



SPECIAL EXAMINATION SUMMARY REPORT 2020/2021 FIRST NATIONS TAX COMMISSION

MAY 11, 2022

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EXECUTIVE SUMMARY

BACKGROUND

The First Nations Tax Commission (“FNTC”) began operations in July 2007 and is governed under the *First Nations Fiscal Management Act*¹ (“FNFMA”). It is the first statute-based Indigenous organization with federal law-approval authority. The mission of the FNTC is to assist First Nation governments to build and maintain fair and efficient property tax regimes, and to ensure those First Nation communities, and their taxpayers, receive the maximum benefit from those systems.

The FNTC, a First Nation shared-governance institution, is governed by a Chief Commissioner, a Deputy Chief Commissioner, and eight (8) Commissioners. The Chief Commissioner and Deputy Chief Commissioner are appointed by the Governor in Council on the recommendation of the Minister of Crown-Indigenous Relations. One (1) Commissioner is appointed by the Indigenous Law Centre at the University of Saskatchewan, and the remaining Commissioners are appointed by the Governor-in-council.

As per section 121 of the FNFMA, a special examination shall be completed at least once every five years to determine if the books, records, systems, and practices of the organization are adequately maintained in accordance with section 119 of the FNFMA.

WHY WE EXAMINED

BDO examined the FNTC’s systems and practices to determine whether, in the period under examination, it provides the Commission with reasonable assurance that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively.

BDO examined, among other things, the FNTC’s approach to governance and compliance, strategic planning and risk management, performance measurement, monitoring and reporting, managerial governance, and legislative mandate.

Our examination covered the systems and practices that were in place between April 2020 and March 2021.

WHY IT’S IMPORTANT

First Nations rely on the FNTC to assist them in building and maintaining fair and efficient property tax regimes to achieve stable economic development. Taxpayers rely on the FNTC to assist First Nations in creating a transparent real property taxation system that provides certainty and creates value for the taxpayers. The Government of Canada relies on the FNTC to provide advice regarding future development of the framework within which local revenue laws are made and the FNTC’s operations are funded almost entirely by flexible transfer payments from the Government of Canada.

WHAT WE FOUND

Our examination found no significant deficiencies in any of the areas that BDO examined.

BDO found good practices in all areas examined, including:

- ▶ The Commission has developed and implemented Rules of Procedure and Governance as well as Management Policies that enable good practices in board stewardship and provide the framework for accountability. These policies and procedures facilitate FNTC meeting its legislative mandate and enable effective controls to manage its financial and economic assets and ensure an effective and efficient organization.
- ▶ The Commission develops an annual Corporate Plan with specific and measurable objectives that are consistent with its legislative mandate. The objectives are measured against the

¹ The FNTC was initially established under the *First Nations Fiscal and Statistical Management Act*, which was renamed on April 1, 2013.

Commission's performance and reported in the Annual Report and next year's Corporate Plan following each annual fiscal period.

- ▶ There is an effective planning and execution process to identify and manage risks. As part of its corporate planning initiatives, the Commission self-identifies risks to it fulfilling its mandate, as well as the identification of strategies to mitigate and manage these risks.
- ▶ The Commission has implemented performance measurement systems that monitor the achievement of its legislative mandate, including through performance evaluations and measurement against annual workplans.
- ▶ The Commission's information reporting provides accurate, timely and relevant information ensuring accountability and allowing Commissioners to make informed decisions. Commissioners are provided with relevant information, in a timely manner, through multiple channels.
- ▶ The organizational structure of FNTC follows an accountability framework that supports effective operations. Roles and responsibilities, including delegation of authority, are clearly defined, documented, and communicated amongst staff and management.
- ▶ Despite the challenges COVID presented, in addition to pivoting and adapting to a new operating environment quickly and effectively to ensure objectives established by the Commission were met, management and staff were able to advance new systems and technologies and improve efficiencies.

SPECIAL EXAMINATION CONCLUSION

To the First Nations Tax Commission

1. Under Section 119 of the *First Nations Fiscal Management Act* (FNFMA, or the Act), the First Nations Tax Commission is required to maintain financial and management control and information systems that provide reasonable assurance that the institution's assets are safeguarded and controlled; its transactions are in accordance with the Act; its financial, human, and physical resources are managed economically and efficiently; and its operations are carried out effectively.
2. The FNFMA also requires the Commission to have a Special Examination of these systems and practices carried out at least every five years.
3. Our responsibility is to perform a Special Examination and conclude whether there were significant deficiencies in the systems or practices examined during the period covered by the examination from April 2020 to March 2021.
4. BDO based our examination plan on a survey of the Commission's systems and practices, which included a risk analysis. BDO submitted the plan to the Audit Committee of the First Nations Tax Commission on October 7, 2021. The plan identified the systems and practices that BDO considered essential to assessing whether the Commission's assets are safeguarded and controlled, resources managed economically and efficiently, and operations carried out effectively. Those are the systems and practices that BDO selected for examination.
5. The plan included the criteria (detailed in Appendix A) for the Special Examination that BDO selected specifically for this examination in consultation with the Commission. The criteria were based on our experience with performance auditing. Our choice of criteria was also influenced by legislative and regulatory requirements, professional literature and standards, and practices followed by the Commission and other organizations. The systems and practices BDO examined and the criteria BDO used are listed in Appendix A.
6. Based on the criteria established for the Special Examination (see Appendix A), no significant deficiencies were identified in the systems and practices examined.
7. The remainder of this report provides an overview of the Commission and more detailed information on our examination findings and recommendations.

RESTRICTION OF USE

Our report is prepared solely for the use of the First Nations Tax Commission and the Government of Canada and should not be relied upon by other parties.

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