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AUDIT AND ACCOUNTABILITY BUREAU

Final Summary Report
Audit of Anishinaabe Mino-Ayaawin Inc. (AMA) 1998 to 2005
Manitoba Region

June 28, 2007

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Executive Summary

This report summarizes the main findings of 14 financial audits, conducted by Navigant Consulting (formerly KLA) on behalf of the Audit and Accountability Bureau (AAB), regarding funding agreements with Anishinaabe Mino-Ayaawin Inc. (AMA).

Between 1997 and 2005, Health Canada and AMA entered into 41 funding agreements for AMA to deliver health programs and services to seven Manitoba First Nations communities of the Interlake Reserves Tribal Council (IRTC). The agreements totalled $56.9 million for the period April 1, 1997 to March 31, 2005.

In late 2000, Health Canada launched a management review in response to concerns that AMA was not delivering all of the services for which it had received funding. The results led to an audit of AMA's financial records for the period April 1, 1998 to March 31, 2001. This audit also examined funding that AMA administered on behalf of the seven IRTC communities.

Health Canada received the audit reports in September 2004, which covered the period April 1, 1998 to March 31, 2001. Several concerns were raised regarding AMA, including value-for-money, lack of accountability, questionable third-party transactions, use of funds for purposes outside the agreements' scope, lack of justification for many expenditures, and deficient financial and management practices.

In 2005, Navigant Consulting carried out follow-up audits at the request of Health Canada. These audits covered the period April 1, 2001 to March 31, 2005 and concluded that many of the weaknesses identified in the original audit work remained.

The objectives of the original nine audits were to carry out financial audits of AMA and to determine the extent to which funds had been spent in accordance with the terms and conditions of contribution agreements. The objective of the five follow-up audits was to examine the status of the key issues and concerns identified in the initial audits.

The overall conclusion of these audits is that there is significant non-compliance of AMA with the funding agreements. Important weaknesses were identified in the control framework as evidenced by the use of recipients and third parties (intermediaries) to manage contribution agreements; lack of oversight and monitoring; unclear contribution agreements; and the need to recover funds.

This Summary Report underlines the need to improve Health Canada's management practices related to contribution agreements, by ascertaining that contribution funding is delivered to the communities for whom it is intended; by improving monitoring and oversight; by improving the clarity of contribution agreements; and taking the necessary steps to recover funds.

Health Canada has taken a number of steps to respond to specific key issues and themes that emerged from the audits. The following are the management responses and actions taken in relation to the key observations:

- Health Canada forwarded the 9 audit reports, covering the period 1998-2001, to the RCMP for further investigation.
- Health Canada notified AMA that it would be terminating its contribution relationship. The Department began work to reorganize the delivery of health services in individual IRTC communities.
- The Department began legal action against AMA and launched a follow-up audit for the period April 1, 2001 to March 31, 2005.

As a result of a departmental risk management exercise, Health Canada implemented the following measures to reduce its exposure:

- Since 2001-2002, the contribution agreements contain clauses that govern how recipients can and cannot use funds, which addresses some of the conflict of interest issues that the audits raised.
- In 2003, the Department instituted requirements in all its contribution agreements that have strengthened accountability of recipients. The new agreements include specific requirements with respect to accounting systems and financial reporting.
- Monitoring and oversight have been strengthened—particularly in areas that have been associated with the inappropriate use of funds, such as expenses of Boards of Directors, travel, professional fees and other payments to third parties.
- Roles and responsibilities of staff for managing and overseeing the delivery of health programs have been clarified and reinforced by comprehensive training and independent oversight committees at headquarters and in the regions.
- The Department has adopted a conflict resolution policy. A Memorandum of Understanding is now in place between Indian and Northern Affairs Canada, the RCMP and Health Canada on dealing with complaints and allegations of suspected wrongdoing.
- Health Canada has developed new processes and now has increased capacity to carry out risk-based compliance audits.

Introduction

Background

Health Canada enters into contribution agreements with First Nations entities, which provide funds to First Nations to operate health programs. The Department entered into 41 agreements with Anishinaabe Mino-Ayaawan Inc. (AMA), an organization incorporated in February 1997 to administer, monitor and evaluate approved regional health programs and services. These programs and services were to be delivered to the Interlake Reserve Tribal Council (IRTC) members, both on and off reserve. AMA represented seven IRTC communities, with a total population of approximately 15,000.

The AMA agreements covered both the period April 1, 1997 to March 31, 2001, totalling $30.3 million; and the period April 1, 2001 to March 31, 2005 totalling $26.6 million.

Early in the fall of 2000, Health Canada became aware of a pattern of "accelerated transfers" of funds out of the Assistant Deputy Minister's reserve fund at the First Nations and Inuit Health Branch (FNIHB). The funds flowed to various organizations in Manitoba, including AMA. Health Canada launched a management review, which found that AMA was not delivering all of the services it was obliged to provide under a contribution agreement relating to a Non-Insured Health Benefits (NIHB) pilot program.

Health Canada's Audit and Accountability Bureau subsequently engaged Kroll, Lindquist Avey (KLA) to review AMA's financial records for the period April 1, 1998 to March 31, 2001. Nine audit reports were produced. The Department provided a further mandate to carry out follow-up compliance audits of AMA, covering the period April 1, 2001 to March 31, 2005. Five follow-up audit reports were issued.

