

Formulation of Successful Remedial Management Plans

Formulation of Successful Remedial Management Plans

- Introduction of Presenters
- INAC Intervention Policy
- Proven RMP Approach
- RMP Essential Components
- Exit Strategy and De-Escalation
- Success Story
- Recap, Questions and Answers

■ Introduction

- Russell Paradoski and Jacques Marion
 - Worked as a team since 1998
 - Third Party Management & Co-Management
 - Engagements in 3 Provinces, Manitoba, Saskatchewan and Newfoundland/Labrador
 - Developed numerous successful RMP's that have lead to debt retirement and de-escalation
 - Responsible for budgets of \$2M - \$20M annually

■ Introduction

■ Rollie Hamilton

- Former First Nation Chief
- Worked through the entire RMP, exit strategy and de-escalation process
- Rollie and his Council were key to their first nation's RMP development, implementation and success
- Rollie is now a consultant with BDO working with first nations under intervention in Third Party and Co-Management engagements

Remedial Management Plan Definition

- INAC Finance Procedure Manual – 5.6
 - RMP is a plan, developed by Council and approved by the Minister, which reflects decisions and measures which are necessary to remedy or respond to a default under a Funding Arrangement

When does a RMP become a Requirement?

- INAC's Intervention Policy is the Determining Factor
 - RMP is required under all 3 levels of intervention by the Minister
 - Low – Local Control
 - Medium – Co-Management
 - High – Third Party Management

What Triggers Intervention by INAC

- Funding Arrangement program obligation(s) of the recipient are not met – in default of agreement
- First Nations receives a denial of opinion or an adverse opinion on its annual audited financial statements
- Audit indicates a cumulative deficit of over 8%
- Political Instability
- Health safety or welfare of community members is being compromised

Common Threads to all RMP's

- Accumulated Debt is Significant
- Debt servicing is impacting on the Communities ability to deliver programs
- Increasing potential exists for creditor court action and judgement against the first nation that would have immediate program service delivery consequences
- Action is required to stabilize the financial and program delivery situation

Common Causes of Debt Accumulation

- Program overspending resulting from a lack of financial and budget reporting, over-staffing or no controls over incurring debt and disbursing funds
- Program spending of contribution funding in non-qualifying areas – resulting in funding claw-backs
- Spending on unfunded programs and initiatives
- Capital project over-runs – non-use of fixed contracts for material and labour
- Capital spending with the advance hope of funding and/or financing materializing that doesn't
- Loans and advances to members that are not recovered

Proven RMP Approach – 10 "C's"

1. Completeness
2. Credibility
3. Chief & Council
4. Community
5. Creditors
6. Collection
7. Cancellation
8. Continuance
9. Calculated Offers
10. Capacity

Completeness

The RMP must be a "Consolidated" plan, which is a requirement of the Minister

- All programs must be included (INAC, FNIHB, Other Funding, Business Enterprises)
- All Debts must be included (trade creditors, loans, mortgages, leases, 1st charges/claw-backs and commitments)

Credibility

- RMP must be realistic and attainable
 - Assumptions should be most likely (funding levels, interest rates, offers and settlements)
 - Projections must ensure delivery of all funded programs – cuts can not be excessive
 - Conservative approach on revenues
 - Thorough approach on program expenditures
 - Surpluses must be attainable on appropriate funding areas only – flexible not contribution

Chief and Council

- Must be involved in RMP formulation and implementation
 - Applicable to all levels of intervention – local control, co-management, third party management
 - C&C plan buy-in and endorsement is critical to RMP success
 - Ultimately it is C&C's plan and requires their sign-off in quorum
 - In most cases the Minister will require C&C input and commitment of non-federally funded program surpluses from other sources to apply towards debt incurred outside the funded programs

