



**Affaires indiennes
et du Nord Canada**

**Indian and Northern
Affairs Canada**



Investigation of Allegations at the Bonaparte First Nation

2011



Background

- In 2009, the Assessment and Investigation Services Branch (AISB) of the Department began an investigation based on allegations of misuse of funds at the Bonaparte First Nation.
- Allegations included: improper use of government funds to pay the First Nation's outstanding debt to the local school district; improper management of the social assistance funds; improper use of education funding and; unjustified increases in honoraria and travel.
- KPMG Forensic Inc. was commissioned to investigate these allegations and in particular to consider if AANDC funds were compromised. The investigation focused on three funding areas: Social Assistance; Education; and Band Administration (honoraria and travel expenses).





Findings

SOCIAL ASSISTANCE

- AANDC's regional office in British Columbia conducted a compliance review of the Social Assistance program for this First Nation independent of this investigation.
- No recoveries were deemed necessary.





Findings

EDUCATION

- Between 2004 and 2007, AANDC funded approximately \$1.5M towards the full cost of tuition of the Band's agreement with the School District No. 74. At the end of 2007, approximately \$800,000 of the dedicated funds had not been paid to the School District. This allegation was confirmed.
- By February 2010, the balance owing to the School District No. 74 had been paid by the Band.
- School Districts are now paid directly by AANDC.





Findings

EDUCATION (Continued)

- We observe education funds being paid to a student who was not registered with an educational institution for a period of time where support payments were made.
- From 2008 to 2010, \$119,303 was charged to AANDC-funded programs for expenses that do not qualify under AANDC funding agreement (education and extra-curricular activities, such as gym memberships, hockey tickets, sporting equipment, sports sponsorship, travel to sporting events, clothing, jewelry). The recipients (a total of 125) include individuals and organizations.
- In addition, approximately \$164,000 was charged to other programs not funded by AANDC for similar expenses.





Findings

BAND ADMINISTRATION

- From 2009 to 2010, honoraria and travel expenses increased significantly. No Council minutes could be located to support the approval of this increase.

Honoraria

- 2008: \$41,000
 - 2009: \$56,200
 - 2010: \$112,500
- No travel policy could be found for the First Nation.





Recommendations

- It is recommended that appropriate accounting and reporting process be put in place in order to meet AANDC contribution agreement requirement: “The Council shall maintain accounting documentation regarding all funding provided by DIAND and other Federal Departments in a manner that will allow for an audit.”
- At a minimum, the following policies and procedures should be developed and enacted:
 - General financial oversight policy, including policies and procedures on the processing and approval of payments;
 - Band travel policy;
 - Sport and activity fee reimbursement policy.
- It is recommended that AANDC recovers the funds (\$119,000) that were misused for education and extra-curricular activities.