The audits conducted by KLA and Navigant are referred to as "the audits" in this report.

Objectives of the audits

While the specific objectives of the 9 initial audits varied, in general the objectives were:

- to carry out a financial audit of AMA; and
- to determine the extent to which public funds had been spent in accordance with the terms and conditions of contribution agreements.

The objective of the 5 follow-up audits was to review and examine the status of key issues raised in the initial audits such as third party transactions, inappropriate use of funds, surpluses and unsupported expenditures.

Scope and approach

The initial and follow-up audits included examination of available financial information regarding revenues and expenses.

The audits involved examination of documentation provided by Health Canada, AMA and third parties. Interviews were also conducted in those organizations.

Findings, Recommendations and Management Responses

Summarized findings from the 14 audit reports (See Appendix A) are outlined below. The four key issues are:

- Use of "intermediaries" to manage contribution agreements.
- Lack of monitoring and oversight.
- Unclear contribution agreements.
- Need to recover funds.

Use of Intermediaries to Manage Contribution Agreements

For the purposes of this report, the term "intermediaries" refers to AMA, a recipient of contribution funds, who administered the funding agreements on behalf of 7 communities and its third-party sub-contractors. The findings under this heading are framed in broad terms. They relate also to other issues covered in greater detail under subsequent headings.

The auditors found numerous instances where AMA's delegation of responsibility for managing contribution agreements exposed Health Canada to significant risk. The initial and follow-up audits, which spanned seven fiscal years, identified many weaknesses associated with both AMA's and the sub-contractor's management of contribution agreements. Weaknesses identified included:

- lack of accountability for how AMA and its sub-contractors used contribution funds;
- failure to ensure that all IRTC First Nations received all contribution dollars to which they were entitled; and
- inadequate performance on the part of AMA and its sub-contractors in managing contracts and capital projects.

Accountability issues

Numerous examples confirmed that the arrangements between AMA and the various sub-contractors did not ensure proper accountability. For example, AMA engaged a major sub-contractor (a company named "Dasamead" which was owned by) to provide consulting and other services over the 1998-2004 period. The auditors were provided with only limited documentation on what work was carried out by this sub-contractor, and on how costs had been calculated.

Another example revealed that AMA had obtained permanent annual funding of $150,000 from FNIHB for one contract for human resources services. No detailed support was available at FNIHB to justify this contract. Subsequently, AMA entered into an agreement (which has since been terminated) with Dasamead to deliver these services — without tender and without documentation.

These examples are representative of the lack of a proper "accountability trail". Audit results demonstrate that other agreements between recipients and third-party sub-contractors varied as to the purpose of expenditures and the amount of funding involved. There was a consistent lack of descriptive invoices and other documentation that would be essential to adequately account for expenditures.

Flow of funds to First Nations communities

Throughout the examination period, a number of instances were noted in which AMA or its sub-contractors had failed to distribute all Health Canada funds to individual communities. Funds from Health Canada earmarked for particular communities had become co-mingled with those of AMA and third parties, and may not have been available to deliver health-related services in the intended communities. For example, the financial audit of a number of agreements between Health Canada and AMA from April 1998 to March 2005 indicated that AMA had transferred $272,000 of Health Canada funds to a sub-contractor, Seegar Consulting, who administered those funds on behalf of a First Nation community. The money went into a Seegar trust account, but had not been recorded in the community's records.

In another case there is indication that Health Canada may have inadvertently funded a "traditional healer transportation program" twice. Under one agreement, the Department provided about $558,000 for this purpose directly to a First Nation. Under another agreement, it provided $608,000 to AMA for the program. The auditors found that AMA did not distribute $566,518 of the transportation funding to the First Nation.

Quality of administrative services

The audits showed that, throughout the period under review, AMA consistently failed to properly administer contracts and capital projects in accordance with sound business practices. AMA awarded various contracts without tender, as noted earlier. This often resulted in increased costs and reduced available funds to operate health programs. Weaknesses in basic accounting and bookkeeping systems were also evident.

The audits did not explicitly assess the competence or capacity of AMA or its sub-contractors. However, audit results demonstrate that AMA and its sub-contractors did not follow basic management practices.

Recommendation No. 1:

- *Health Canada should assess the potential risks associated with delegating responsibility for managing and disbursing funds under contribution agreements to recipients and third-parties. Further, the Department should take steps to mitigate and reduce its exposure to these risks by ensuring that:*
  - *all contribution funding is distributed to the intended communities*
  - *any third parties involved in managing contribution agreements have appropriate qualifications and capacity.*

Management's response

Despite the validity of the issues that the audits have raised with respect to AMA's management of contribution agreements, we will continue to allow recipients (i.e., First Nations) to both manage and disburse funds to deliver their health programs, and use sub-contractors where necessary. First, under contribution agreements, the recipients are responsible for managing contribution dollars. Second, individual First Nations are the ones who are best-placed to manage contribution funds; the Department does not wish to manage or be seen to manage a recipient's contribution funds. However, Health Canada (HC) recognized that the experience with AMA has been negative, and that the problems which the audits identified could not be allowed to persist.

