



Aboriginal Affairs and
Northern Development Canada

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Investigation of Allegations at the Pheasant Rump First Nation

2013

Canada



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Name: [Pheasant Rump First Nation](#)

Population: 144 on reserve; 407 total registered

Location: Saskatchewan

Current Chief: Ira McArthur

Time period covered by investigation: April 1, 2007 to March 31, 2010



Background

- The Assessment and Investigation Services Branch of the Department received various allegations from members of the Pheasant Rump First Nation.
- The audit firm, KPMG , was retained to undertake a forensic audit covering the period from April 2007 to March 2010. The firm was tasked to conduct detailed inquiries in two areas:
 - review the expenses relating to the post-secondary education program and whether students living off reserve were refused funding;
 - review the activity of two Band bank accounts.



Findings – Post-secondary Education

Post-secondary education

- No files related to post-secondary students were provided to the auditors. The auditors could not comment on whether the students living off reserve were receiving funding or not.
- The auditors noted that 98% of the payments made from 2009 to 2011 to the Councilor in charge of Education at the time were charged to the post-secondary education account (totaling \$113,318).
- The Chief and other councilors were paid less than \$5,000 from post-secondary program funds during the review period.



Findings – Review of Bank Accounts

Two bank accounts

- The auditors noted that deposits, totaling approximately \$497,000 for the two accounts, do not appear to be from Aboriginal Affairs and Northern Development Canada funds. The band's auditor confirmed that the funds deposited were derived from oil revenues and that these revenues are accounted for in the audited financial statements.
- A total of \$85,583 could not be traced to specific individual recipients.
- Given that the funds used were generated by the Band's own-source revenue, the auditors cannot comment on the appropriateness of the payments that were made to the elected Chief and Council or others at the time of the transactions.



Findings – General

- Based on a review of the financial information, the examination of the limited supported documentation, and statements from the Chief and Council and band staff, the auditors concluded that there was poor segregation of signing authorities, limited internal controls and a general breakdown in the governance structure during the term of Chief and Council (2008-2011).



Recommendations

- The First Nation should put in place appropriate accounting and reporting processes in order to meet the AANDC contribution agreement, 'The Council needs to maintain accounting documentation regarding all funding provided by AANDC and other federal departments in a manner that will allow for audit.'
- The First Nation should develop written by-laws, policies and procedures on the management of its finances. These by-laws should address, at a minimum, spending authorities, roles and responsibilities, procurement and segregation of duties for both the Chief and Council and the administration. These by-laws and policies must be followed by the Chief and Council.
- Files for each student should be maintained to support both the funding decisions made and to allow for review against the AANDC policy regarding eligibility for post-secondary education funding.