

First Nations Tax Commission



Special Examination Report - 2009/2010



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Executive Summary

What We Examined

The First Nations Tax Commission (FNTC) was established by the *First Nations Fiscal and Statistical Act* (FSMA) and it began operations in July 2007. 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.

We examined the FNTC's systems and practices to determine whether, in the period under examination, they provide 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.

We examined, among other things, FNTC's 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 2009 and March 2010.

Why It's Important

First Nations rely on 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 taxpayer. The government of Canada relies on FNTC to provide advice regarding future development of the framework within which local revenue laws are made and FNTC's operations are funded almost entirely by flexible transfer payments from the federal government of Canada.

What We Found

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

We found good practices in all areas examined.

- 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 a corporate plan with specific and measureable objectives that are consistent with its legislative mandate. The objectives are measured against the Commission's performance and reported in the annual report after each fiscal period.
- There is an effective planning and execution process to identify and manage risks. The Commission's corporate plan identifies risks to it fulfilling its mandate and strategies to mitigate and manage these risks.
- The Commission has implemented performance measurement systems that monitor the achievement of its legislative mandate.
- The Commission's information reporting provides accurate, timely and relevant information ensuring accountability and allowing Commissioners to make informed decisions.
- The interface between the Commissioners and senior management enables effective oversight by the Commissioners.
- The organizational structure of FNTC follows an accountability framework that supports effective operations and facilitates the desired organizational structure. Roles and responsibilities, including delegation of authority, are clearly defined, documented and communicated.

Special Examination Opinion

To the First Nations Tax Commission

1. Under Section 119 of the *First Nations Fiscal and Statistical Management Act* (FSMA), 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 FSMA 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 express an opinion on whether there is reasonable assurance that during the period covered by the examination from April 2009 to March 2010 there were no significant deficiencies in the systems or practices we examined.
4. We based our examination plan on a survey of the Commission's systems and practices, which included a risk analysis. We submitted the plan to the Audit Committee of the First Nations Tax Commission on 07 January 2011. The plan identified the systems and practices that we considered essential to providing the Commission with reasonable assurance that its assets are safeguarded and controlled, its resources managed economically and efficiently, and its operations carried out effectively. Those are the systems and practices that we selected for examination.
5. The plan included the criteria for the special examination that we 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 we examined and the criteria we used are listed in Appendix A.
6. We conducted our examination in accordance with our plan and with the standards for assurance engagements established by the Canadian Institute of Chartered Accountants. Accordingly, it included the tests and other procedures we considered necessary in the circumstances.
7. In our opinion, based on the criteria established for the examination, there is reasonable assurance that there were no significant deficiencies in the systems and practices we examined.

8. The rest of this report provides an overview of the Commission and more detailed information on our examination findings and recommendations.

A handwritten signature in black ink that reads "BDO Canada LLP". The signature is stylized, with the "BDO" part being more prominent and the "Canada LLP" part written in a cursive-like script.

BDO Canada LLP
Chartered Accountants

Kamloops, Canada
March 15, 2011