Many problems stemmed from a lack of accountability associated with contracts between AMA (the recipient) and its sub-contractors such as Seegar and others. (Note that HC did not contract with these parties. In all cases, contracts were between the recipient and a sub-contractor.) Similarly, the issue involving a failure on the part of AMA to flow all contribution funds to the appropriate First Nation related to contracts between AMA and a particular First Nation. Health Canada was in no position to intervene because it was not part of these contractual arrangements.

Nevertheless, to address these problems and prevent them from recurring, in 2001 HC began reviewing all aspects of contribution agreements on a national basis. The objective was to assess all aspects of risk associated with managing contribution agreements. The review identified a lack of accountability as a key risk. Accordingly, since 2003, HC has demanded that recipients' sub-contractors be subject to the same requirements — e.g., those relating to maintaining accountability, conducting financial audits and following prudent business practices — that apply to the recipients themselves. Health Canada has also established a tendering policy. This policy requires recipients of contributions for capital projects to follow Government of Canada standards when awarding contracts for construction or renovation work. Taken together, these requirements have effectively strengthened accountability between the Department and recipients, and between recipients and their sub-contractors.

Note that if a recipient refuses to include these requirements in contracts with its sub-contractors, current contribution agreements allow the Department to terminate funding. Under these agreements, HC may also demand that recipients refund all contribution funds not properly accounted for.

Lack of Monitoring and Oversight

The audit scope did not include an assessment of Health Canada's monitoring and oversight activities. It should be noted that events at Health Canada headquarters (as opposed to events in the field) triggered the management review which began in September 2000.

This review did not initially focus on AMA. It examined a pattern of "accelerated transfers out of the Assistant Deputy Minister's (ADM) Reserve at the First Nations and Inuit Health Branch (FNIHB) to organizations in Manitoba, including the AMA". The review's findings, approved by

the Department in August 2001, identified that AMA was not delivering all of the services for which Health Canada had provided funding.

Nature of expenditures

The ensuing audit of AMA's financial records for the period of April 1, 1998 to March 31, 2001, as well as the follow-up audits covering April 1, 2001 to March 31, 2005, focussed on the nature and reasonableness of expenditures.

The audits examined expenses incurred in delivering health programs. In most cases these expenses were justified. However, the auditors noted certain cases of significant expenses deemed questionable because they were not adequately supported, or because they could not be justified as direct expenditures in support of health programs.

More specifically, the audits noted several key categories of expenses for which the risk of questionable expenditures is significant. These included:

- a number of insufficiently supported payments that were made to Chiefs and Councils;
- numerous transactions that were recorded as "community expenses", and for which no receipts, invoices or other support were available;
- travel claims that were deemed questionable because no receipts were available, or because the relationship of the travel to delivering health programs was unclear;
- professional fees for third-party management services and "finder's fees" that were paid to the CEO of AMA . These services were very similar to the services that he would have been expected to provide as part of his job as CEO of AMA. Therefore, these fees were considered duplicate payments for services and placed the CEO in a conflict of interest situation. There were other cases of fee payments to individuals which are questionable in nature, and for which support was generally lacking; and
- a number of questionable expenditures that involved cheques issued to one person who "then apparently disbursed cash to other persons."

AMA's program expenditures totalled about $56.9 million for the years ending March 31, 2005. Approximately 11% of these expenditures were identified as questionable. The audits covering the period April 1, 1998 to March 31, 2001, revealed questionable expenditures totalling approximately $2.7 million. For the period April 1, 2001 to March 31, 2005, questionable expenditures were just under $3.7 million.

Prior to 2001, the Department neither inquired into AMA's management activities, nor appeared to be aware of the inappropriate use of funds and other problems that the audits later uncovered. It is therefore reasonable to conclude that Health Canada did not adequately monitor the management of contribution funds entrusted to AMA.

Recommendation No. 2:

- *Health Canada should institute a regime for monitoring the practices that recipients and third party sub-contractors follow in managing contribution agreements.*

Management's response

As part of HC's risk-assessment exercise, as noted above, the Department recognized that closer monitoring and stronger oversight of the activities were needed. Both are central to reducing HC's exposure to the type of risks associated with findings of the audits.

Since 2003, the Department has hired more regional staff to increase the Department's presence in communities. This heightened presence is reinforced by new mechanisms for accounting for results beginning at the planning phase. Monitoring and oversight activities of expenditures in key areas noted in the audits have been strengthened. These areas include — but are not limited to—expenditures relating to Boards of Directors, Community Services, professional fees, travel, and loans and advances to third parties.

Health Canada now has a clearer, timelier picture of the extent to which First Nations are delivering these programs in accordance with contribution agreements. Oversight and monitoring activities are reinforced by new standard clauses in contribution agreements that impose accountability and reporting obligations on recipients (see responses under issue three, below, for more details).

In 2003, Health Canada entered into a Memorandum of Understanding (MOU) with Indian and Northern Affairs Canada and the RCMP. The MOU has improved monitoring and oversight by outlining a protocol for receiving and responding to complaints and allegations of suspected wrongdoing or inappropriate use of contribution funds. The protocol encourages government staff and others to report problems, while requiring management to investigate these problems, as appropriate.

Unclear Contribution Agreements

A number of instances were noted where the wording in contribution agreements between Health Canada and recipients was inconsistent, and may have led to uncertainty regarding the conditions under which funds could be spent or transferred from one program or area to another.

