

# First Nations and Métis Relations

# 8

<b>Main points .....</b>	<b>124</b>
<b>Introduction .....</b>	<b>125</b>
<b>Background .....</b>	<b>125</b>
Related special purpose fund .....	125
Overview of the Ministry's finances .....	126
<b>Audit conclusions and findings .....</b>	<b>126</b>
Complete processes for loan and grant programs needed .....	127
Better monitoring of First Nations Trust spending needed .....	128
Improvements to human resource plan needed .....	130
<b>Status of other outstanding recommendations of the Standing Committee on Public Accounts.....</b>	<b>131</b>

## **Main points**

The Ministry of First Nations and Métis Relations (Ministry) administers certain aspects of the Agreement between the Government of Saskatchewan and the Federation of Saskatchewan Indian Nations (FSIN) over Gaming (commonly referred to as the Gaming Framework Agreement). For the year ended March 31, 2008, the Ministry paid \$35.5 million to the First Nation Trust (administered by FSIN). The Gaming Framework Agreement requires this money to be spent for specific purposes. The Ministry is charged with making certain that the First Nations Trust (Trust) uses this money as the Agreement intends.

The Ministry needs to better monitor spending of the Trust. The Ministry has not received from the Trust the independent audit report required by the Agreement on whether money received by the Trust has been fully accounted for and properly disposed of, and the rules and procedures applied are sufficient to ensure an effective check on the receipt and allocation of money received by the Trust.

## **Introduction**

In this chapter, we provide a brief overview of the mandate and spending of the Ministry of First Nations and Métis Relations (Ministry) and set out the results of our 2008 audit of the Ministry.

## **Background**

The mandate of the Ministry is to strengthen relationships between First Nations and non-First Nations peoples in the spirit of the Treaties and ensure that First Nations and Métis peoples are consulted on provincial legislation and policies that may impact their legal rights and interests. According to the Ministry, it works with and beside First Nations, Métis and northern peoples, other provincial ministries, the Federal Government, local governments, and businesses to ensure that Saskatchewan's Aboriginal people and northerners have opportunities to participate in and benefit from economic and social development.<sup>1</sup>

As part of the Government reorganization in November 2007, the Ministry became responsible for the functions of the former Department of Northern Affairs.

The Ministry's website contains its annual reports, other key publications, agreements and further information about its programs. It is located at [www.fnmr.gov.sk.ca](http://www.fnmr.gov.sk.ca).

### **Related special purpose fund**

The Ministry is also responsible for the Métis Development Fund (also called the Clarence Campeau Development Fund). Each year, the Métis Development Fund gives the Legislative Assembly its annual audited financial statements. These are publicly available at [www.finance.gov.sk.ca/public-accounts](http://www.finance.gov.sk.ca/public-accounts).

---

<sup>1</sup> *Saskatchewan Provincial Budget 08-09 Estimates*, Government of Saskatchewan, p. 79.

## Overview of the Ministry's finances

For the year ended March 31, 2008, the Ministry had revenues of \$0.72 million (2007 - \$0.25 million). In addition, it spent \$70.9 million. The following lists its major programs and spending.

	<u>Original Estimates<sup>2</sup></u>		<u>Actual</u>
	(in millions of dollars)		
Central management and services	\$ 3.8	\$	3.2
Policy coordination and			
Support for Aboriginal organizations	8.1		7.5
Policy planning and research	0.9		0.7
Gaming agreements	36.9		49.4
Treaty land entitlements	4.7		2.9
Regional operations and financial programs	2.9		6.9
Northern mines monitoring secretariat	0.4		0.3
	<u>\$ 57.7</u>	<u>\$</u>	<u>70.9</u>

The Ministry's 2007-08 annual report explains reasons for significant differences between its planned and actual revenues and expense. The Ministry makes this report available on its website.

## Audit conclusions and findings

**In our opinion, for the year ended March 31, 2008:**

- ◆ **the Ministry had adequate rules and procedures to safeguard public resources and comply with authorities governing its activities except for the matters reported in this chapter**
  
- ◆ **the Ministry complied with authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending borrowing, and investing except for the matter reported in this chapter**

<sup>2</sup> 2007-2008 Saskatchewan Provincial Budget Estimates – First Nations and Métis Relations Vote 25, Northern Affairs Vote 75, Government of Saskatchewan

This chapter also provides an update on recommendations previously made by the Standing Committee on Public Accounts that are not yet implemented.

## **Complete processes for loan and grant programs needed**

The Ministry manages The Northern Development Fund (NDF) Loan Program. Under this program, the Ministry approves grants and fixed-term loans to persons in northern Saskatchewan for economic development. The Ministry is also responsible to monitor the loans and collect the amounts due.

In our 2007 Report – Volume 3, we recommended that the Ministry document and communicate to employees its processes to administer its loan and grant programs. We made this recommendation because the Ministry did not have documented and approved policies for:

- ◆ follow-up of outstanding loan agreements
- ◆ documenting the follow-up performed for outstanding accounts
- ◆ classifying accounts as active or inactive
- ◆ loan write-offs
- ◆ analysis of overall loan performance

During the year, management developed draft processes based on recommendations of a consulting firm that it hired to recommend improvements to its processes. The Ministry has not yet finalized these processes and distributed them to employees.

