the policy and operational requirements and engage staff and Recipients in Default Management.

5.5 Regional Funding Services Officers or Headquarter Equivalent

Regional Funding Services Officers (FSO) or HQ Equivalent are the primary point of contact between the Department and the Recipients assigned to them and are responsible to:

- manage documentation in accordance with departmental standards and systems.



5.6 Regional Directors, Corporate Services

Regional Directors, Corporate Services in their arms-length oversight role with respect to regional operations are responsible to:

- provide advice, support, and assistance in developing region / sector procedures which provide for due diligence and allow it to be demonstrated;
- ensure that the selection of Third Party Funding Agreement Managers is in accordance with this Directive;
- implement functional review activities in accordance with the requirement of the TPCOE.

6.0 Appointing a Third Party Funding Agreement Manager

6.1 Roster of Pre-qualified Third Party Funding Agreement Managers

A roster of pre-qualified Third Party Funding Agreement Managers is set in place by the Transfer Payments Centre of Expertise (TPCOE) based upon a forecast of the nature and extent of service required by Regions/Sectors. Potential Third Party Funding Agreement Managers are pre-qualified through the federal MERX process.

Regions/Sectors use this roster to appoint a Third Party Funding Agreement Manager, by applying the call-up procedures set out in the Grants and Contributions Desk Book.

6.2 Call Up of Pre-qualified Third Party Funding Agreement Managers

Regions/Sectors determine, for each appointment, the specific Third Party Funding Agreement Management services needed based upon the results of the Default Assessment process and with Recipient input to the extent practicable.



The call-up is sent to all pre-qualified Third Party Funding Agreement Managers on the roster who work from the geographic point of departure. The most competitive bid is selected, based on evaluation processes developed and maintained by the TPCOE.

6.3 Termination of Appointment

The Third Party Funding Agreement Management may be terminated for convenience with 30 days notice, or for other reasons as described in the Third Party Management Framework agreement.

7.0 Notice of Appointment

Notice to Other Federal Departments:

The Responsible Official will notify other federal departments, known to be funding the same Recipient, of the steps being taken to implement Third Party Funding Agreement Management - to help protect all federal interests and support a coordinated response.

Notice to Recipient:

The Responsible Official will give notice to the Recipient, as required by the Funding Agreement, as to:

- the appointment of the Third Party Funding Agreement Manager;
- the name of the Third Party Funding Agreement Manager;
- the reason for the appointment, if disclosable under Privacy regulations;
- any further requirements on the Recipient (e.g. completion of a MAP).



The notice will also advise that the Recipient may call upon the Third Party Funding Agreement Manager to facilitate its preparation and implementation of a MAP in order to reassume administration of funds.

Where the requirement for Third Party Funding Agreement Management is not an escalation of an existing Default Management process (e.g. the result of an unsuccessful MAP), the Responsible Official may give the Recipient up to ten days from receipt of the notice to provide information which would indicate that a Default has not occurred or has already been remedied – except where the delegated authority determines that urgent health and safety issues demand immediate action.

Notice to Community:

The Responsible Official, within seven (7) calendar days of notifying the Recipient of the appointment of a Third Party Funding Agreement Manager, will offer to meet with the community to explain the course of action to be taken and to encourage community engagement. This offer shall be made through the leadership of the community and through other such means as deemed appropriate by the Responsible Official.

Notice to Other Stakeholders:

The Third Party Funding Agreement Management Agreement requires the Third Party Funding Agreement Manager on appointment to:

- post a notice of the appointment in a local newspaper; and
- contact financial institutions where the Recipient held accounts immediately prior to the appointment.



8.0 Third Party Funding Agreement Management Performance Management Framework

Appendix C – Exhibit 1.0 sets out the Third Party Funding Agreement Management Performance Management Framework.

8.1 Requirement for Third Party Funding Agreement Management

The requirement for Third Party Funding Agreement Management is determined through the Default Assessment processes as set out in the *Directive on Default Prevention and Management*. Third Party Funding Agreement Management may be determined to be the most appropriate Default Management Strategy in the following circumstances:

- high risk default: a Default Assessment determines a Recipient's Overall Default Management Risk Rating is high;
- the Recipient is unwilling and/or unable to rectify its default situation;
- the implementation of the Management Action Plan, within the required timeframe, proves unsuccessful;
- extraordinary circumstances dictate the need for a Third Party Funding Agreement Management.