The lack of clarity and consistency in certain agreements, regarding eligible and non-eligible expenditures, may have been linked to the prevalence of questionable expenditures noted previously. The audits found that restrictions on use of funds differed between agreements with the same community.

Not all agreements contained clauses specifically requiring recipients to follow generally accepted business practices, and to be accountable for how they used contribution funds. In summary, contribution agreements provided considerable flexibility with respect to how funds could be used. Not all agreements clearly indicated what constituted "eligible expenditures". In addition, not all agreements contained clauses indicating conditions under which Health Canada would recover any non-eligible expenditures.

Recommendations No. 3:

- *Health Canada should implement consistency and standardization in its contribution agreements. Standard clauses should stipulate mandatory requirements for accountability, minimum requirements for financial systems and financial reporting, and establish how the Department will respond if recipients and third parties do not fulfill their obligations.*

Management's response

Health Canada acknowledges that the audits identified a number of "questionable expenditures" for items not directly related to providing health services to First Nations. We agree with the audits' findings that many of these expenditures related to expenses of Boards of Directors, various community events and services, professional and finders' fees.

Since 2001-2002, all Health Canada's contribution agreements with First Nations include various standard clauses intended to reduce uncertainty about what will be considered a questionable expenditure. In effect, the new standard clauses govern how recipients can and cannot use contribution funds. They indicate clearly that Health Canada will honour only those expenditures that are reasonably incurred in carrying out the activities specified in the contribution agreement.

The new standard clauses address both the key issues noted above, and other findings. For example, they impose strict requirements with respect to accounting and bookkeeping practices. They now require recipients to adhere to generally accepted accounting principles, and to provide adequate support and documentation for expenditures. They also impose accountability requirements, demanding — depending on the individual Agreement — either regular activity and financial reports, or independently audited financial statements. An increased number of on-site visits by Health Canada's regional staff, as noted earlier, complements these requirements.

Standard clauses also now partially address the conflict of interest issues that the audits raised. These clauses cover public servants and office holders. As part of maintaining accountability to their constituents, recipients must also provide a conflict of interest policy that meets certain minimum requirements.

All agreements now clearly define how the Department will respond to instances in which recipients are not complying with the terms and conditions of contribution agreements. For example, if an activity report or financial statement is late, the Department may, in accordance with its intervention policy, withhold further funding. As well, if a recipient is unable to manage a program or the related funding, Health Canada has the right to immediately appoint a third-party manager. Clauses also deal with recovering funds in certain circumstances.

The standardization of contribution agreements and other measures and safeguards that the Department's management has introduced have translated to a much-improved framework for ensuring that recipients use contribution funds only to work toward improving the health of First Nations people. This framework should greatly reduce the risk that many of the problems that the audits found will arise again in future.

Need to Recover funds

The auditors noted that Health Canada's ability to recover surpluses and funds relating to non-eligible expenditures depended largely on the wording of individual agreements. The amount that the audits identified as potentially recoverable from recipients was approximately $6.4 million for fiscal years April 1, 1998 to March 31, 2005 (See Appendix B and C for details of expenditures). To date, $1.7 million was recovered leaving a net recoverable amount of $4.7 million.

Recommendation No. 4:

- *Health Canada should identify and take action to collect recoverable funds.*

Management's response

As noted above, contribution agreements include clauses relating to recovering funds. There is no question that the Crown has the legal right to make a claim against a recipient.

On February 15, 2005, the Department formally notified AMA that it was terminating all agreements. Health Canada did not renew agreements that expired on March 31, 2005. Multi-year agreements that would have extended into the new fiscal year were terminated on May 15, 2005.

The Crown has placed a lien on the organization's major assets. Justice Canada is also pursuing all legal means to recover funds expended on ineligible items.

Appendix A

List of Audit Reports Issued

For the period ending March 31, 2001

1. Comparison of the Positions of FNIHB and AMA with Respect to Transfer Agreement MA-98/99-037-NI
2. Significant Uses of Health Canada Funding not Specifically Identified in an Agreement
3. Review of International Conference Funding
4. Review of Capital Projects Funding
5. Review of Payments to Dasamead Inc. &
6. Review of Agreements between Health Canada and AMA on behalf of Dauphin River First Nation
7. Review of Agreements between Health Canada and AMA on behalf of Fairford First Nation
8. Review of Agreements between Health Canada and AMA on behalf of Jackhead First Nation
9. Review of Agreements between Health Canada and AMA on behalf of Lake St. Martin First Nation

For the period ending March 31, 2005

1. Review of Agreements between Health Canada and AMA
2. Review of Agreements between Health Canada and AMA on behalf of Dauphin River First Nation
3. Review of Agreements between Health Canada and AMA and Seegar Consulting Services Ltd. on behalf of Pinaymootang (Fairford) First Nation
4. Review of Agreements between Health Canada and AMA on behalf of Kinonjeoshtegon (Jackhead) First Nation
5. Review of Agreements between Health Canada and AMA on behalf of Lake St. Martin First Nation

