

O-Chi-Chak-Ko-Sipi First Nation
Schedule of Salaries, Honoraria, Travel Expenses and Other Remuneration Paid to Chief & Council

For the year ended March 31, 2009

	<i>Position</i>	<i>Number of Months</i> ⁽¹⁾	<i>Salary and honoraria</i>	<i>Travel expense</i>	<i>Other</i>	<i>Total</i>
Delbert McKay	Chief	10	67,500	20,000	3,000	90,500
Wallace Moar	Chief	2	16,500	-	6,400	22,900
Barry McDonald	Councillor	2	4,510	3,200	-	7,710
Eileen McDonald	Councillor	12	74,020	24,821	3,000	101,841
Kerwin Chaboyer	Councillor	12	74,020	24,821	3,900	102,741
Ronald Moar	Councillor	10	64,500	20,000	3,000	87,500
			301,050	92,842	19,300	413,192

(1) The number of months during the fiscal year the individual was an elected or appointed official or was on staff.

O-Chi-Chak-Ko-Sipi First Nation
Schedule of Salaries, Honoraria, Travel Expenses and Other Remuneration Paid to Chief & Council

For the year ended March 31, 2009

	<i>Position</i>	<i>Number of Months ⁽¹⁾</i>	<i>Salary and honoraria</i>	<i>Travel expense</i>	<i>Other</i>	<i>Total</i>
Delbert McKay	Chief	10	76,772	20,000	11,240	108,012
Wallace Moar	Chief	2	16,500	-	6,400	22,900
Barry McDonald	Councillor	2	4,510	3,200	-	7,710
Eileen McDonald	Councillor	12	75,728	24,821	31,466	132,015
Kerwin Chaboyer	Councillor	12	74,748	24,821	21,741	121,310
Ronald Moar	Councillor	10	63,908	20,150	10,020	94,078
			312,166	92,992	80,867	486,025

(1) The number of months during the fiscal year the individual was an elected or appointed official or was on staff.





September 2, 2009

MEYERS NORRIS PENNY LLP

Chief and Council
O-Chi-Chak-Ko-Sipi First Nation
Crane River, Manitoba
R0L 0M0

Dear Chief and Council:

As per your request the following is a summary of our discussions and recommendations from our Monday meeting:

Current Situation

- 1) The First Nation just experienced an operating deficit of \$506,825 for the 2008 – 2009 fiscal year. This brought the accumulated deficit to \$1,189,782.
- 2) Regular monthly financial statements with budget variance reports were not prepared.
- 3) Regular Finance meetings were not held where the Accounting staff discussed the financial statements with Chief and Council so that everyone clearly understood where the First Nation stood financially.
- 4) Cash flow projections were not prepared to clearly show what funds were coming in and what the cash commitments were.
- 5) Budgets were prepared but were not used to control expenditures.
- 6) Chief and Council did not understand the budget and how it was to be used.
- 7) Communication between the Accounting staff and Chief and Council was not sufficient as Chief and Council did not understand what the Accounting staff was doing to keep the First Nation operating.
- 8) The Accounting Department was understaffed and there was not enough time left in the day for the existing staff to do the job completely.
- 9) Some of the people in key roles lacked sufficient training to properly complete their jobs.
- 10) Band enterprises were not well supervised. The Store ran at a loss and issues there were not addressed. The VLT operation generated a lot of cash but there was not a formal plan for using those funds to meet the First Nations commitments.
- 11) Employees were not penalized for not showing up to work or for not doing their job in a reasonable time frame.
- 12) Advances to Band members continued which compounded the accounting work. Accounting and reconciling in the various general ledger accounts was not done.

August 14, 2009



MEYERS NORRIS PENNY LLP

Chief and Council
O-Chi-Chak-Ko-Sipi First Nation
Crane River, Manitoba
ROL OMO

Dear Chief and Council:

Re: March 31, 2009 Financial Audit

We have completed our audit of the financial statements of the O-Chi-Chak-Ko-Sipi First Nation for the year ended March 31, 2009.

1. OPERATIONS

The First Nation experienced a consolidated operating loss of \$506,825. This resulted from:

a) Over expenditure in the following programs:

Social	\$254,938
Education	\$239,628
Band Support	\$260,518
Community Service	\$114,521
CMHC Capital Projects	\$ 96,225
Health	\$100,788
Band Store	\$ 70,538

The First Nation does not receive sufficient funds to cover large losses noted for the programs listed above.

