



**Affaires indiennes  
et du Nord Canada**

**Indian and Northern  
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# **Investigation of Allegations at the Lower Nicola Indian Band**

2011



# Background

- In 2008, an Elders' Investigative Committee (EIC) was formed with the mandate to investigate the remuneration of Chief and Council in office at the Lower Nicola Indian Band from October 2004 to October 2007. In 2009, the EIC recommended that three councillors be impeached.
- In 2009 the Assessment and Investigations Services Branch (AISB) of Aboriginal Affairs and Northern Development Canada (AANDC) began an assessment into allegations received concerning this First Nation.
- Following its assessment and examination, a forensic investigation was deemed necessary to investigate the allegations raised in the EIC report and a number of other allegations pertaining to the construction of a waterline in the community.
- The firm KPMG Forensic Inc. was commissioned to investigate:
  - Whether expenditures identified in the EIC Report were a misuse of AANDC funds;
  - Whether AANDC funds were inappropriately used to pay for the construction of the waterline project and the EIC report.





## Work Undertaken

- Interviews were conducted with: the former chief, current and former councillors; legal counsel to the Elders Investigative Committee; current and past administrative staff of the First Nation; representatives from AANDC and Western Economic Diversification, etc.
- Reviewed the First Nation's general ledgers for the 2005-06, 2006-07 and 2007-08 fiscal years.
- Reviewed supporting documentation to the EIC report.





# Findings

- The amount paid to each councillor from October 2004 to October 2007 on an annual basis were consistent with expenditures covered under AANDC funding agreements and do not represent an abuse of AANDC funds.
- Approximately 40 per cent of the overall cost of the EIC report appeared to have been paid by AANDC funds (i.e. \$69,273). Due to co-mingling of funds it is not possible to determine whether those funds were repaid to AANDC programs.
- Funding from Western Economic Diversification Canada (WED) was received after the waterline project costs were paid. Based on the source and use of the funds deposited in the First Nation's bank account, it was difficult to determine, after reimbursement of WED funds, if AANDC funds were used to pay for the waterline. It is clear that some AANDC funds, destined to fund specific projects, were used to finance the construction of the waterline between August 2009 and May 2010.





# 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.”
- A number of concerns were brought forward during the course of this investigation regarding the availability of detailed financial information for the members of this community and around transparency of Chief and Council decision related to contracts with suppliers. It is therefore recommended that the First Nation develop a governance model that would ensure transparency on issues of this kind.