Appendix B

Summary of Agreements Examined for the period April 1, 1998 to March 31, 2001

	AGREEMENT DETAILS						FUNDING RECEIVED AND EXPENDED						
	Description	Number	Period	Agreement Type	NCI Report Ref. [10]	Total Funding Under Agreement [1]	Funding Received from Health Canada [A]	Expenditures Claimed by AMA Under Agreement [B]	Reported Excess (Deficit) Funding [A]-[B]=[C]	AMA Disbursements from Excess Funding [D]	Remaining Excess (Deficit) [C]-[D]=[E]	Questionable Disbursements Under Agreement per NCI [10] [F]	Net Excess (Deficit) Funding [E]+[F]=[G]
TRANSFER AGREEMENTS SUMMARY													
AMA Direct:													
1	AMA NIHB Pilot Agreement (including amendment amounts)	MA 98/99 037 NI	April 1, 1998 to March 31, 2001	Pilot Project - Transfer	[I]								
	Vision Care					$961,538	$961,538	($971,767)	($10,229)		($10,229)		($10,229)
	Health Care					$1,239,864	$1,239,864	($456,433)	$783,431		$783,431		$783,431
	Pharmacy					$4,296,863	$1,602,905 [2]	($1,602,905) [2]	$0		$0		$0
	Dental					$5,646,183	$3,847,648	($2,393,444)	$1,454,204		$1,454,204		$1,454,204
	Medical Transportation					$5,910,052 [3]	$5,910,052	($4,747,566)	$1,162,486		$1,162,486		$1,162,486
	Administration					$1,520,250	$1,482,654	($1,954,311)	($471,657)		($471,657)		($471,657)
	Significant Uses of Excess Funding, Not Specifically Identified in Agreement				[II]&[III]				$0	($2,287,918)	($2,287,918)	$1,717,543	($570,375)
	Total NIHB Funding					$19,574,750	$15,044,661	($12,126,426)	$2,918,235	($2,287,918)	$630,317	$1,717,543	$2,347,860
	Less Medical Transportation Funding transferred to other Communities	See Note [3] below				($2,015,310) [3]	($832,853)	$832,853					$0
	Net NIHB Pilot Project Funding Received by AMA					$17,559,440	$14,211,808	($11,293,573)	$2,918,235	($2,287,918)	$630,317	$1,717,543	$2,347,860
Dauphin River:													
2	AMA Health Services Transfer Agreement for Dauphin River	MA 98/99 006 TR	April 1, 1998 to March 31, 2003	Transfer	[IV]	$2,036,075	$1,113,121	($822,950)	$290,171		$290,171	$146,340	$436,511
	Medical Transportation funding transferred from AMA under NIHB Pilot Agreement	See Note [3] below				$278,768	$94,014 [3]	($149,465)	($55,451)		($55,451)		($55,451)
	Sub-total Dauphin River					$2,314,843	$1,207,135	($972,415)	$234,720	$0	$234,720	$146,340	$381,060
Fairford:													
3	AMA Health Services Transfer Agreement for Fairford	MA 98/99 009 TR	May 15, 1998 to May 14, 2001	Transfer	[V]	$2,052,605	$1,968,863	($1,912,012)	$56,851		$56,851	$269,800	$326,651
	Medical Transportation funding transferred from AMA under NIHB Pilot Agreement	See Note [3] below				$1,026,912	$326,917 [3]	($379,915)	($52,998)		($52,998)		($52,998)
	Sub-total Fairford					$3,079,517	$2,295,780	($2,291,927)	$3,853	$0	$3,853	$269,800	$273,653
Lake St. Martin:													
4	AMA Health Services Transfer Agreement Lake St. Martin	MA 98/99 011 TR	December 1, 1998 to March 31, 2002	Transfer	[VI]	$2,118,245	$1,446,074	($1,380,417) [4]	$65,657		$65,657	$51,054	$116,711
5	AMA for Lake St. Martin	MA 98/99 010 NI	April 1, 1998 to March 31, 2001	NIHB Pilot Project	[VI]	$738,300	$411,793	[4]	$411,793		$411,793		$411,793
	Medical Transportation funding transferred from AMA under NIHB Pilot Agreement	See Note [3] below				$369,150	$191,287 [3]	($367,763) [5]	($176,476)		($176,476)		($176,476)
	Sub-total Lake St. Martin					$3,225,695	$2,049,154	($1,748,180)	$300,974	$0	$300,974 [5]	$51,054	$352,028
TOTAL TRANSFER AGREEMENT AMOUNTS						**$26,179,495**	**$19,763,877**	**($16,306,095)**	**$3,457,782**	**($2,287,918)**	**$1,169,864**	**$2,184,737**	**$3,354,601**