We noted that budgets were prepared, however, it appears that Chief and Council did not use them to monitor expenditures. Considering the First Nation is in a difficult financial position, it is our recommendation that they set and follow budgets for 2009-2010. We recommend that monthly financial reporting be done to Chief and Council and at these meetings each program is reviewed to determine whether it is within budget. We also recommend that Council review their policy of donations and advances to community members and reduce the amount that is given out. If these areas had been monitored better this last year, there would not have been such a large deficit.

2. BOOKKEEPING

The bookkeeping was not done monthly for the Store or MLF. As a result, there was no financial reporting of their operations leaving problems unresolved.

We recommend that Council hire another trained bookkeeper to ensure the bookkeeping is up to date, to prepare monthly financial statements, and to review the financial statements with management and Council. Cash up for the Store and MLF should be done after each shift and the cash reconciled. We also recommend that the current managers be trained to work with their

O-Chi-Chak-Ko-Sipi First Nation
Consolidated Statement of Revenue and Expenditures
For the year ended March 31, 2009

	INAC Revenue	Other Revenue	Deferred Revenue	Total Revenue	Total Expenditures	Total Surplus (Deficit)
✓ Social Services	866,858	-	-	866,858 ✓	1,121,796	(254,938)
✓ Education	1,161,637	-	-	1,161,637 ✓	1,401,265	(239,628)
Band Support	375,679	31,000 X	-	406,679 ✓	667,197	(260,518)
Community Service	366,499	22,614 X	-	389,113 ✓	481,020	(114,521)
Subsidy Housing	264,665	-	-	264,665 ✓	150,035	137,244
Youth Work Experience	12,116	-	-	12,116 ✓	4,143	7,973
✓ Child Care Service	-	74,173	-	74,173 ✓	74,173	-
Student Employment	14,995	-	-	14,995 ✓	14,280	715
Band Funds	-	860,983 X	-	860,983 ✓	556,872	304,111
✓ Economic Development	49,807	(5,300) X	-	44,507 ✓	42,566	1,941
✓ Human Resources Development of Canada	-	124,779	-	124,779 ✓	124,779	-
✓ Post Secondary	-	-	-	-	318,008	32,874
Parental Engagement Strategy	350,882	-	-	350,882 ✓	9,000	-
✓ Teacher Recruitment & Retention	9,000	-	-	9,000 ✓	11,000	-
✓ Tuition Agreements	11,000	-	-	11,000 ✓	6,269	-
✓ Band Operated Special Education	6,269	-	-	6,269 ✓	157,269	-
✓ Water - Operations & Maintenance	157,269	-	-	157,269 ✓	6,269	-
✓ Police Services	43,754	-	-	43,754 ✓	157,269	-
✓ Enhanced Teacher Funding	-	33,626 X	-	33,626 ✓	58,736	(14,982)
✓ Family Violence Program	19,314	-	-	19,314 ✓	19,314	-
✓ Governance Support Activity	21,760	-	-	21,760 ✓	13,816	-
60 Unit Housing Renovation Project	50,000	-	-	50,000 ✓	50,000	-
New Housing Project - 11 unit	-	947,930 X	(144,009)	803,921 ✓	803,921	-
Heavy Equipment	-	463,850 X	-	463,850 ✓	537,534	(74,484)
Pre 1997	-	231,652 X	-	231,652 ✓	253,393	(21,741)
Post 1997	-	36,534 X	-	36,534 ✓	50,438	(13,904)
Health Facility	-	152,751 X	-	152,751 ✓	120,683	31,868
✓ Development Corporation	-	281,102 X	-	281,102 ✓	296,236	(15,134)
Operating fund	-	819,548 X	-	819,548 ✓	920,336	(100,788)
	-	280,080 X	-	280,080 ✓	200,937	79,143
Prior surplus (deficit)	3,781,504	4,354,522	(144,009)	7,992,017	8,498,842	(506,825)
Cumulative surplus (deficit)						(682,957)
						(1,189,782)

The accompanying notes are an integral part of these financial statements