

First Nations and Métis Relations

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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, 2009, the Ministry paid \$51.5 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.

In addition, the Ministry needs to follow its procedures for ensuring only authorized employees have access to its computer systems and data.

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 2009 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. The Ministry 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.¹

The Ministry has four divisions including First Nations and Métis Affairs Division, Northern Affairs Division, Communications, and Finance, Accountability and Corporate Services.

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.

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.

¹ *Saskatchewan Provincial Budget 08-09 Estimates*, Government of Saskatchewan, Vote 25, p. 79.

Overview of the Ministry's finances

For the year ended March 31, 2009, the Ministry had revenues of \$0.31 million (2008 - \$0.72 million). In addition, it spent \$86.5 million. The following lists its major programs and spending.

	<u>Original Estimates²</u>	<u>Actual</u>
	(in millions of dollars)	
Central management and services	\$ 2.9	\$ 2.9
Policy coordination and support for Aboriginal organizations	8.3	7.1
Gaming agreements	50.9	71.1
Treaty land entitlements	4.3	2.8
Northern economic programs and policies	2.7	1.7
Northern industry and resources development	1.2	0.9
	<u>\$ 70.3</u>	<u>\$ 86.5</u>

The Ministry's 2008-09 annual report explains reasons for significant differences between its planned and actual revenues and expense. The Ministry makes this report available on its website (www.fnmr.gov.sk.ca).

Audit conclusion and findings

In our opinion, for the year ended March 31, 2009:

- ♦ **the Ministry had adequate rules and procedures to safeguard public resources 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**

Also, the chapter provides an update on the status of outstanding recommendations made by the Standing Committee on Public Accounts (PAC).

² *Ibid.*, p. 79

Better monitoring of spending by First Nations Trust needed

Since our 2007 Report – Volume 3, we have recommended that the Ministry require the First Nations Trust to submit, each year by an agreed upon date, an independent audit 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.

PAC considered this matter on December 4, 2008 and agreed with our recommendation.

Under the 2002 Gaming Framework Agreement (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. The purposes include: 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 2008-09, the Ministry provided \$51.5 million (2007-08 - \$35.5 million) to the Trust. Under the Agreement, the Trustees are required to provide the Ministry with certain information each year.³ The Ministry needs this information to determine whether the money it provided to the First Nations Trust is adequately safeguarded and spent for the purposes intended.

The Ministry receives an independent auditor's report from the Trust that the money expended was for the purposes set out in the Agreement. However, the Ministry has not received an independent auditor's report from the Trust on the adequacy of controls. That is, a 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

³ Required reports include: audited financial statements, audit report on adequacy of control processes and whether money is spent for required purposes, copy of the auditor's management letter along with the Trust's response, and the Trust's annual report.

an effective check on the receipt and allocation of money received by the Trust.

We continue to recommend that the Ministry of First Nations and Métis Relations 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.

Better monitoring of user access needed

The Ministry has procedures for ensuring only authorized employees have access to its computer systems and data. For the MIDAS HR system⁴, managers are required to inform system administrators to remove an employee's access upon termination of employment. We found instances where the Ministry had not removed the access of terminated employees in a timely manner. We were unable to verify that managers had communicated this information to the system administrators.

Unless it follows its established procedures for removing user access, the Ministry cannot ensure that only authorized individuals have access to its computer systems and data. This deficiency exposes the Ministry to the risk of loss of public money and inappropriate access to confidential information.

- 1. We recommend the Ministry of First Nations and Métis Relations follow its established procedures for removing user access to its computer systems and data.**

Improvements to human resource plan needed

Since our 2007 Report – Volume 3, we have recommended 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

⁴ The government's centralized payroll system is called the MIDAS HR systems, which stands for Multi-informational Database Applications System – human resources and payroll.

in current resources and provide details on plans to implement strategies to meet human resource needs.

PAC considered this matter on December 4, 2008 and agreed with our recommendation.

The Ministry implemented its human resource plan in May 2009. The plan more clearly outlines gaps in human resources. However, the plan still lacks detail regarding the implementation of identified strategies.

We continue to recommend that the Ministry of First Nations and Métis Relations human resource plan 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 PAC that are not yet implemented and are not discussed earlier in this chapter.⁵

Table 1

PAC REPORT YEAR ⁶	OUTSTANDING RECOMMENDATION	STATUS
Ministry of First Nations and Métis Relations		
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.	Partially implemented (as at March 31, 2007).

⁵ For the definitions of the key terms used in the table, see Chapter 20 – Standing Committee on Public Accounts.

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