AGREEMENT DETAILS						FUNDING RECEIVED AND EXPENDED							
	Description	Number	Period	Agreement Type	NCI Report Ref. [10]	Total Funding Under Agreement [1]	Funding Received from Health Canada [A]	Expenditures Claimed by AMA Under Agreement [B]	Reported Excess (Deficit) Funding [A]-[B]=[C]	AMA Disbursements from Excess Funding [D]	Remaining Excess (Deficit) [C]-[D]=[E]	Questionable Disbursements Under Agreement per NCI [10] [F]	Net Excess (Deficit) Funding [E]+[F]=[G]
CONTRIBUTION AND STACKED AGREEMENTS SUMMARY													
AMA Direct:													
6	AMA Capital Construction Contribution Agreement	MA 99/00 003 CC	June 28, 1999 to March 31, 2001	Capital Contribution	[VII]	$1,194,000	$1,194,000	($1,450,591) [6]	($256,591)		($256,591)	$407,666 [6]	$151,075
7	AMA This National Indian and Inuit Time-Limited Special Initiative Contribution Agreement	HQ 00/01 003 SI	April 1, 2000 to September 30, 2001	Special Initiative Contribution	[III] & [VIII]	$299,100	$299,100	($37,785)	$261,315	$680 [7]	$261,995	$13,005	$275,000
8	AMA Health Service Program Contribution Agreement	HQ 00/01 006 HS	January 2001 to March 2001			$21,515			$0		$0		$0
9	AMA - Summer Student	MA 98/99 113 HC	August 1, 1998 to September 30, 1998			$2,500			$0		$0		$0
10	AMA - AIDS/HIV	MA 98/99 129 ST	December 1, 1998 to March 31, 2001			$28,384			$0		$0		$0
11	AMA - HIV, AIDS, Health Services	MA 99/00 111 ST	April 1, 1999 to March 31, 2000			$193,708			$0		$0		$0
12	AMA - HIV, AIDS, Health Services	MA 00/01 101 ST	August 1, 2000 to March 31, 2001			$414,185			$0		$0		$0
13	AMA	MA 98/99 171 AH	March 4, 1999 to March 31, 1999			$24,000			$0		$0		$0
	Sub-Total AMA Direct					$2,177,392	$1,493,100	($1,488,376)	$4,724	$680	$5,404	$420,671	$426,075
Dauphin River:													
14	AMA for Dauphin River	MA 98/99 073 ST	April 1, 1998 to March 31, 1999	Stacked	[IV]	$150,759	$50,255		$50,255		$50,255		$50,255
Fairford:													
15	AMA for Fairford	MA 98/99 074 ST	April 1, 1998 to March 31, 1999	Stacked	[V]	$464,471	$55,736		$55,736		$55,736		$55,736
16	AMA for Fairford	MA 98/99 142 AH	February 22/99 to March 31/99	Head Start		$8,000	$8,000		$8,000		$8,000		$8,000
	Sub-Total AMA Direct					$472,471	$63,736	$0	$63,736	$0	$63,736	$0	$63,736
Lake St. Martin:													
17	Directly with Health Canada	MA 97/98 011 CC		Capital Contribution - Debt Repayment	[VI]	$319,500	$319,500	($319,500)	$0		$0		$0
Jackhead:													
18	AMA for Jackhead	MA 97/98 119 PT		Pre-Transfer	[IX]	$44,355	$44,355		$44,355		$44,355		$44,355
19	AMA for Jackhead	MA 98/99 077 ST	April 1, 1998 to March 31, 1999	Stacked	[IX]	$204,517	$204,299	($233,506)	($29,207)		($29,207)	$77,190 [8]	$47,983
20	AMA for Jackhead	MA 99/00 052 ST	April 1, 1999 to March 31, 2000	Stacked	[IX]	$214,558	$214,558	($193,904)	$20,654		$20,654		$20,654
	Recovery	MA 99/00 052 ST			[IX]		($26,775)		($26,775)		($26,775)		($26,775)
21	AMA for Jackhead	MA 00/01 019 ST	April 1, 2000 to March 31, 2001	Stacked	[IX]	$209,756	$209,756	($192,522)	$17,234		$17,234		$17,234
	Medical Transportation funding transferred from AMA under NIHB Pilot Agreement	See Note [3] below				$340,480	$220,640	($263,710)	($43,070)		($43,070)	$43,070 [9]	$0
	Sub-total for Jackhead					$1,013,666	$866,833	($883,642)	($16,809)	$0	($16,809)	$120,260	$103,451
Other													
22	AMA for Jackhead	MA 98/99 088 LO	May 1/98 to March 31/99			$0							
23	AMA for Jackhead	MA 99/00 016 LO	April 1/99 to March 31 /00			$0							
24	AMA for Fairford	MA 98/99 108 LO	???			$0							
TOTAL CONTRIBUTION AND STACKED AGREEMENT AMOUNTS						**$4,133,788**	**$2,793,424**	**($2,691,518)**	**$101,906**	**$680**	**$102,586**	**$540,931**	**$643,517**
TOTAL TRANSFER, CONTRIBUTION AND STACKED AGREEMENTS						**$30,313,283**	**$22,557,301**	**($18,997,613)**	**$3,559,688**	**($2,287,238)**	**$1,272,450**	**$2,725,668**	**$3,998,118**

NCI REPORT	[I] "AMA - Comparison of the Positions of FNIHB and AMA with respect to Transfer Agreement MA 98/99 037 NI"
REFERENCE TABLE:	[II] "AMA Inc. - Significant Uses of Health Canada Funding Not Specifically Identified in an Agreement".
	[III] "AMA - Review of Payments to Dasamead Inc. &
	[IV] "AMA - Review of Agreements Between Health Canada and AMA on Behalf of Dauphin River First Nation"
	[V] "AMA - Review of Agreements Between Health Canada and AMA on Behalf of Fairford First Nation"
	[VI] "AMA - Review of Agreements Between Health Canada and AMA on Behalf of Lake St. Martin First Nation"
	[VII] "AMA - Review of Capital Projects Funding"
	[VIII] "AMA - Review of International Conference Funding"
	[IX] "AMA - Review of Agreements Between Health Canada and AMA on Behalf of Jackhead First Nation"

NOTES:

[1] The total funding amount includes any amendments to the original agreement.