Community

- A Public RMP Meeting is a requirement of the Minister for the Chief and Council to hold
 - RMP essential facts must be disclosed and explained (Powerpoint presentation and/or Summarized Handout)
 - Full RMP must also be available to all members who request it to comply with transparency and disclosure
 - Message must be clear to all band members at the meeting:
 - Program delivery – 1st priority
 - Debt Retirement – 2nd priority

Creditors

- Creditors include trade, financial institutions, federal government, past employees, leasing companies, etc.,
 - All must be identified and documented appropriately
 - Consolidated Audit Report is the best starting point
 - Accounting records and documentation on file must be examined
 - Direct confirmation with creditors is recommended through sending request letters to all known entities the band does business with, requesting creditors to support any claims they have outstanding with appropriate documentation
 - Indirect confirmation through placing notices in local newspapers for all creditors of the band to identify themselves in conjunction with the RMP process

Collection

In many instances there are large amounts owing to the first nation that could be collected to provide a source of cash-flow for debt retirement as opposed to solely relying on generating program surpluses

In particular:

- Accounts receivable from funding agencies because of outstanding reports, whereby the reports can still be filed and the funds recovered
- Employee loans and advances as documented in the consolidated audit or the accounting records, can be recovered through payroll deduction with the proper authorizations in place

Cancellation

The following are areas where cancellation or discontinuance of an activity or program should be considered, again to decrease cash outflow and generate cash-flow for debt retirement:

- Unfunded discretionary programs (employee benefits/perks, allowances, subsidies, widespread supply of materials)
- Chronic losing enterprises and ventures, where ceasing operations will end the losses and a possible cash inflow for debt retirement may result if an asset can be disposed of for proceeds
- Unnecessary leases of equipment, vehicles, land, buildings
- Funding events far and above what can actually be reasonably afforded

Continuance

- RMP Duration - Short (1-2 years)
 - Medium (3-5 years)
 - Long (6-10 years)
- Projected program budget surpluses must match the RMP duration
- RMP term will depend on several factors:
 - Projected surplus levels
 - Debt levels
 - Funding sources, levels and flexibility
 - Mandatory program delivery requirements
 - Causes of the debt, program, capital, non-INAC
 - Availability of other sources of debt retirement cash flows

Calculated Offers

- Matching projected identifiable and available Debt Retirement funds to Debt requirements
 - Secured debt (Ministerial Guaranteed), 1st charges and mandatory/essential service payables take priority
 - The rest of the creditors form a unsecured pool
 - The unsecured creditors can then be made “Calculated Offers” with what remains of the uncommitted debt retirement cash flows and this would include trade and financial institution creditors
 - Both a % of debt settlement offers and terms over a number of years are to be considered, both determined based on the available funds to retire debt

Capacity

The following positive local capacity building benefits are a product of the RMP development, implementation and monitoring process and need to be mentioned in the RMP:

- Lasting financial management skills are gained by Chief and Council and local administrators that are involved with the RMP
- Budgeting and forecasting techniques and skills are honed
- Negotiation and settlement approaches are attained
- Financial controls and purchase protocols are adopted
- Thorough understanding of financial reports, cash flows and matching revenues to expenditures are developed

RMP Essential Components

- Title Page
- Table of Contents
- Executive Summary
- Background Information
- Remedial Process
- Sign-off and Acknowledgement Page
- Accountant's Report on the Financial Projections
- Debt Retirement Projection
- Debt Retirement Hypothesis
- Financial Projections
 - Programs Budgets and Pro-forma Balance Sheets
- Trade Creditor Lists
- Loan and Mortgage Amortization Schedules
- Contingent Liabilities
- 5 Year Capital Plan for Band Base Capital

Executive Summary

- 2 Pages Maximum
- Concisely explain/disclose as a synopsis
 - Overall Debt
 - Term of the plan
 - Sources of funds for debt retirement
 - Crucial assumptions inherent in the RMP
- Reader should get a good overall sense of the plan from the Executive Summary