8.2 Funding Relationship Preserved

Existing Funding Agreements between the Department and the Recipient will be kept in place, to the extent possible, as Third Party Funding Agreement Management is implemented given that:



- Third Party Funding Agreement Management is a temporary measure;
- Third Party Funding Agreement Management may apply to all or part of the funds;
- Third Party Funding Agreement Management needs to be situated within the broader governing role of the Recipient and its accountability relationship with the service population. For example:
 - engagement of the recipient will facilitate administration of the funding agreement on behalf of the service population;
 - Third Party Funding Agreement Management may apply the Recipient's service delivery channels and staff; while the Recipient remains the employer;
 - Third Party Funding Agreement Management will be informed by Recipient records to the extent that the Recipient makes the records available for this purpose;
 - at the request of the recipient, the Third Party Funding Agreement Manager shall assist in remedying existing defaults in the Funding Agreement, which may include building a MAP.

8.3 Third Party Funding Agreement Management Agreement

The Third Party Funding Agreement Management Agreement shall consist of:

- the Third Party Management Agreement Framework – which is a national framework used to set up all Third Party Funding Agreement Management Agreements;



- the Third Party Funding Agreement Manager Call-Up – which is prepared by the responsible region/sector and sets out the requirements associated with the specific situation.

The duration of the Third Party Funding Agreement Management Agreement shall be the remainder of the current fiscal year (ending the next March 31) plus two optional one year extensions, which may be exercised at the option of the Department.

The Department will consider amending the Third Party Funding Agreement Management Agreement, subject to approval by the Third Party Funding Agreement Manager as improved information is generated as to the default situation and operational requirements; and as the recipient may request services from the Third Party Funding Agreement Manager within the scope of its mandate.

Amendments to the Third Party Funding Agreement Management Agreement shall be made in accordance with the *TPM Framework Agreement User Guide*.

8.4 Third Party Funding Agreement Management Mandate

The mandate of the Third Party Funding Agreement Manager may include:

- administering, in whole or in part, the Funding Agreements between the Department and the Recipient; or the Funding Agreements that would normally exist between these Parties had it been possible to enter into them;
- at the request of the Recipient, acting as a facilitator between the Recipient and its creditors to negotiate debt repayment plans;
- at the request of the Recipient, assisting the Recipient to remedy the default situation which resulted in the Department appointing the Third Party Funding Agreement Manager, through provision of advice on the resolution of



difficulties as well as capacity development, in order to facilitate the return of administration of the funding to the Recipient.

8.5 Third Party Funding Agreement Management Action Plan

Within 60 days of appointment the Third Party Funding Agreement Manager shall provide to the Department a Third Party Funding Agreement Management Action Plan, as described in the Third Party Management Framework Agreement.

The Third Party Funding Agreement Management Action Plan may be informed by any prior assessments or plans related to the default situation (e.g. General Assessment or Management Action Plan); or that may be undertaken to understand the relationship between Recipient capacity and performance in administering the Funding Agreement (e.g., Readiness Assessment).

Appendix C – Exhibit 2.0 provides a notional Third Party Funding Agreement Management Action Planning Process.

8.6 Recipient Management Action Plan

The *Directive on Default Prevention and Management* sets out the manner in which a Management Action Plan (MAP) is to be prepared in response to a default situation. It should be prepared as early as practicable in the Third Party Funding Agreement Management process. It is the Recipient's plan for exiting from Third Party Funding Agreement Management and managing any outstanding (e.g. lower risk) issues after Third Party Funding Agreement Management. More details on this Plan are available in the Management Action Plan Workbook.



8.7 Redirection of Funds

Funds payable under the funding agreement are redirected, in whole or in part, to the Third Party Funding Agreement Manager. The Third Party Funding Agreement Management Agreement sets out the requirements on the Third Party Funding Agreement Manager as to its use.

