

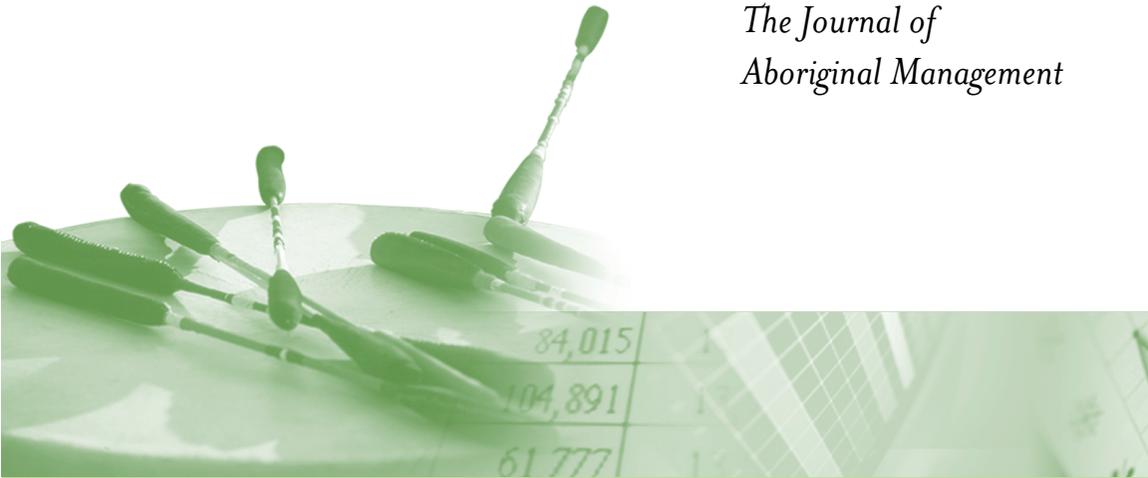


AFOA

Aboriginal Financial Officers Association of Canada

JAM

*The Journal of
Aboriginal Management*



*AFOA – the best source of information and
training on Aboriginal finance and management.*

SUBSCRIPTION INFORMATION

AFOA members receive free subscription to JAM: The Journal of Aboriginal Management. The Journal will be published twice a year – once in the spring and once in the winter. The Journal will be mailed to members.

Non-members can subscribe to JAM for \$50.00 a year. To get a subscription, call AFOA toll free at 1-866-722-2362 or visit AFOA at www.afoa.ca.

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A Message from the AFOA Chair and President & COO

The Aboriginal Financial Officers Association of Canada (AFOA) is very pleased to introduce the inaugural issue of *JAM: The Journal of Aboriginal Management* to all Aboriginal people across Canada who are interested in the finance and management fields. JAM is the first and only professional journal specifically for Aboriginal management professionals.

Whether you work in your community administration or in program and service delivery, in a health or educational organization, in a development or capital corporation, in a national or provincial Aboriginal organization, in social services or economic development, or in a privately owned business, or if you're a student interested in a career in finance or management – this Journal is intended to help you to be on the leading-edge of key Aboriginal finance and management issues that will impact you in your job.

This inaugural issue includes an in-depth interview with Harold Calla, Director of Finance for Squamish Nation and Chair of the First Nations Financial Management Board. In the interview Harold talks about the importance of long term strategic planning and fiscal discipline as crucial areas in which Aboriginal management must develop capacity. The interview also focuses on what can be done to stress the importance of effective financial planning and management in First Nation communities, and how elected representatives can be empowered to make the right decisions based on financial information.

Also in this issue is an article focusing on the experience of the Penticton Indian Band in British Columbia. In the spring of 2001 members of the Penticton Indian Band occupied the Band offices for a month in opposition to the management of Band affairs then under a remedial management plan. Since that time the Band has implemented an ambitious five-year plan with such strong commitment by Chief, Council and Band finance and administration, that the Plan's objectives have been exceeded. Many communities across Canada are facing similar challenges to those overcome by Penticton and we hope you will gain inspiration from this success story.