Background Information

- Again, 2 pages maximum
- Description of the community, language, location and access, population, land holdings, economic base, etc.
- Governance structure, Chief and Council #'s and term, electoral system, programs responsible to deliver locally
- Underlying causes of the accumulated debt
- Programs and enterprises where the debt has occurred

Remedial Process

- Detailed written narrative of the RMP
- Usually 5 – 15 pages in length
- Fully expands on the Executive Summary
- Lists the Objectives of the plan
- Discloses who was responsible for formulating and approving the plan
- Total debt, plan term and sources of debt retirement fully explained
- Key's to the plan being successful are described, such implementing fiscal controls and procedures, hiring a CFO, adhering to budgets
- Capacity Development and Training needs and plans are revealed
- Initiatives to improve band governance are described, such as adopting or improving on: Finance and Administration Policies, a Code of Ethics for elected officials and employees and a Recruitment and Human Resource Policy Manual are examples

Impact on Program Service Delivery

- Each program should be addressed individually whether the RMP will impact financially on it or not
- Surpluses generated and the % of program revenues assigned to debt retirement are discussed
- The impact of these surpluses and uses of program revenue must be explained as to their impact on the program, for example, anticipated employment levels, capital projects and repairs, discretionary expense items
- Mandatory program delivery levels must be kept in place and this must be stressed in this section of the RMP

Other Sources of Cash-flow

- Disclosure of sources separate from Government Funded programs
- Business enterprise profits
- Gaming proceeds, Tobacco Tax and Fuel Tax rebates
- Collection of loans and advances
- Royalties
- Other sources

Corrective Actions to Changes in Finances

- When RMP projected funding levels, interest rates or costs change
- Risk of not attaining the RMP projected surpluses and debt retirement funds exists
- Statement in this section of the RMP that the projections will be amended for measures put in place to adapt to the financial changes and still meet the RMP projections
- Last recourse: escalation of intervention level change if adjustments can not reasonably be made to meet the RMP debt retirement targets
- RMP projections exceeded: possible de-escalation of the intervention level would be considered if ahead of schedule on debt retirement

RMP Monitoring Process

- Monthly financial statements, actual results compared to RMP budgets and projections
- Quarterly meetings to review financials and assess RMP progress with C&C, administrators, co-manager or third party manager, government funding officers and possibly major creditors in attendance
- Annual audited financial statement results compared to RMP targets
- Other RMP non-financial milestones assessed at least annually, such as capacity building, policy and governance progress

RMP Acknowledgement and Sign-off Page

It is hereby agreed that this Remedial Management Plan supercedes all existing and prior financial management plans and that it will form part of any funding agreement between the First Nation and Indian and Northern Affairs Canada, and other funding agents as applicable. It is further agreed by the parties hereto that any amendments to this plan will require full agreement amongst the parties. The undersigned do hereby accept this Remedial Management Plan in it's entirety, and agree to abide by the terms and conditions therein. Whereas the Chief and Council of the First Nation support this Remedial Management Plan and agree to abide by it to the fullest extent.

The First Nation Chief and Council have reviewed and agree to this Remedial Management Plan this _____ day of _____ 2007.

Chief

Councilor

Councilor

Councilor

Councilor

This Remedial Management Plan has been received and approved by Indian and Northern affairs Canada, this _____ day of _____ 2007.

Signed by Representatives Indian and Northern Affairs Canada

Accountant's Report on the Financial Projections

Notice to Reader on the Compilation of a Financial Projection

To the Chief and Council
FIRST NATION

We have compiled the financial projection of the **FIRST NATION** consisting of pro forma balance sheets, schedules of debt retirement and program budgets for the six fiscal periods ending March 31, 2011 using assumptions, including the hypotheses set out in Appendix 2, with an effective date of April 1, 2004, and other information provided by management. Our engagement was performed in accordance with the applicable guidance on compilation of a financial projection issued by The Canadian Institute of Chartered Accountants.

