

## First Nations and Métis Relations

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<b>Main points .....</b>	<b>114</b>
<b>Introduction .....</b>	<b>115</b>
Related special purpose fund .....	115
Overview of the Ministry's finances .....	115
<b>Audit conclusions and findings .....</b>	<b>116</b>
Better monitoring of spending by First Nations Trust needed .....	116
Employees need to follow established processes .....	118
Improvements to human resource plan needed .....	119

## **Main points**

The Ministry of First Nations and Métis Relations (Ministry) administers certain aspects of the Agreement (commonly referred to as the Gaming Framework Agreement) between the Government of Saskatchewan and the Federation of Saskatchewan Indian Nations (FSIN) over gaming. For the year ended March 31, 2010, the Ministry paid \$52.2 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 uses this money as the Agreement intends.

The Ministry needs to better monitor spending of the First Nations Trust (Trust). The Ministry has not received from the Trust the independent audit report on whether money received by the Trust has been fully accounted for and properly disposed of, and on whether the rules and procedures applied are sufficient to ensure an effective check on the receipt and allocation of money received by the Trust. Without such a report, the Ministry does not know if the Trust has adequate controls to safeguard public resources.

The Ministry must follow its established processes for its northern economic development loan program so that it properly collects loan repayments and determines which loans are no longer collectible.

## **Introduction**

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.<sup>1</sup>

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 (Fund) gives the Legislative Assembly its December 31 audited financial statements. These are publicly available at [www.finance.gov.sk.ca/public-accounts](http://www.finance.gov.sk.ca/public-accounts). We reported the results of our audit of the Fund for the year ended December 31, 2009 in our 2010 Report – Volume 1.

### **Overview of the Ministry's finances**

For the year ended March 31, 2010, the Ministry had revenues of \$0.54 million (2009 - \$0.31 million). It spent \$86.8 million. The following lists its major programs and spending.

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<sup>1</sup> *Saskatchewan Provincial Budget 09-10 Estimates*, Government of Saskatchewan, Vote 25, p. 83.

	<u>Original Estimates<sup>2</sup></u> (in millions of dollars)	<u>Actual</u>
Central management and services	\$ 4.0	\$ 3.3
Policy coordination and support for Aboriginal organizations	7.2	3.8
Gaming agreements	68.7	72.2
Treaty land entitlements	4.9	4.4
Northern economic programs and policies	2.4	2.2
Northern industry and resources development	<u>0.9</u>	<u>0.9</u>
	<u>\$ 88.1</u>	<u>\$ 86.8</u>

The Ministry's 2009-10 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, 2010:**

- ♦ **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**

### **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<sup>3</sup> to submit, each year by an agreed date, an independent audit report. The audit report is on whether money received by the Trust has been fully accounted for and properly disposed

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<sup>2</sup> *Ibid*, p. 79.

<sup>3</sup> The First Nations Trust was established by the FSIN to effect the distribution of the money due to First Nations from the profits from Saskatchewan Indian Gaming Authority casinos and Saskatchewan Gaming Corporation casinos.

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 December 2008, the Standing Committee on Public Accounts (PAC) 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. The Trust must spend this money only for First Nations and First Nations people for purposes related to the following areas: 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 2009-10, the Ministry provided \$52.2 million (2008-09 – \$51.5 million) to the Trust. The Agreement requires the Trustees 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 was adequately safeguarded and spent for the purposes intended.

The Ministry received an independent auditor's report from the Trust stating that the money expended was for the purposes set out in the Agreement. However, the Ministry did not receive from the independent auditor of the Trust a report on the adequacy of controls. That is, a report on whether money received by the Trust was fully accounted for and properly disposed of, and the rules and procedures applied were sufficient to ensure 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

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<sup>4</sup> 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.

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

## **Employees need to follow established processes**

The Ministry did not follow the established policies and procedures for its northern economic development loan programs.

At March 31, 2010, the Ministry had loans receivable of \$0.9 million net of \$2.0 million provisions for losses.

The Ministry has defined the appropriate monitoring and accounting for the loan programs in its policies and procedures manual. It requires monitoring of outstanding loans and reporting to senior management and a calculation of an allowance for doubtful accounts.

Employees did not update loan files with current information received from clients and did not assess loan accounts for required collection actions. For example, employees did not follow up on all accounts with payments greater than 90 days overdue. They did not determine whether loans with overdue payments should be considered delinquent or impaired.

Senior management did not receive adequate reports on loans during the year. Staff did not prepare for senior management the required status report and loan continuity report. These reports provide information on the status of loans and assist in the decision of which loans are collectible and which should be written off.

### **1. We recommend that the Ministry of First Nations and Métis Relations follow its established policies and procedures for its loan programs.**

Management told us the Ministry experienced significant turnover of employees that resulted in policies not being followed. The Ministry has filled the vacant positions and has contracted with a consultant to properly train the new employees on the loans policies and procedures.

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

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

In December 2008, PAC 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).