Sharon Stevenson, Finance Manager, Peguis School Board, was the 2004 winner of the Regional AFOA-Xerox Award for Excellence. She is also interviewed in this Journal on her views on capacity development issues at the community level. *Making the Audit Work for You* is a brief guide on what Aboriginal managers can do to enhance the audit process and gain benefits from the audit. As the inaugural issue of the Journal, we have also included some information on AFOA and its programs and services.

This Journal is one more product from AFOA that demonstrates its commitment to being Canada's Aboriginal Centre for Finance and Management Excellence. It is AFOA's intention to publish JAM bi-annually. We welcome all expressions of interest to contribute to JAM on Aboriginal management and financial issues.

The Aboriginal Financial Officers Association of Canada is the centre for excellence and innovation in Aboriginal finance and management. We are the only organization in Canada that focuses on the capacity development and day to day needs of those Aboriginal professionals who are working in all areas of finance, administration and management – today's leaders and those of the future.

Marilyn Osecap, CAFM
Chair

Ernie Daniels, CGA, CAFM
President & COO

Strategic Planning for the Long Term

A Conversation with Harold Calla



Harold Calla is a member of the Squamish Nation, located in North Vancouver. After many years experience in international business, Harold returned to the Squamish Nation 18 years ago to work as the Director of Finance. The Squamish budget has increased from \$7.5M to \$38M during this period. The scope of the Squamish operations includes commercial business operations, land leasing, and land development. The Nation also delivers 128 different programs and services to the 3,100 members of the Squamish Nation.

Mr. Calla has worked on the *Land Management Act*, enabling legislation designed to remove Indian Affairs from decisions made by the Squamish Nation regarding the use of Squamish Reserve Lands. He also holds the following positions within the Squamish Nation operations: Surveyor of Taxes; Chair – Economic Development/Lands Management; Treaty Committee Member; Chair of the Finance Subcommittee; Co-Chair of Municipal Services Negotiation Committee; and Councilor for Squamish Nation.

He has acted as a financial advisor and arbitrator for various First Nations throughout Western Canada. In the past few years, Mr. Calla has been involved in the National Table on Fiscal Relations, where he is a member of the 'Chiefs Committee on Fiscal Relations,' and the Chair of the Revenue Options Technical Table. The mandate of the Chiefs Committee is to focus on developing a new fiscal relationship between First Nations, the Provinces, and the Government of Canada.

Currently, Mr. Calla is Chair of the First Nations Management Board – one of four First Nations Fiscal Institutions being created through legislation to assist First Nations in improving the investment climate on-reserve and promote economic growth. Mr. Calla also leads the First Nations Summit Fiscal Relations Secretariat in its work to assess the financial impacts of proposed treaties. He also serves as a Director on the Board of Partnerships BC, a provincial crown corporation that is mandated to look at public and private partnerships as a delivery model in responding to BC's infrastructure needs.

Harold was recently awarded the AFOA/Xerox National Leadership Award for 2005. He spoke to Kateri Akiwenzie-Damm in Ottawa, in March 2005.

KATERI AKIWENZJE-DAMM: What areas of capacity should those responsible for the fiscal stewardship & health of Aboriginal organizations and communities focus on in the next several years?

HAROLD CALLA: Long term planning. Too often in our First Nations communities we've been raised on Indian Affairs funding agreements, which are twelve-month fiscal cycles. We have to move beyond this within our First Nations communities.... We need to start looking at much longer time horizons, to begin understanding the implications of taking on service delivery responsibilities, to understand the fiscal and legal implications, and whether or not our communities are able to withstand those.

There's also a huge capacity issue in First Nations communities. Whether or not we have the trained personnel to be able to manage program delivery that we're undertaking is something that we must ask ourselves.

