



Aboriginal Affairs and
Northern Development Canada

Affaires autochtones et
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Investigation of Allegations at the Manitoba Association of Native Firefighters

2014

Canada



Background

- The Assessment and Investigation Services Branch of the Department received allegations of misappropriation and misuse of government funds by the Manitoba Association of Native Firefighters.
- The auditing firm of KPMG was retained in 2013 to conduct a forensic audit of certain allegations involving federal government funds.
- The investigation focused on the following key areas: use of the 2011 flood funds; salaries to employees; overtime claims; payments of bonuses; travel claims, and; use of assets.
- A full accounting of the Manitoba Association of Native Firefighters as well as claims submitted by them related to the 2011 flood was not available at the time of this forensic audit. KPMG findings were based on the information currently available.



Findings – Use of Flood Funds

- Weaknesses in the Manitoba Association of Native Firefighters were identified, including:
 - No financial statements were produced during the 27-month period since the 2011 flood event.
 - Bank reconciliations were not being completed during the 27-month period since the flood when approximately \$90M has been expended.
 - A number of transactions were missing from the Association's financial records.
- The Association's processes for claiming reimbursement from the Manitoba Emergency Measures Organization was not integrated with the financial records of the Association. There was no process in place to ensure that amounts contained in financial records were included in claims and that claimed amounts were contained in financial records. In addition, there was no process to ensure that amounts were not claimed more than once. As a result of the lack of integration between the claim process and financial records, the Association is unable to provide reasonable assurance that the amounts claimed accurately reflect the total costs associated with the evacuation.
- Despite the fact that the evacuee management had evolved into a long-term requirement, the Association continued to manage evacuees using short-term strategies, as opposed to long-term planning. Such a change would have included enhanced administration for more robust accounting and management of flood funds; measures to ensure value for money; changes to the roles and responsibilities of Flood Coordinators for better management of evacuee requirements; and changes to governance.



Findings – Use of Flood Funds

- Neither the Chief Executive Officer nor the Chief Financial Officer demonstrated leadership in instituting the necessary changes to allow the Association to manage appropriately the evolving complexities of the flood program.
- Advances provided by Aboriginal Affairs and Northern Development Canada have been used for purposes where the Manitoba Emergency Measures Organization claims have been denied, or for non-food related expenditures incurred by the Association.
- It is unclear how management ensured accountability for flood and non-flood related expenditures in order to ensure that they were in compliance with relevant agreements and regulations.
- Mona Lisa Ristorante was retained to provide night time snacks to certain evacuees as hotel kitchens were closed in the evenings (from October 2011 to April 2013 when services were discontinued). The Association's management of Mona Lisa Ristorante had little consideration for value for money.



Findings – Salaries to Employees, Overtime Claims and Payments of bonuses

- In 2011-12, \$1,000 bonus was given to a few employees for unknown reasons.
- No salary was greater than \$79,000.
- The Association's processes surrounding the assigning of wage rates and approval of wage increases have not been consistently applied in a manner that would ensure adherence to the Association's policies.
- An employee was paid approximately \$42,000 in overtime for 2011-12 and 2012-13. The next highest overtime pay was \$12,000.
- The Association's overtime policies have not been consistently applied, and supporting evidence for some overtime claims is incomplete.



Findings – Travel Claims

Two travel events were closely examined:

1. Vancouver Conference (Third Annual National Roundtable on Disaster Risk Reduction) – total costs are \$4,167
2. Toronto (Search and Rescue Competition) – The Association sent two groups of four participants to participate in the competition. This was part of ongoing training. This event is attended by emergency response units from across the country. The Association has attended in other years as well.

No major concerns related to these two travel claims were identified.



Findings – Use of Assets

- Rewards points collected by the Association from the Canad Inns for evacuee rooms were distributed to the Association's Board Members and were used for personal use. Since 2012, \$61,800 of loyalty points have been transferred from the Association's loyalty accounts to the Association's Board of Directors.



Conclusion

- Aboriginal Affairs and Northern Development Canada recommended administrative and accounting improvements at the Manitoba Association of Native Firefighters.
- As of February 1, 2014, the responsibility of service delivery for 2011 Manitoba flood evacuees was transferred from the Manitoba Association of Native Firefighters to the Canadian Red Cross.
- On November 19, 2013, the Government of Canada announced a new approach to emergency management on reserve, which will facilitate successful response and quick recovery efforts for the First Nation communities affected by fires and floods. The Department will work closely with the provinces, territories and First Nations to form agreements to strengthen all four pillars of emergency management: response, recovery, preparedness and mitigation. A new single-window for First Nations will be created to secure funding for emergency costs, thereby eliminating overlap and providing First Nations and provinces and territories improved access to emergency funding when needed.