Funding levels may be adjusted after Third Party Funding Agreement Management as follows:

- through the standard process for amending the Recipient's funding agreement – with a concurrent amendment to the Third Party Funding Agreement Management call-up;
- where there is no Funding Agreement with the Recipient, the Amending Agreement is attached to the (unsigned Recipient) Funding Agreement – and the Third Party Funding Agreement Management call-up is amended.

8.8 Third Party Funding Agreement Manager Evaluation

The Call Up shall specify the manner in which the performance of the Third Party Funding Agreement Manager will be assessed; in accordance with the approved mandate.

Performance will be evaluated quarterly, or more frequently based upon risk, and include the concurrent review of the performance of the Third Party Funding Agreement Manager and the Recipient MAP. The evaluation of the Third Party Funding Agreement Manager may consider:

- continuing Third Party Funding Agreement Management or recommending it be terminated;
- continuing or replacing the Third Party Funding Agreement Manager;



- compliance to the Third Party Funding Agreement Management Agreement;
- progress in remedying higher risk Defaults;
- the working relationship with the Recipient;
- seeking to amend the Third Party Funding Agreement Management Agreement to improve performance ;
- progress being made towards a post Third Party Funding Agreement Management regime (e.g. de-escalation through Management Action Plan (MAP) where outstanding, lower risk issues will remain);
- any other actions to achieve the desired results.

The evaluation of the Recipient, including the MAP may consider:

- seeking to amend the Recipient MAP to improve performance;
- progress in developing and implementing the MAP, including capacity development;
- progress being made towards a post Third Party Funding Agreement Management regime (e.g. de-escalation through MAP where outstanding, lower risk issues will remain);
- any other actions to achieve the desired results.

Subject to the results of the quarterly reviews described above, the Responsible Officer may seek an update to the Default Assessment in order to recommend:

- that Third Party Funding Agreement Management be terminated based upon progress (or lack thereof) made; or



- to significantly alter the default management strategy to better mitigate the risks identified in the Default Assessment and to rectify known defaults of the Funding Agreement(s).

8.9 Audit Trail

Records are maintained in accordance with Departmental Record Management policies, standards and practices, to demonstrate that due diligence has been exercised throughout the Third Party Funding Agreement Management process.

9.0 Release of Records

9.1 Confidential or Private Information

To best achieve the objectives of this Directive, it may be desirable for certain parties (the Department, Third Party Funding Agreement Manager, Recipient, members of the Recipient) to share information it obtained in confidence from another party. In such circumstances, adherence to existing process and procedures, such as described in the funding agreement or Third Party Management Framework Agreement, or other agreements or policies, should be maintained at all times.

10.0 Oversight and Internal Controls

The following internal controls support due diligence in implementing this Directive:



10.1 Departmental Business Processes

Use of national business processes, guidelines and working tools to support a coherent and consistent approach across regions/sectors and Recipient type:

- provision for regions/sectors to develop procedures for implementing this Directive including setting out roles and responsibilities;
- FNITP, the Department’s enterprise system for transfer payments, regiments the tracking of Recipient obligations and makes relevant information accessible for Default Assessment and trend analysis;
- risk assessment tools, contain benchmarks to which information about a Recipient is compared in order to arrive at a risk rating, thereby supporting evidence-based, value-neutral, repeatable conclusions;
- review of decision documents by more senior levels, in conformance with a risk-based delegation of authority, to assess recommendations and support a consistent approach across Recipients;

Delegation of Default Management Authority		
Primary Default Management Strategy	Recommended by	Approved by
Management Action Plan	FSO Manager	TPMC*
Third Party Funding Agreement Manager	TPMC*	Region/Sector Head

* Transfer Payment Management Committee (TPMC)

- primary DM Strategies implemented through notice, as required by the funding agreement; and stating the cause for action; and



- provision for Recipients to make known to the Department information that may weigh on its Primary Default Management Strategy decision and an undertaking by the Department to make adjustments based upon such evidence.