There's also a lack of fiscal discipline in First Nations communities. We sometimes make decisions based on emotion and not on policy. We don't run our affairs based on the practical realities of governance. Governance to us, is still a romantic notion, I believe, and some of the realities of governing mean that sometimes you have to say 'no'. We don't say 'no' often enough in our communities. So, I think that it's really critical that people understand that. As a councilor, as a director of finance and as someone involved in economic development in my own community, we've now realized that we have to embark on a 10-20 year planning horizon that includes a financial model attached to that.

KATERI AKIWENZJE-DAMM: So, given the way that most community governments work, and the way that their funding is provided, how do they shift their thinking from that sort of short term planning to meet funding requirements to that longer term vision that you're talking about?

HAROLD CALLA: Well, I think in many cases there are opportunities within Department funding for things like a physical development plan, as one example, where you need to be able to put a five year capital plan in place for the Department of Indian Affairs. When Squamish undertook this about ten years ago, we actually blew it open to a full community plan in order to get to a capital plan, because you just can't say "this is where we want our infrastructure to go in the next ten years." We needed a much more thorough planning exercise, an official community plan. They funded us about \$250,000 over about a two-year period to be able to get that done. So, you have to be creative. You have to get the resources from the Department of Indian Affairs or any other places you can get it. There is some discretionary funding that comes to the First Nation community. Absent of that, I think all First Nations simply have to make a case to the Department

of Indian Affairs, through organizations like the AFOA, that what we really need is to dedicate resources to long-term strategic planning for First Nations communities.

KATERI AKIWENZJE-DAMM: So you were talking about the need for capacity building, how will that capacity building assist in effective fiscal and program management?

HAROLD CALLA: Well, I think that in many cases, whether you're at an administrative level or a Band Council level, at this time there isn't an appreciation about the need for fiscal restraint, about our fiscal realities. We go on about the real fact that we have this great need and therefore, we have to respond to it. Members will come into a council meeting and the council will be overcome by the emotion of the moment. I think that part of the challenge is that we haven't trained ourselves to think long-term and strategically so we never really see how we can achieve our objectives. We look at instant gratification rather than some gradual journey that we're on, one that achieves all our objectives.

Part of the challenge is that we haven't trained ourselves to think long-term and strategically so we never really see how we can achieve our objectives.

I think those who are in the positions of authority, administrators and/or councilors need to get some training around the concepts of business management or administrative management. They need to get familiar with concepts about following procedures and protocols, not circumventing the process, setting benchmarks for measuring results. We have to get to that point in our communities in order for those who are responsible to be able to effectively manage. I think it's fiscal capacity building that is really lacking as a goal in our people's minds. We're sometimes caught in this conflict between Aboriginal rights and title and the reality of day-to-day management. We struggle with the notion of fiduciary responsibility being the answer to all and therefore whether we should wait until the government comes forward and provides some resources rather than taking the initiative to generate the opportunities, and create a better life in our own communities.

There's whole attitudinal shift and management shift that has to take place. It's not good enough to show up at a Band Office, put in your eight hours a day, and go home. You have to now produce and you have to produce with a long-term vision because there is no longer the kind of opportunity in this country for the government to perpetuate its current and historical perspective of resolving the issues with First Nations by feeding the symptoms of poverty. They can't afford it anymore. What they're seeking to do is create investment opportunity with the limited resources they have that create economic development, and job opportunities. I think that's where we have to get to in our minds and that's where the role of

financial management, and long-term planning becomes so key. Because you need partners to reach your goals. You need private sector investors, you need lending institutions to be successful now. You cannot depend on the Federal Government to fully respond to your situation. More and more I think we're going to find ourselves struggling with ways and means of distancing ourselves from the grip that Indian Affairs has over our communities so that we're in a position to realize opportunities as they arise. That is a real challenge for administrators and for Band Councilors and for education departments to start saying 'what do I need?'

