

Government Administration and Financial Management

Canadian governments typically operate within an accountability framework grounded in legislation, regulation and policy. First Nations look to the *Indian Act* for guidance but find it silent on questions of financial management and accountability. Although the *Indian Act* contains provisions assigning limited powers to Band Councils, it does not provide procedural or structural tools to guide the effective administration of band governments. Nor does it address rules governing conflict of interest, or the distinct but coordinate roles of elected officials and First Nation program and administrative staff. Instead, funding agreements between First Nations, federal and provincial government departments and ministries establish the framework of First Nation accountability for program funds expended. However, the accountability regimes these agreements support are primarily First Nation-to funding-partner: they neglect the important accountability dynamic that exists between First Nation governments and the community membership they serve. As the administrative responsibilities of First Nations have increased in recent decades, so too have community members' expectations for financial transparency, and political and program accountability. In response to these concerns, many First Nations have begun to develop accountability mechanisms and codify First Nation financial management and administrative policies and procedures. Measures to increase First Nation administrative and financial accountability and transparency have also been proposed by the federal government itself, in self-government negotiations and agreements, as well as the proposed *First Nations Governance Act*. The *First Nations Governance Act* would have required First Nations to develop financial management and accountability codes encompassing provisions on financial reporting, internal financial controls, disclosure of financial information, and redress. Under the *First Nations Governance Act*, First Nations also would have been required to develop administration of government codes setting out rules pertaining to:

- the role of the Band Council and its relationship to the First Nation's administrative arm,
- conflict of interest guidelines,
- access to information,
- procedures for Band Council business,
- general band membership meetings,
- the development and registration of band bylaws, and
- code amendment procedures.

A large portion of First Nation governance projects are representative of the efforts being made by First Nations across the country to codify existing and new financial management and government administration systems. The tangible products of these projects generally include detailed laws, codes and policies that will guide First Nation leaders, managerial, financial and administrative staff towards consistent and transparent financial management and accountability. Most documents encompass provisions respecting:

- the authorities and responsibilities of Chiefs and Councils, administrators and finance committees,
- conflict of interest,
- disclosure of financial information to community members,
- appeal procedures,
- budgeting procedures,

- remuneration, and
- expenditure controls.

Overall, the financial and administrative codes and laws that were developed through the First Nation governance projects are standardized and transferable. In terms of content quality, many are comprehensive and detailed (e.g. Thunderchild First Nation, Miawpukek First Nation). Others are concerned with establishing general guidelines and a clear separation between political and administrative functions, notably in the area of financial management (e.g. Lheidli T'enneh).

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