[2] Pharmacy benefit category was only funded for the period from April 1, 1999 to November 1, 1999. The amount funded was less than the amount billed by Health Canada by $387,947. Currently, this amount has not been collected from AMA by Health Canada, but should Health Canada decide to collect the amount, AMA surplus funding would be reduced by the collection amount.

[3] Medical transportation included in the AMA NIHB Agreement for four third party managed communities was as follows:

	Amount Funded by Health Canada	*Amount Transferred by AMA*
Dauphin River	$278.768	$94.014
Fairford	1.026.912	326.917
Lake St. Martin	369.150	191.287
Jackhead	340.480	220.640
Total	$2.015.310	$832.858

[4] Expenditures are grouped for 1999/2000 & 2000/2001 under M/A 98/99 011TR as AMA did not separate them between the two agreements.

[5] Patient transportation costs of $367,763 were incurred by Lake St. Martin. However, only $191,287 of Health Canada Patient Transportation funding was transferred from AMA to Lake St. Martin. Total transportation funding received from Health Canada by AMA on behalf of Lake St. Martin was $369,150. Of the excess $177,863 ($369,150-$191,287), AMA reported spending only $2,967, leaving a $174,896 surplus available to Lake St. Martin.

[6] Expenditures of $143,950 claimed by AMA related to an agreement that was not signed or funded by Health Canada.

[7] Expenditures in excess of the conference funding of $24,100.

[8] Questionable expenditures for Jackhead all excluded from one year only, but relate to all three years.

[9] Given that the other Jackhead agreements are stacked contribution agreements, the deficit from the transfer agreement re transportation funding has been added back to the net funding.

[10] NCI is used for the purpose of this schedule, however, these amounts were reported on by Kroll Lindquist Avey, the predecessor to Navigant Consulting.

Appendix C

Summary of Agreements Examined for the period April 1, 2001 to March 31, 2005

	AGREEMENT DETAILS					FUNDING RECEIVED AND EXPENDED						
	Description	Number	Period	Agreement Type	NCI Report Ref.	Funding Reported as Received from Health Canada	Expenditures Claimed by AMA Under Agreement	Reported Excess (Deficit) Funding	AMA Disbursements from Excess Funding	Remaining Excess (Deficit)	Questionable Disbursements Under Agreement per NCI	Net Excess (Deficit) Funding
						[A]	[B]	[A]-[B]=[C]	[D]	[C]-[D]=[E]	[F]	[E]+[F]=[G]
TRANSFER AGREEMENTS SUMMARY												
AMA Direct:												
1	AMA NIHB Pilot Agreement (including amendment amounts)	MA 98/99 037 NI	April 1, 1998 to July 31, 2001	Pilot Project - Transfer	[I]	$1,868,892	($1,634,529)	$234,363		$234,363	$60,989	$295,352
2	Health Services transfer	MA 97/98 013 TR	April 1, 1997 to March 31, 2002	Transfer	[II]	$1,558,824	($1,617,510)	($58,686)		($58,686)	$124,152	$65,466
3	Health Services transfer	MB0300148	April 1, 2002 to March 31, 2007	CCA	[II]	$2,181,361	($2,626,700)	($445,339)		($445,339)	$315,100	($130,239)
	Less Medical Transportation Funding transferred to other Communities	See Note [2] below			[II]	($585,103)	$585,103	$0		$0	$0	$0
	Sub-Total AMA Direct					$5,023,974	($5,293,636)	($269,662)	$0	($269,662)	$500,241	$230,579
Dauphin River:												
4	AMA Health Services Transfer Agreement for Dauphin River	MA 98/99 006 TR	April 1, 1998 to March 31, 2003	Transfer	[III]	$960,225	($774,063)	$186,162		$186,162	$268,976	$455,138
5	AMA Health Services Transfer Agreement for Dauphin River	MB04 00084	April 1, 2003 to March 31, 2008	CCA	[III]	$463,733	($459,484)	$4,249		$4,249	$189,739	$193,988
	Medical Transportation funding transferred from AMA	See Note [2] below			[III]	$94,014	($102,213)	($8,199)		($8,199)	$0	($8,199)
	Sub-Total Dauphin River					$1,517,972	($1,335,760)	$182,212	$0	$182,212	$458,715	$640,927
Fairford:												
6	AMA Health Services Transfer Agreement for Fairford	MA 98/99 009 TR	May 15, 1998 to September 30, 2001	Transfer	[IV]	$335,963	($374,766)	($38,803)		($38,803)		($38,803)
7	Health Services Transfer Agreement for Fairford	MB02 00092	October 1, 2001 to November 30, 2003	CCA	[IV] [3]	$1,575,072	($1,025,928)	$549,144		$549,144	$278,567 [1]	$827,711
8	Health Services Transfer Agreement for Fairford	MB04 00163	December 1, 2003 to September 30, 2006	CCA	[IV] [3]	$960,253	($1,395,576)	($435,323)		($435,323)	$461,531	$26,208
	Sub-Total Fairford					$2,871,288	($2,796,270)	$75,018	$0	$75,018	$740,098	$815,116
Lake St. Martin:												
9	AMA Health Services Transfer Agreement Lake St. Martin	MA 98/99 011 TR	December 1, 1998 to March 31, 2002	Transfer	[V]	$701,211	($688,905)	$12,306		$12,306	$54,226	$66,532
	Medical Transportation funding transferred from AMA	See Note [2] below			[V]	$262,321	($262,321)	$0		$0	$0	$0
	Sub-Total Lake St. Martin					$963,532	($951,226)	$12,306	$0	$12,306 [5]	$54,226	$66,532
TOTAL TRANSFER AGREEMENT AMOUNTS						**$10,376,766**	**($10,376,892)**	**($126)**	**$0**	**($126)**	**$1,753,280**	**$1,753,154**