A compilation is limited to presenting, in the form of a financial projection, information provided by management and does not include evaluating the support for the assumptions, including the hypotheses, or other information underlying the projection. Accordingly, we do not express an opinion or any other form of assurance on the financial projection or assumptions, including the hypotheses. Further, since this financial projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occur, and the variations may be material. We have no responsibility to update this communication for events and circumstances after the date of this communication.

Chartered Accountants

Winnipeg, Manitoba
September 30, 2005

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DEBT RETIREMENT PROJECTION			REVENUE	EXPENDITURE	SURPLUS
PROGRAMS	INAC	OTHER	TOTAL	TOTAL	(DEFICIT)
Band Support	475,000	2,500	477,500	420,000	57,500
Social Services	2,060,000	-	2,060,000	2,060,000	-
Social Services Delivery	55,000	-	55,000	55,000	-
Community Services	325,000	-	325,000	315,000	10,000
Education	2,615,000	-	2,615,000	2,500,000	115,000
Housing Programs	62,000	65,000	127,000	127,000	0
Policing	35,000	-	35,000	30,000	5,000
Fire Protection	50,000	-	50,000	47,500	2,500
Sub-total before capital and other	5,677,000	67,500	5,744,500	5,554,500	190,000
Band Base Capital	800,000	-	800,000	750,000	50,000
Sub-total - INAC Programs	6,477,000	67,500	6,544,500	6,304,500	240,000
Health Programs	0	1,200,000	1,200,000	1,200,000	0
Gaming	0	1,760,000	1,760,000	1,727,500	32,500
Gas Bar and Store	0	3,356,500	3,356,500	3,293,000	63,500
Human Resource Development	0	396,000	396,000	396,000	0
TOTALS	6,477,000	6,780,000	13,257,000	12,921,000	336,000

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DEBT RETIREMENT – CONT'D

SOURCES OF DEBT SERVICE	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
INAC Surpluses as above	240,000	240,000	240,000	240,000	240,000	240,000
Gas Bar and Store		63,500	63,500	63,500	63,500	
Gaming		32,500	32,500	32,500	32,500	
Total Sources of Debt Service	240,000	336,000	336,000	336,000	336,000	240,000
INAC 1st Charges CMHC Default	90,000	65,000	65,000			
Accounts Payable - Appendix 6	150,000	150,000	150,000			
Re-Financed Loan (P+I)		121,000	121,000	186,000	186,000	145,000
Total Debt for Retirement	240,000	336,000	336,000	186,000	186,000	145,000
Unallocated surpluses	-	-	-	150,000	150,000	95,000

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Debt Retirement Hypotheses

1. *The interest rate terms on the debt consolidation loan remain the same at a fixed rate of 7%. The interest rate utilized in the debt retirement projection is a constant 7%, compounded on a monthly basis. The amortization period of the debt consolidation loan is extended as per Appendix 7 to include contribution from the Band Store and Gas Bar and Gaming operations for the second through fifth years of the plan as per Appendix 3 part 1 at \$8,000.00 monthly for each fiscal period.*
2. *The Funding from Indian and Northern Affairs Canada, FNIHB for the Medical programs, Day Care, AMC HRDC, CMHC subsidies for housing, and Social Assistance shelter costs remain the same, and are assumed to be fixed over the six fiscal years of 2005/2006 to 2010/2011.*
3. *The Contingent liability for 2004-2005 remains the responsibility of these negotiations and will be addressed from future negotiations with the Province and or Federal Government, and that no other liabilities have occurred, or will result from any legal process inflicting a remedy on the First Nation of a financial nature for whatever reason.*
4. *The Funeral Liabilities will continue to be provided based on the INAC Social Services rates and any balance or amounts exceeding the allowable rates paid for by the families directly.*
5. *The Inflationary effects on the operations of the Pinaymootang First Nation have not been factored into the projections, based on the assumption that inflation would impact expenditures and revenues proportionately.*
6. *Accounts payable and trade creditor settlements are made by the programs who incurred the expenditures according to the creditor debt retirement accounts payable schedule Appendix 6 included in the RMP.*
7. *The Chief and Council are successful to build the local capacity to manage Band Affairs and successful in obtaining additional funding separately from which to execute their plan.*
8. *The Chief and Council and their Program Directors, Administrators, and service delivery staff use responsible spending practices.*
9. *No breach of the RMP occurs over the life of the plan including breaches with all of the Funding Agents, and the financial institution.*
10. *The new band business recently acquired does not incur additional debt that cannot be serviced from its own operations, without effect on any of the listed programs in Appendix 3 part 1.*
11. *That any Debt guarantee on behalf of the First Nation for the new band business not affect any of the future operations of any of the programs included in Appendix 3 Part 1. 12. The Social Services advance payable to the Department indicated on Appendix 4 and 5 does not become payable over the duration of the Remedial Management Plan.*
12. *The Social Services advance payable to the Department indicated on Appendix 4 and 5 does not become payable over the duration of the Remedial Management Plan.*

