



Aboriginal Affairs and
Northern Development Canada

Affaires autochtones et
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Investigation of Allegations at the Woodstock First Nation

2012



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Name: [Woodstock First Nation](#)

Population: 285 on reserve; 976 total registered

Location: New Brunswick

Current Chief: Paul Tomah

Time period covered by investigation: April 1, 2008 to November 31, 2011



Background

- In 2012, the Department of Aboriginal Affairs and Northern Development Canada (AANDC) undertook an audit of the Woodstock First Nation.
- The objectives of the audit were to provide assurance that:
 - The recipient's management and financial controls for the administration of the funding arrangements were adequate and operating effectively;
 - The recipient's reporting systems were adequate: the information is accurate and reliable to support decision-making, and they meet the requirements of the agreements;
 - Claimed expenditures were supported and in compliance with the funding arrangements
- The scope of the audit included the period of April 2008 to November 2011.



Findings: Financial, Management and Reporting System Controls

- The design, implementation and operating effectiveness of control activities improved throughout the review period.
- Significant improvements were noted, including the development of a Financial Policy Manual for the First Nation.
- Reports were often not submitted by the due date specified by AANDC.



Findings: Compliance of Claimed Expenditures with Funding Agreements

- The compliance of claimed expenditures with funding agreements improved throughout the course of the review period.
- Cheque requisitions (or equivalent approval documents) were found in only 63% of transactions reviewed, leaving one third missing. Significant improvements were noted in the use of cheque requisitions to support the payment of expenditures.
- The First Nation was in the process of developing a purchase order system to increase controls related to expenditures.
- Invoices related to housing renovations and construction projects were often not detailed and did not clearly demonstrate that work had been completed and the nature of the work completed.
- There were payments of honoraria to Chief and Council where an amount equivalent to the yearly honorarium is paid at the beginning of the yearly period. Until earned, these payments are equivalent to a loan or advance to Chief and Council and have not been subject to approval by Chief and Council as loans or advances. A risk exists that an individual who received such payment is no longer able to serve as Chief or Councilor, and the funds may not be recoverable by the First Nation.



Recommendations

1. The draft Financial Policy Manual should be reviewed and approved by the First Nation's Council and implemented
2. The Woodstock First Nation should consider strengthening reporting system controls in order to increase the likelihood of reports being submitted on time.
3. The Woodstock First Nation should ensure the following:
 - Transparency and openness in Council's decision-making process
 - Administrative policies, procedures, funding agreements, fiscal plans and audited financial statements are disclosed to First Nation members and AANDC funding recipients
 - A dispute resolution process is in place to provide redress for First Nation members and AANDC funding recipients
4. The First Nation should review its financial procedures to ensure that expenditure transactions are accompanied by approved cheque requisitions, in addition to other relevant documentation (invoices, Band Council Resolutions, etc.).



Recommendations

5. A purchase order system should be put in place as it increases controls over costs by requiring an approval of expenditures before they are incurred.
6. The First Nation should ensure that invoices from suppliers are detailed and describes the nature of the work completed.
7. The First Nation should review the practice of the advance payment of the Chief and Council's yearly honoraria in order to minimize risk.