I'm an accountant, a CGA, and I went home 18 years ago.... I've been there 18 years and we've now graduated four accountants. You've got to begin that process of capacity development. In order to do that you have to provide a political and administrative vehicle for people to be successful. That's why program policy development, HR policy development, and the separation of business development from band politics and administration become absolutely critical. That's capacity development, the understanding of how it all works together, builds confidence, not only in the senior management and political levels, but within our membership. People have to find some hope. They have to see that if they can't get gratification today, that the issues that are important to them are still part of the strategy of their government.... I think that's the big challenge. You can never forget that it doesn't matter if you're here in Ottawa dealing with government, or at home dealing with service delivery; what you're really doing is something that can impact the lives of community members. That's the litmus test. How are you doing that? Is capacity building within all levels of your structure? Is the Membership developing some appreciation for the situation their community faces today and how their seven generations are going to be cared for?

So capacity building takes place at all levels. But none of it happens without a financial plan.

KATERI AKIWENZJE-DAMM: You were talking about the government previously addressing only the symptoms of poverty and also about the emotional reactions that happen in the community so it seems that part of what needs to be done is to have community members understand the importance of effective financial planning and management. The way to do that would be talking to community members about how it affects them personally through improved quality of life in the communities. So, how would you address community members to help them understand? What kinds of things can you tell them about what the impacts are going to be?

HAROLD CALLA: First of all you have to get the community willing to come out. In most cases, they don't come out. Squamish has a membership of about 3800 people. We have about 2200 voting

members. If we get 200 people to a general meeting that's all we get. When we've had real success is when we gathered our community in our traditional forums - which for us was meeting as families. We have seven major family lines in Squamish. Some of those extended families number 300 people. They hadn't gathered as an extended family in 30 years. Through the process that we initiated to do our physical development plan, we held family dinners and meetings. So, extended families came together and talked about things... caught up.... We then settled down to a real, respectful dialogue that created attitudinal change in everybody. There's no replacement for having tea in the kitchen of your grandmother's house and talking Band politics. There is no replacement for that. You have to, depending on the size of your community, gather them together, you have to talk, and you have to get a shared vision. It starts with communicating. Communicating what your goals and objectives are and showing them that their contributions are reflected in the record of what's being discussed. That's what we did in our process.

That's how I would see the processes rolling out. That you start by having a community discussion. Saying quite simply 'we want to assure ourselves that there is an accountable, transparent way in which the resources of the Band are managed and we want to do this through a procedure that everybody understands.'

We were able to produce a discussion paper or record of what was discussed at each of these family meetings and as a consequence when we produced the final report we weren't standing up at a final meeting and everybody saying 'where did that come from? Or 'I never said this' or 'I never said that.' Or 'where did that idea come from?' There was ownership. There were differences among families but it was a respectful discussion.

The way you can engage in financial planning is to develop a financial law that will eventually form part of your constitution. There are many chapters to a constitution. One of the first chapters that most people will be interested in is the financial chapter because they want to know where their money is going. It's really critical for Bands who have own-source revenue because that's a very touchy subject in First Nations communities. But I think there would be an interest in ensuring there's transparency, accountability and due process in how the Band manages its affairs. I think that's how I would see the processes rolling out. That you start by having a community discussion. Saying quite simply 'we want to assure ourselves that there is an accountable, transparent way in which the resources of the Band are managed and we want to do this through a procedure that everybody understands.'

So, developing a financial code that is endorsed by membership is a great way to start.

KATERI AKIWENZJE-DAMM: The idea of using traditional forms to communicate with people sounds like a reasonable, practical, appropriate, and necessary way to get them engaged. In some communities, however, there might be people who still are not reached. Is there a way to make financial management a more relevant issue for a wider spectrum of the community membership?

HAROLD CALLA: We're a community that has significant own-source revenue, so we have capacity that others don't. What we created was a Communications Department. We have a website. We have weekly mailing to membership to update them on matters that Squamish is dealing with.

We have members in Washington State and spread out across the U.S. We reach out to that community that's not in close proximity by having a whole array of activity that involve them and involve our staff. We have 350 staff members in Squamish. We have more staff members than many Band's populations. So, we have a situation where we will have a workshop or trades fair where membership will come out and talk to people on a one-on-one basis. There's no replacement for that. You have to be able to do that.