10.2 Staff Support

Developing staff skills to meet organizational requirements including:

- staff training with respect to the transfer payment management control framework and its supporting business processes
- national and regional centres of expertise to support staff in the exercise of their responsibilities

10.3 Engagement of Third Party Funding Agreement Manager

- a public tendering process is used to identify and pre-qualify Third Party Funding Agreement Managers with the required skills;
- pre-qualified Third Party Funding Agreement Managers are invited to bid on specific assignments and the lowest bid is selected;
- the Third Party Funding Agreement Management agreement sets the performance standards for the engagement based upon input from Departmental staff, the Recipient and the Third Party Funding Agreement Manager;



- there are quarterly performance assessments of the Third Party Funding Agreement Management agreement in terms of the results it is achieving and compliance to its requirements.

10.4 Oversight

Oversight of the operation of the transfer payment management control framework and transaction processing by the Chief Financial Officer and Audit and Evaluation Services

10.5 Engagement of Recipient

The Responsible Official shall preserve the onus on the Recipient to remedy its Default during the Third Party Funding Agreement Management regime by:

- maintaining the funding agreement with the Recipient;
- seeking Recipient input to the Third Party Funding Agreement Management Agreement;
- seeking Recipient input into Third Party Funding Agreement Management performance reports;
- requiring the Recipient to develop and implement a MAP;
- promoting capacity development by which the Recipient may reassume responsibility for administration of funds and avoid recurrence of Defaults.



10.6 Continuous Improvement of Assessment Tools

The reliability of assessment tools (e.g. Default Assessment (DA), General Assessment (GA), Readiness Assessment (RA)) may be evaluated by reviewing the problem statements within Third Party Funding Agreement Management Action Plans and Recipient MAP to determine if the assessment tools could be adjusted to better foresee and remedy the performance issues that have arisen.

11.0 Consequences (What happens when significant issues arise under this directive?)

The consequences of non-compliance with this Directive are set out in section 6 of the *Policy on Default Prevention and Management (2011)*.

12.0 Enquiries

For enquiries and interpretations please contact the Department's Transfer Payments Centre of Expertise:

PaiementTransferCentreExpertise.TransferPaymentCentreExpertise@aadnc-aandc.gc.ca



Appendix A: Definitions

Default: an event defined, within a Funding Agreements between the Department and a Recipient, as being a Default.

Default Assessment: is a structured business process used to determine, for a Recipient in a default situation:

- the risk to the service population
- the risk to (successful) remediation
- the overall default management (DM) risk rating; and
- a recommended principal default management (DM) action - informed by the overall DM risk rating process and assessed, by the responsible officer, as a reasonable way to proceed

Default Management: the process for identifying and managing defaults of a funding agreement.

Default Prevention: a structured process to identify circumstances that are impacting or may impact the compliance with funding agreement in order to realize opportunities and mitigate negative impacts.

Emergency: a present or imminent event that requires prompt coordination of actions concerning persons or property to protect the health, safety or welfare of people, or to limit damage to property or the environment. (Quoted from the Emergency Management Framework for Canada)

Expert Resource: a person or organization engaged by a Recipient to assist and facilitate in the capacity development of the community and/or execution of any aspect of the Management Action Plan.



First Nations and Inuit Transfer Payment (FNITP) System: a web-enabled system that automates AANDC's transfer payment business processes, manages funding agreement information, and provides on-line access for First Nations and other funding Recipients.

Funding Agreement: a written agreement or documentation constituting an agreement between the Government of Canada and an applicant or a Recipient setting out the obligations or understandings of both with respect to one or more transfer payments.

General Assessment (GA): a standardized process for assessing a Recipient for the purpose of identifying potential issues that may impact delivery of AANDC funded programs and services; and for adjusting administrative requirements in proportion to that risk, such that the funding agreement is managed within AANDC's risk tolerance

Management Action Plan (MAP): Is the primary plan, developed by the Recipient, to remedy and recover from the default, to address its causes and prevent its recurrence. The MAP is also used to identify capacity gaps and resources available for successful implementation.

Overall Default Management Risk Rating: Is the result of a standard process for combining the Risk to Remediation and Risk to Service Population to determine a risk rating for a Recipient that is in Default; and is used by the Department in deciding upon the principal default management action to be used to incite the Recipient to correct the Default.