The Standing Committee on Public Accounts (PAC) considered this matter on January 8, 2008 and agreed with our recommendation.

We continue to recommend that the Ministry of First Nations and Métis Relations document and communicate to employees its processes to administer its loan and grant programs.

## **Better monitoring of First Nations Trust spending needed**

The Ministry needs to better monitor spending by the First Nations Trust<sup>3</sup> (Trust) to ensure money the Ministry provides is spent as required by law.

Under the 2002 Gaming Framework Agreement between the Government and the Federation of Saskatchewan Indian Nations, the Ministry provides the First Nations Trust with money that must be spent only for the following purposes for First Nations and First Nations people: economic development, social programs, justice initiatives, education and education facilities, senior and youth programs, cultural and spiritual development, the development and maintenance of community infrastructure, health initiatives, governance activities, Treaty protection, and any other charitable purpose.

In 2007-08, the Ministry provided \$35.5 million (2006-07 - \$28.3 million) to the Trust. Under the 2002 Gaming Framework Agreement, the Trustees are required to provide the Ministry with certain information each year.<sup>4</sup> The Ministry needs this information to determine whether the money it provided to the First Nations Trust is spent for the purposes intended.

In Chapter 10 of our 2007 Report – Volume 3, we recommended that the Ministry:

- ◆ require the First Nations Trust to submit, each year by an agreed upon date, an independent audit report on the following:
  - whether money received by the Trust has been fully accounted for and properly disposed of, and the rules and procedures applied are sufficient to ensure an effective check on the receipt and allocation of money received by the Trust
  - whether the money expended by the Trust was for the purposes required by the applicable Agreement

---

<sup>3</sup> The Federation of Saskatchewan Indian Nations set up the First Nations Trust in July 2003 and as a result its first year-end was March 31, 2004. The Trust is not subject to audit by the Provincial Auditor.

<sup>4</sup> Required reports include: audited financial statements, audit report on adequacy of processes and whether money is spent for required purposes, copies of management letters issued by the auditor of the First Nations Trust along with the Trust's response, and the Trust's annual report.

- ◆ withhold (in whole or in part) money due to the Trust until the Ministry receives required audit reports or, where an audit report notes matters of non-compliance, until the Trust takes appropriate corrective action

PAC considered this matter on January 8, 2008 and agreed with our recommendation.

The Ministry has not received an independent auditor's report from the Trust on whether money received by the Trust has been fully accounted for and properly disposed of, and the rules and procedures applied are sufficient to ensure an effective check on the receipt and allocation of money received by the Trust.

The Ministry has received an independent auditor's report from the Trust on whether the money expended by the Trust was for the purposes required by the applicable Agreement. The audit report describes how 17 of the Trust's 75 beneficiaries did not submit the required audit reports. The audit report also notes that three of the 58 beneficiaries that submitted audit reports to the Trust reported matters of non-compliance. Management told us the Trust subsequently worked with these three beneficiaries to bring them into compliance.

The audit report also noted that the Trust withheld further money from the beneficiaries that did not provide the required audit reports or whose audit reports noted matters of non-compliance.

The Trust subsequently pursued and received the 17 missing audit reports. The Trust's auditor prepared a supplementary report confirming that the 17 beneficiaries are now in compliance with the applicable agreement.

We continue to recommend that the Ministry require the First Nations Trust to submit each year by an agreed upon date, an independent auditor's report on whether money received by the Trust has been fully accounted for and properly disposed of, and the rules and procedures applied are sufficient to ensure an effective check on the receipt and allocation of money received by the Trust.

## **Improvements to human resource plan needed**

In Chapter 10 of our 2007 Report – Volume 3, we reported that the Ministry of First Nations and Métis Relations needs to improve its human resource plan and recommended that the plan more clearly outline gaps in current resources and provide details on plans to implement strategies to meet human resource needs.

PAC considered this matter on January 8, 2008 and agreed with our recommendation.

The Ministry told us that due to the Government reorganization in November 2007, the Ministry was unable to develop a revised human resource plan during the year.

We continue to recommend that the Ministry of First Nations and Métis Relations' human resource plan more clearly outline gaps in current resources (e.g. number and types of positions) and provide details on plans to implement strategies to meet human resource needs (including timeframes, responsibilities, and financial resources).



## Status of other outstanding recommendations of the Standing Committee on Public Accounts

The following table provides an update on recommendations previously made by the Standing Committee on Public Accounts (PAC) that are not yet implemented and are not discussed earlier in this chapter.<sup>5</sup>

PAC REPORT YEAR <sup>6</sup>	OUTSTANDING RECOMMENDATION	STATUS
<b>Ministry of First Nations and Métis Relations</b>		
2007	PAC concurs:  19-1 that the Department of First Nations and Métis Relations should complete the development of its performance plan including the identification of measures and selection of performance targets related to its goals and objectives.	<b>Partially implemented</b> (as at March 31, 2007).

<sup>5</sup> For the definitions of the key terms used in the table, see Chapter 21 – Standing Committee on Public Accounts.

<sup>6</sup> PAC Report Year refers to the year that PAC first made the recommendation in its report to the Legislative Assembly.

This page left blank intentionally.