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FISCAL PROJECTIONS POLICING PROGRAM REVENUE

	<u>2005/2006</u>	<u>2006/2007</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2009/2010</u>	<u>2010/2011</u>
Solicitor General	35,000	35,000	35,000	35,000	35,000	35,000
TOTAL REVENUES	35,000	35,000	35,000	35,000	35,000	35,000

EXPENDITURES

Salaries & Wages	22,000	22,000	22,000	22,000	22,000	22,000
Telephone & Radio	2,000	2,000	2,000	2,000	2,000	2,000
Fuel	4,000	4,000	4,000	4,000	4,000	4,000
Maintenance Police Vehicle	1,000	1,000	1,000	1,000	1,000	1,000
Insurance Police Vehicle	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL EXPENDITURES	30,000	30,000	30,000	30,000	30,000	30,000

BUDGETED SURPLUS	5,000	5,000	5,000	5,000	5,000	5,000
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PROJECTED PROFORMA BALANCE SHEETS

ASSETS	March 31,2005 <u>(Audited)</u>	March 31,2006 <u>(Audited)</u>	March 31,2007 <u>(Audited)</u>	March 31,2008 <u>(Audited)</u>	March 31,2009 <u>(Audited)</u>	March 31,2010 <u>(Audited)</u>	March 31,2011 <u>(Audited)</u>
Current Assets							
Cash	165,000	109,000	0	82,000	130,000	105,000	118,000
Restricted Cash	5,000	44,000	44,000	44,000	44,000	44,000	44,000
Accounts Receivable	439,000	286,000	134,000	56,000	56,000	56,000	56,000
Prepaid Expenses	39,000	39,000	39,000	39,000	39,000	39,000	39,000
Inventory	77,000	77,000	77,000	77,000	77,000	77,000	77,000
Total Current Assets	725,000	555,000	294,000	298,000	346,000	321,000	334,000
Capital Assets	13,871,000	13,871,000	13,871,000	13,871,000	13,871,000	13,871,000	13,871,000
TOTAL ASSETS	14,596,000	14,426,000	14,165,000	14,169,000	14,217,000	14,192,000	14,205,000

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LIABILITIES AND EQUITY

LIABILITIES

Current Liabilities

Accounts Payable - trade	453,000	300,000	150,000	150,000	150,000	150,000	150,000
Accounts Payable - old	600,000	300,000	150,000				
Accrued Interest Payable	126,000						
Deferred Revenue	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Total Current Liabilities	1,209,000	630,000	330,000	180,000	180,000	180,000	180,000

Long-term Debt

RMP Payable - 1st Charges	321,000	235,000	173,000	173,000	173,000	173,000	173,000
Arrears RMP Bank Loan	537,000	537,000	493,000	447,000	298,000	128,000	0
Trailer Loan	226,000	113,000					
CMHC Mortgages	724,000	654,000	623,000	590,000	554,000	514,000	470,000
	1,808,000	1,539,000	1,289,000	1,210,000	1,025,000	815,000	643,000