AGREEMENT DETAILS						FUNDING RECEIVED AND EXPENDED						
	Description	Number	Period	Agreement Type	NCI Report Ref.	Funding Reported as Received from Health Canada	Expenditures Claimed by AMA Under Agreement	Reported Excess (Deficit) Funding	AMA Disbursements from Excess Funding	Remaining Excess (Deficit)	Questionable Disbursements Under Agreement per NCI	Net Excess (Deficit) Funding
GENERAL AND STACKED AGREEMENTS SUMMARY												
AMA Direct:												
10	General Agreement	MA 2001/02-091ST	April 1, 2001 to March 31, 2002	CCA (General)	[II]	$4,118,075	($4,492,440)	($374,365)		($374,365)	$355,923	($18,442)
11	General Agreement	MB0300129	April 1, 2002 to March 31, 2003	CCA	[II]	$5,523,805	($5,531,293)	($7,488)		($7,488)	$902,606	$895,118
12	General Agreement	MB0400081	April 1, 2003 to March 31, 2004	CCA	[II]	$5,202,791	($5,221,700)	($18,909)		($18,909)	$389,019	$370,110
	Sub-Total AMA Direct					$14,844,671	($15,245,433)	($400,762)	$0	($400,762)	$1,647,548	$1,246,786
Fairford:												
13	General Agreement for Fairford	MB05 00085	April 1, 2004 to March 31, 2005	General	[IV] [3]	$403,818	($447,227)	($43,409)		($43,409)	$209,571	$166,162
	Sub-Total Fairford					$403,818	($447,227)	($43,409)	$0	($43,409)	$209,571	$166,162
Jackhead:												
14	AMA for Jackhead	MB03 002114PT	November 1, 2002 to July 31, 2003	Pre-Transfer	[VI]	$54,893		$54,893		$54,893		$54,893
15	AMA for Jackhead	MA 01/02-076ST	April 1, 2001 to March 31, 2002	Stacked	[VI]	$217,456	($219,959)	($2,503)		($2,503)	$4,829	$2,326
	Recovery				[VI]	($11,057)		($11,057)		($11,057)		($11,057)
16	AMA for Jackhead	MB03 00130	April 1, 2002 to March 31, 2003	Stacked	[VI]	$223,284	($305,143)	($81,859)		($81,859)	$67,206	($14,653)
	Recovery				[VI]	($236)		($236)		($236)		($236)
17	AMA for Jackhead	MB04 0083	April 1, 2003 to March 31, 2004	Stacked	[VI]	$223,284	($296,692)	($73,408)		($73,408)	$58,258	($15,150)
	Recovery				[VI]	($638)		($638)		($638)		($638)
	Recovery				[VI]	($34,323)		($34,323)		($34,323)		($34,323)
	Medical Transportation funding transferred from AMA	See Note [2] below			[VI]	$228,768	($85,875)	$142,893		$142,893		$142,893
	Sub-Total for Jackhead					$901,431	($907,669)	($6,238)	$0	($6,238)	$130,293	$124,055
TOTAL GENERAL AND STACKED AGREEMENT AMOUNTS						**$16,149,920**	**($16,600,329)**	**($450,409)**	**$0**	**($450,409)**	**$1,987,412**	**$1,537,003**
TOTAL TRANSFER, CONTRIBUTION AND STACKED AGREEMENTS						**$26,526,686**	**($26,977,221)**	**($450,535)**	**$0**	**($450,535)**	**$3,740,692**	**$3,290,157**

NCI REPORT REFERENCE TABLE:

[I] "AMA - Comparison of the Positions of FNIHB and AMA with respect to Transfer Agreement MA 98/99 037 NI"
[II] "Review of Agreements Between Health Canada and AMA"
[III] "Review of Agreements Between Health Canada and AMA on Behalf of Dauphin River First Nation"
[IV] "Review of Agreements Between Health Canada and AMA and Seegar Consulting Services Ltd. on Behalf of Pinaymootang (Fairford) First Nation"
[V] "Review of Agreements Between Health Canada and AMA on Behalf of Lake St. Martin First Nation"
[VI] "Review of Agreements Between Health Canada and AMA on Behalf of Kinonjeoshtegon (Jackhead) First Nation"

NOTES:

[1] Complete accounting records and financial statements were not provided for the fiscal year ending March 31, 2005 for AMA, Dauphin River, and Jackhead.
[2] Payments to Dauphin River, Lake St. Martin and Jackhead in relation to Medical Transportation funding transfers were recorded by AMA as both a revenue and an expenditure in the same amount.
[3] Funding provided by Health Canada to Pinaymootang (Fairford) First Nation in these agreements was issued directly to Fairford or its co-manager Seegar Consulting Services Ltd.