



July 25, 2014

Grand Chief Terrance Nelson
Southern Chiefs' Organization
105-1555 St James Street
Winnipeg, MB R3H 1B5

Your file - Votre référence

Our file - Notre référence

RE: Fact verification of the findings following an investigation at the Southern Chiefs' Organization

Dear Grand Chief Nelson:

As you know, AANDC conducted an investigation at the Southern Chiefs' Organization covering the fiscal years 2010-11 to 2013-14. In particular, payments issued to the former Grand Chief Murray Clearsky and Chief of Staff Michael Bear were reviewed.

The investigation identified a number of transactions totaling \$261,587 of AANDC funds that were inappropriate or questionable. If you are able to provide additional documentation and/or information to support the appropriateness of these expenditures, please send them to my attention at your earliest convenience. If no additional information is provided **by August 22, 2014**, AANDC will consider the amounts to be liabilities of the Southern Chiefs' Organization and subject to recovery.

Use of the Debit Card

Former Grand Chief Clearsky used an unauthorized debit card from the Southern Chiefs' Organization's bank account for unsupported purchases and cash withdrawals totaling \$38,922. The withdrawals took place between July and September 2013 during the Anishinabe Dakota Awareness Ride and while the Grand Chief was in Minneapolis. Grand Chief Clearsky collected \$10,150 in donations for the Anishinabe Dakota Awareness Ride, which we have applied against these unsupported withdrawals to reduce the total ineligible expenditures.

Prior to the Anishinabe Dakota Awareness Ride, the Grand Chief, the Chief of Staff and the Political Advisor were provided with travel advances in accordance with the Personnel Policy. However, the Political Advisor decided at the last moment that he would not participate in the ride and returned \$3,600 cash to Chief of Staff Bear. These funds were never returned by Mr. Bear to the Southern Chiefs' Organization and are subject to recovery.

A total of \$32,372 (\$28,772 + \$3,600) is subject to a recovery.

Retroactive Pay Increase

Former Grand Chief Clearsky and Chief of Staff Bear deliberately misrepresented the effective date of the Grand Chief's pay increase (as passed by the Executive Committee) to the Finance Administrator and obtained a retroactive payment of \$9,570 to which the Grand Chief was not entitled. This amount is subject to recovery.

ASKI Prepaid Credit Card

The Southern Chiefs' Organization provided the Chief of Staff with a \$3,530 prepaid credit card when he and the Grand Chief travelled to Toronto to attend an Assembly of First Nations Conference. Both of them had received travel advances in accordance with Personnel Policy. The Finance Administrator requested receipts for the purchases made with the credit card; however the Chief of Staff did not submit the receipts nor did he repay any of the \$3,530 to the Southern Chiefs' Organization. This amount (\$3,530) is subject to recovery.

Traditional Healing Expenditures

The Southern Chiefs' Organization provided the Department with a list of expenditures related to traditional healing totaling \$47,881. Traditional healing is not an employee benefit paid by the Southern Chiefs' Organization and it does not fit within the organization's mandate or the contribution arrangement with AANDC. We also noted two ineligible expenditures totaling \$5,447 that were spent by the Southern Chiefs' Organization. An advance of \$3,500 was provided to Mr. Bear to cover travel costs for the traditional healer. Mr. Bear did not provide the Southern Chiefs' Organization with supporting documentation for this expenditure. The Southern Chiefs' Organization had paid their travel agency \$1,947 for the traditional healer and her son to travel from Calgary to Winnipeg. A total of \$53,328 (\$47,881 + 5,447) is subject to a potential recovery.

Payroll Advances

Pay advances (\$19,270 less repayments of \$14,285) remained unpaid when the Grand Chief and Chief of Staff were terminated in October 2013; a total of \$4,985 is subject to a potential recovery.

Vacation Pay

The former Grand Chief and former Chief of Staff were paid \$5,653 for vacation for which they were not entitled, and this amount is subject to a potential recovery.