Primary Default Management Strategy: a potential outcome to the Default Assessment process that is the requirement for: a Provisional Management Action Plan (MAP); a Management Action Plan (MAP); a Third Party Funding Agreement Management; or a Termination of Agreement. The Primary Default Management Strategy may be adjusted by the Department to the particular Recipient and default situation through further (secondary) requirements.



Program: a group of related activities that are designed and managed to meet a specific public need and are often treated as a budgetary unit. A program can be a project or a service.

Recipient: Is an individual or entity that either has been authorized to receive a transfer payment or that has received that transfer payment.

Responsible Official: the incumbent of a position to which tasks are assigned or responsibilities are delegated by this Directive; or are assigned or delegated by a procedure prepared pursuant to this Directive.

Risk: Is the future events or situations that may have a positive or negative impact on the achievement of the objectives of the funding agreement.

Risk Rating: Is a measure of the risk faced by a Recipient in managing a funding agreement, determined by aggregating the scores within the risk profile. Ranges of numeric risk scores are rated “low”, “medium” and “high”.

Risk to Service Population: the results of a structured process to assess the actual or potential impacts arriving from a default situation on the health, safety and well being of the service population or on community assets, and the urgency for action to mitigate those impacts.

Risk to Remediation: the results of a structured process to assess the likelihood that a Recipient is able to self-correct a default situation, in terms of its capacity and willingness to do so.

Third Party Funding Agreement Management: a Primary Default Management Strategy applied by the Department in high risk situations, whereby the Department appoints a Third Party Funding Agreement Management Manager to manage a Recipient’s funding agreement for a period during of time which the Recipient works to remedy the underlying causes of the Default and reassume responsibility for the funding agreement



Third Party Funding Agreement Management Manager: a third party, appointed by the Department, that administers funding otherwise payable to the Recipient and the Recipient's obligations under a funding agreement, in whole or in part, and that may assist the Recipient to remedy Defaults under a funding agreement.

Third Party Funding Agreement Management Action Plan: a plan prepared by the Third Party Funding Agreement Manager within 60 days of its appointment, setting out an assessment of the Recipient circumstances and a course of action for the Third Party Funding Agreement Manager and the Recipient during Third Party Funding Agreement Management. See the Third Party Management Framework Agreement for the contents required for a Third Party Funding Agreement Management Action Plan.

Transfer Payment Management Committee (TPMC): A Committee established within a Region or Sector, with governance responsibilities, to oversee the Default Management Process, and to approve draft Default Assessment Reports and Management Action Plans within their area of responsibility.



Appendix B: References

[Treasury Board Secretariat \(TBS\) Policy on Transfer Payments \(2008\)](#)

[TBS Directive on Transfer Payments \(2008\)](#)

[AANDC: Management Control Framework for Grants and Contributions](#)

[AANDC: Default Prevention and Management Policy](#)

[AANDC: Directive on Default Prevention and Management](#)

AANDC: Directive on General Assessment

[AANDC: Directive on Financial Reporting](#)

[AANDC: Directive on Reporting Management](#)

[AANDC: Grants and Contributions Desk Book](#) and training material including the:

- Default Management Users Guide
- Management Action Plan Workbook

[AANDC: Third Party Management Framework Agreement](#)

[AANDC: Third Party Management Framework Agreement User Guide](#)



Appendix C: Third Party Funding Agreement Management Performance Management Framework

Table of Contents:

Exhibit 1: Overview Third Party Funding Agreement Management Performance
Management Framework

Exhibit 2: Notional Third Party Funding Agreement Management Action Planning

Exhibit 3: Quarterly Performance Report Format



Exhibit 1.0: Overview Third Party Funding Agreement Management Performance Management Framework