TOTAL LIABILITIES

	3,017,000	2,169,000	1,619,000	1,390,000	1,205,000	995,000	823,000
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EQUITY

Ottawa Trust Fund	5,000	5,000	5,000	5,000	5,000	5,000	5,000
CMHC Reserve	147,000	39,000	39,000	39,000	39,000	39,000	39,000
Investment in Capital Assets	12,611,000	12,611,000	12,611,000	12,611,000	12,611,000	12,611,000	12,611,000
Equity Sub-total	12,763,000	12,655,000	12,655,000	12,655,000	12,655,000	12,655,000	12,655,000

Opening Accum. Surplus (Deficit)	(1,339,000)	(1,184,000)	(398,000)	(109,000)	124,000	357,000	542,000
INAC Program Surplus	155,000	241,000	241,000	185,000	185,000	185,000	185,000
Band Surplus Contribution		48,000	48,000	48,000	48,000		
Capital Applied to Debt		221,000					
Gains on Creditor Settlements		276,000					
Closing Accum. Surplus (Deficit)	(1,184,000)	(398,000)	(109,000)	124,000	357,000	542,000	727,000

TOTAL EQUITY

	11,579,000	12,257,000	12,546,000	12,779,000	13,012,000	13,197,000	13,382,000
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TOTAL LIABILITIES & EQUITY

	14,596,000	14,426,000	14,165,000	14,169,000	14,217,000	14,192,000	14,205,000
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First Nation

Five Year Capital Plan - Band Base Capital Allocation (BBCA)

Capital Allocation	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
Base Allocation	775.60	775.60	775.60	775.60	775.60
Emergency Reserve	50.50	50.50	50.50	50.50	50.50
Bill C-31	45.90	45.90	45.90	45.90	45.90
	872.00	872.00	872.00	872.00	872.00
TOTAL CAPITAL ALLOCATION	872.00	872.00	872.00	872.00	872.00

First Charges & FN Share

RMP 1st Charges	50.00	50.00	50.00	50.00	50.00
Winter Road	45.00	45.00	45.00	45.00	45.00
Advance Materials	125.00				
TOTAL FIRST CHARGES & FN CHARGE	220.00	95.00	95.00	95.00	95.00

Net Balance Available	552.00	777.00	777.00	777.00	777.00
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Emergency road repairs	20.00	20.00	20.00	20.00	20.00
Housing Renovations	72.00	77.00	77.00	77.00	77.00
New Housing	460.00	680.00	680.00	680.00	680.00
TOTAL	227.80	777.00	777.00	777.00	777.00

Unallocated Contingency	0.00	0.00	0.00	0.00	0.00
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EXIT STRATEGY DOCUMENT

- RMP projects what is likely to occur
- Exit Strategy reports RMP results and details future plans
- Separate document geared towards promoting intervention de-escalation
- Produced within one year or more of RMP adherence, positive results and meeting financial targets of the RMP and debt retirement
- Addressed to those imposing intervention (INAC/FNIHB)
- Essentially a written progress report on the RMP reporting on:
 - Debt reduction to date
 - Creditors settlements and agreements in place
 - Actual financial operating results compared to the RMP targets
 - Capacity development and training completed and planned
 - Governance and Policy implementation and changes
- Should include a chronology of events to date

EXIT STRATEGY CHRONOLOGY

Event	Timing
■ Revised RMP completed by BDO/C&C	September 2006
■ Revised RMP approved by FN C&C	October 2006
■ Exit Strategy completed by BDO/C&C	November 2006
■ Exit Strategy approved by FN C&C	November 2006
■ Capacity Building Initiative progress report on Governance and Financial Policy due	December 2006
■ Revised RMP approved by INAC	December 2006
■ Capacity Building Initiative draft report due	January 2007
■ Centralization of Finance and Information Systems commences	January 2007
■ Chief Financial Officer interviews and hiring	February 2007
■ Capacity Building Initiative final report approved by FN C&C and band membership	March 2007
■ Centralization of Finance and Information systems completed and successfully running	March 2007
■ De-Escalation of intervention to Co-Management	April 2007
■ Capacity Building Initiative election codes, finance And governance policies adopted/implemented	April 2007
■ FN continues to adhere to revised RMP terms	April 2007