Travel Claims

The Finance Policy states that all travel outside of Canada must be approved by the Chief of Staff and in writing by the Finance Committee prior to the travel taking place. All travel taken without prior written approval of the Finance Committee will not be reimbursed. We reviewed the following:

1. Travel claims to the United States by Grand Chief Clearsky and Chief of Staff Bear – Grand Chief Clearsky submitted travel claims totaling \$5,444 representing trips to Las Vegas and Minneapolis. Mr. Bear has submitted \$4,439 in similar travel claims. No evidence was found that these trips had been approved in writing by the Finance Committee. A total of \$9,983 is subject to a potential recovery.
2. Travel Claims by Mr. Bear for travels that did not occur – The investigation identified \$10,817 in travel claims submitted by Chief of Staff Bear. When dates of the travels claimed were compared to his cell phone records, it appears the travels had not occurred; therefore, a total of \$10,817 is subject to a potential recovery.

3. Payments to Clement Travel – The Southern Chiefs' Organization uses Clement Travel to book airfares. The Clement Travel file was reviewed and a further \$6,810 in travel to the United States was found to have been paid. There was no evidence that the Finance Committee had approved these trips in writing; therefore, a total of \$6,810 is subject to a potential recovery.

A total of \$27,510 (\$9,883 + \$10,817 + \$6,810) is subject to a potential recovery.

Purchase of a Vehicle

Evidence collected indicated that \$25,911 of AANDC funding was used by former Grand Chief Morris Swan Shannacapo to purchase a vehicle but this was never recorded as a Southern Chiefs' Organization asset. The purchase of a personal vehicle is not in accordance with the terms and conditions of the funding agreement and is subject to a potential recovery.

Severance Pay for the Former Grand Chief

Former Grand Chief Shannacapo served as Grand Chief of the Southern Chiefs' Organization from 2007 to 2012. He retired from the position in September 2012 and was given \$20,000 as severance pay. The documentation supporting this payment suggests that it represents sixty days of unused vacation plus four days of unpaid workdays. We understand that the Grand Chief is exempt from the Personnel Policy and therefore would not be entitled to vacation.

It is recommended that entitlement by the Grand Chief to vacation and severance pay be clearly documented by the Chiefs in Summit. (No recovery is recommended.)

Car Insurance

We noted that Grand Chief Clearsky had been reimbursed \$1,748 for his personal vehicle insurance. This expense is not eligible under the contribution arrangement and is subject to recovery.

Payout for Labour Relation Issues

The Southern Chiefs' Organization decided to pay a total of \$33,482 to two employees in order to dispense with two labour relation issues. At the same time a previous harassment claim resulted in a payment of \$45,498 to the victim. The Southern Chiefs' Organization was then faced with similar circumstances involving Mr. Bear and chose to deal with the problem in the same fashion. They arrived at a settlement with Mr. Bear which paid him \$18,000 and indemnified him for future liability. The Human Rights Commission is dealing with allegations of harassment against Mr. Bear but, at the time of our review, have yet to issue their findings. Had the Personnel and Finance Committee been actively monitoring the workplace these problems might have been avoided. A total of \$96,980 could be subject to a potential recovery.

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Finally, you will find below a summary of the inappropriate expenditures totaling \$261,587 subject to a potential recovery:

Southern Cheek Organization	
	Total
Unauthorized Use of the Debit Card	\$38,922
Less: Donations Received	-\$10,150
Gerald Mulvan Cash Receipt	\$3,600
Retrospective Payment to Grand Chief	\$9,570
ASH Prepared Credit Card	\$3,530
Indivisible Traditional Healing Expenditures	\$53,328
Reimburse Advances to the Grand Chief and Chief of Six	\$19,270
Less Payroll Disbursements	-\$14,285
Unauthorized Personal Use	\$5,653
Unauthorized Travel to United States (S&PAA - 6/1/05)	\$9,883
Clement Travel Agency - Trips to U.S.	\$6,810
Palke Travel Agency	\$10,817
Purchase of Vehicle	\$25,911
Personal Vehicle Insurance	\$1,748
Settlement Paid to Michael Beer	\$18,000
2010 Settlement with Former Employees	\$33,482
2010 Human Rights Settlement	\$45,498
Total	\$261,587

Should you have any questions about this investigation, please do not hesitate to contact me directly.

Yours sincerely,

Sylvie Lecompte

Sylvie Lecompte, Director
Assessment and Investigation Services Branch
Audit and Evaluation Sector

c.c.: Anne Scotton, Chief Audit and Evaluation Executive
Scott Stevenson, Senior Assistant Deputy Minister, Regional Operations
Pamela d'Eon, A/Chief Financial Officer
Gianni (John) de Francesco, Regional Director General