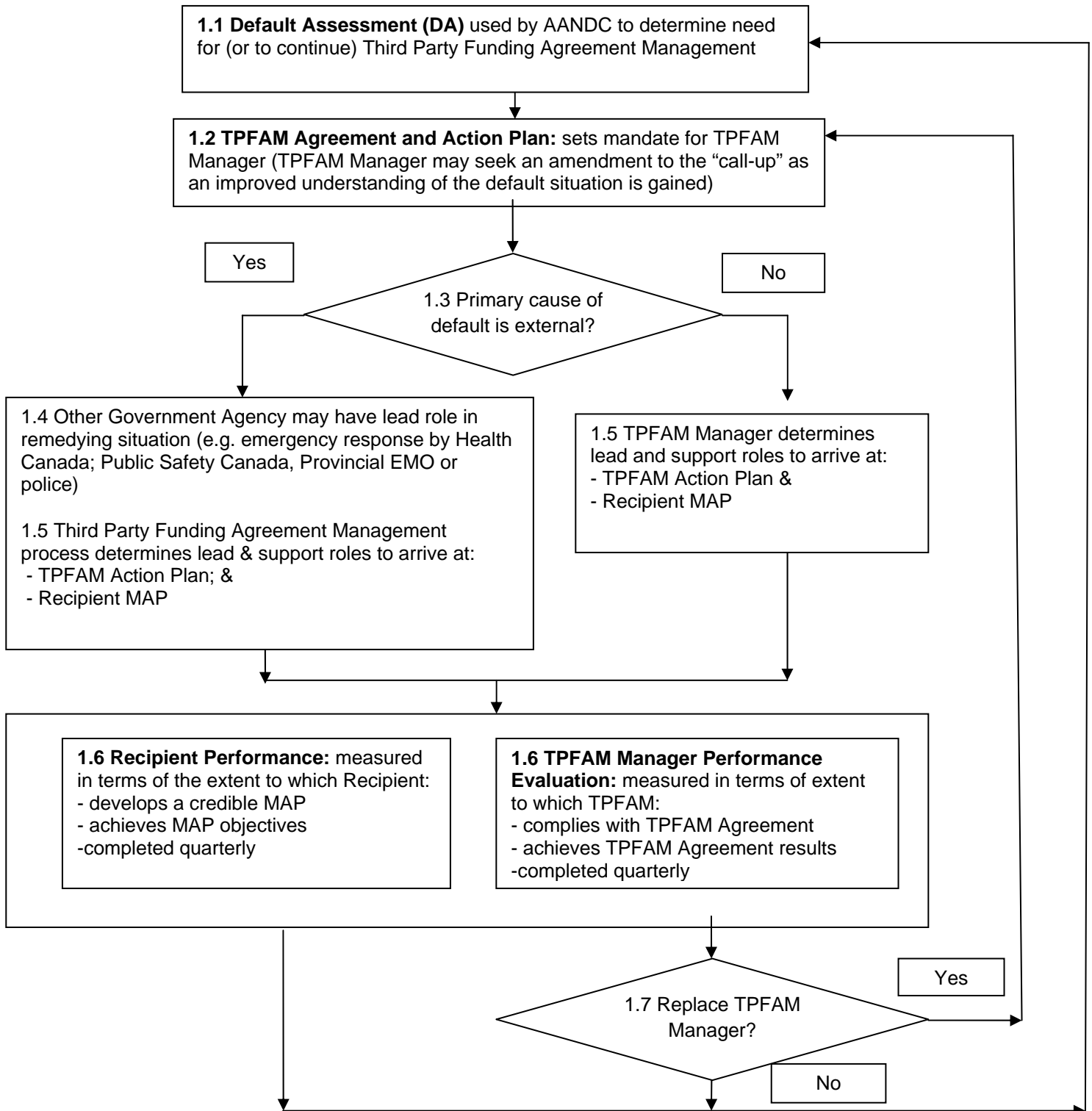
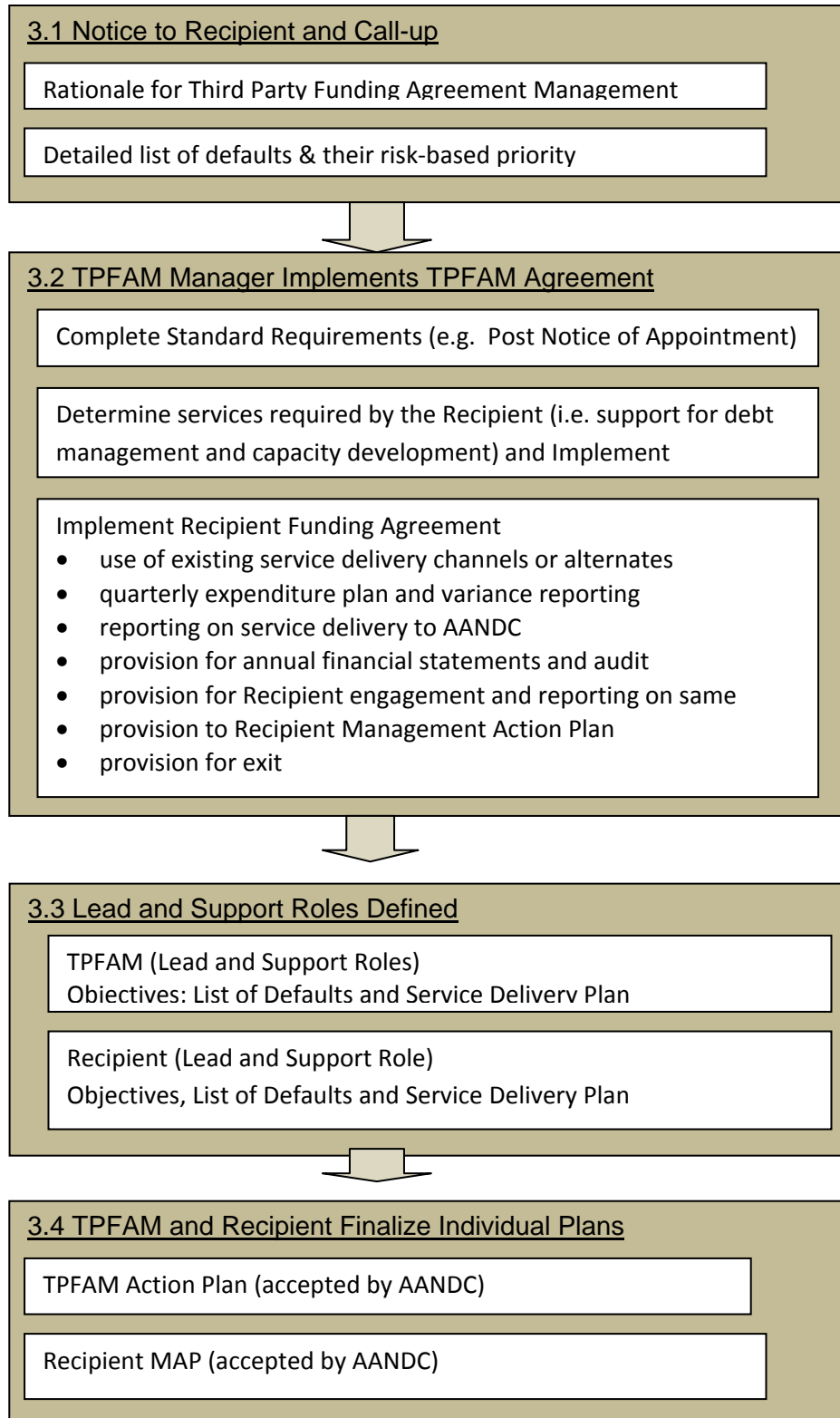




Exhibit 2.0: Notional Third Party Funding Agreement Management Action Planning



Third Party Funding Agreement Management Notice to Recipient and Region / Sector Call-up are based upon the information in the Default Assessment Report (see Exhibit 3.1)

Third Party Funding Agreement Management (with Recipient input if possible) prepares an action plan; building from the notice; such additional assessment information AANDC may provide; any Recipient MAP; and other information made available by the Recipient.

The TPFAM Manager may seek an amendment to the call-up as the default situation is better understood.

The onus is on the TPFAM Manager to ensure continuity of service delivery; and on the Recipient to remedy the default situation and move towards sustainability

The TPFAM Manager may seek an amendment to the call-up as the Recipient seeks support services from the TPFAM Manager

“Call-up” to include format for performance reporting to AANDC

“MAP Workbook” provided to Recipient (Exhibit 3.2)



Exhibit 3.0: Quarterly Performance Evaluation

(Concurrent review of Third Party Funding Agreement Management Agreement and Regional Management Action Plan).