RMP APPLICATION and SUCCESSFUL RESULTS

I was elected Chief of my community about three years ago. I was not one from the two most prominent local family groups but affiliated to one of them (the two larger family groups). My Council and I had taken over from the opposing family formed government who did not participate (or cooperate) well with the appointed TPM, which lead to catastrophic financial consequences over their two years and set back financially my community for several years.

Our First Nation before the prior Chief and Council was elected was on the brink of de-escalation and had experienced very positive program service delivery in all areas, including a positive change in the state of the financial affairs of my community, all as a result of cooperative intervention.

Unfortunately, my predecessors had decided not to cooperate with the TPM and an existing RMP in place, but rather to side with the tribal council's leadership, who much to their regret had a different agenda and motives. Unfortunately this facilitated and enabled the financial down fall of my community over this dark period of time. The advice provided by the Tribal Council was less than helpful or financially sound and very little forward progress was experienced under their tutelage.

RMP APPLICATION and SUCCESSFUL RESULTS

My leadership as Chief was to forge my quorum and guide my Council through this troubled twisting financial road using the positive tribal council resources to my community's benefit, not the other way around. The best sources of guidance we found as a Chief and Council however was in learning from my TPM, who had the entire skill set that we needed to learn and absorb, that would free my people by teaching them to regain their financial independence, and self governance.

Working in cooperation with my TPM was difficult at first not knowing exactly what to expect, not understanding fully the financial difficulties that we faced as a community. However the time and financial explanations were provided in a manner that was suitable for all of Council, to make sure that we complimented each other's efforts. In a short two years, with a revised RMP and terrific negotiations and realized gains by the TPM (with our support), an insurmountable amount of debt it seemed got remedied. All programs had budgets, followed by our administrators that allowed better than usual service delivery as a result of our joint consorted efforts.

RMP APPLICATION and SUCCESSFUL RESULTS

These challenging two years required a revised Remedial Management Plan focused on financial restraint and good leadership by Council, but throughout this process many useful tools and systems were put in place that would benefit the community and have more lasting effects. Through our revised RMP, our financial policies were developed, our local infrastructure strengthened and administrators were taught how to deal with program budgets and follow them as not to create deficits that lead to intervention.

Local capacity was our biggest obstacle under the planned change of de-escalation in intervention, as a lot of our local staff was not ready for the changes ahead. After being in TPM for several years the staff needed to re-learn their roles by adhering to the financial policies and separate themselves from Chief and Council based on the operating manuals that were ratified by the community.

In order to enhance our local capacity under the Exit Strategy developed by our TPM a centralized office would be implemented to assist us in governing all of our programs, assisted by our own Chief Financial Officer. This financial system would control finances and allow frequent reporting back to the membership, ensuring accountability and transparency of all program service delivery. This financial openness and control would also assist program Administrators and Coordinators alike to provide the long list of reporting requirements of each funding agent.

RMP APPLICATION and SUCCESSFUL RESULTS

Timelines and goals were set for each phase of the exit strategy's implementation as not to confuse the effort by allowing local staff the time to develop the skill set each required, to participate in the process. The only problem or regret was that we as Chief and Council required an accelerated change, that was more difficult to manage and for which it was harder for staff to adapt.

In any event the changes took place that the RMP and Exit Strategy called for, the programs became locally managed, and the service delivery was not substantially affected. My community and its new government now focuses their time and resources on housing and infrastructure, and this is always a positive sign for any community and its Government.