You have to sense that your membership is at that point where people feel comfortable in being asked to make decisions or talking about why they don't want to make a decision, because ultimately you must make a decision. If your community is going to endorse a strategic plan (or you can call it a land use plan, official community plan) they're going to endorse a plan that gives direction and sets the benchmarks for measuring progress. It will also give the mandates required to pursue the objectives of the plan. That's your objective. Again, you develop a financial plan around all of that.

KATERI AKIWENZJE-DAMM: So, basically they have to see that what's happening is directly linked to and addressing needs in the community?

HAROLD CALLA: Absolutely.

KATERI AKIWENZJE-DAMM: How is capacity building supporting First Nation accountability and self-government efforts/initiatives?

HAROLD CALLA: There's no confidence within First Nations communities that we're ready for self-government. There's no confidence outside of our communities in the non-Aboriginal communities, that First Nations communities are ready for self-government. Part of the reason for that is we're dealing with an unknown. What does it mean? One of our chiefs Joe Mathias was involved in the constitutional rounds, both of the constitutional rounds that took place. When the Charlottetown Accord Agreement

was voted on it was voted down in our community because we didn't do a good enough job explaining what it was. We didn't even know what it was. We didn't know how it was going to be resourced. So, it failed.

I think that within our community there is the notion that the *Indian Act* may be bad but we know what it is and we've got it. I don't know what self-government is and you'd better tell me what it is. If I'm going to be self-governing am I reducing the government's fiduciary duty? How is self-government going to be resourced?

I've been involved in the treaty process in British Columbia, and the biggest issue facing that process in First Nations is, how do you resource the cost of governance? What controls are in place? Who determines what standards are going to apply? Who is eligible? What's the scope of the program? Big questions and there are no answers to those questions at the moment. So, I think that the administrations and the financial planning that's going to be required to look at self-government will help provide a level of comfort both within our communities and outside our communities that we're not going into some black hole.

There is a real fear in the non-Aboriginal public that the normative values of society are going to be somehow impacted because of self-government. It's not been my experience in listening to First Nations communities speak that that's what their objectives are but the capacity we have to develop is an understanding within ourselves that we have the abilities to actually implement self-government. We have to define it. We have to be less fixated on whether it's delegated authority or Section 35 because at the end of the day all that my Band member wants to know is how they're going to get a house. They could care less the source of that house, or the job, or the education, or the welfare. They're not interested in whether it's a Section 35 right or a treaty right or a delegated right from government. They just want to feed their families, provide a roof over their heads. That's where we have to get to in looking at alternative solutions: what works for our communities. Because we're never going to get this basket of Section 35 rights bestowed upon us by government, in my opinion, until it's actually in place on the ground and people see what it looks like on both sides of the issues.

KATERI AKIWENZJE-DAMM: So, how can Aboriginal financial managers enhance and improve their relationship with Aboriginal elected representatives in order to move things forward?

HAROLD CALLA: I think that Aboriginal financial officers have to find themselves in a position where they're part of the management team with council. They have to provide council with the rationale for some of the decisions that have to be made by a Band Council. They have to

provide Band Council with a way to not just say no, but to say no for today and then tell them what they have to do to say yes. Some of the things that the community wants can be planned for in the future. The financial officer is always the one who is called on to deal with issues of economic development, on funding agreements, on administration of the budget. I think that the Aboriginal Financial Officer has to endear himself to the political process whether he likes it or not. They are part of the political process.

Council can take some political benefit from a long-term strategic plan that includes some of the things that a member is saying to me today, like I want a new gymnasium or I want a new school. Well, here's a strategic plan that says, this is what we're looking at and this is something we can do maybe in three years, if that's what the strategic plan is, and we'll continue to revisit that plan periodically - because you can't separate that long-term plan from the political reality you face at the council table each day. The financial administrator has to sit there with the council and in a supportive role. Council has to respect the fact that they have fiduciary responsibilities. There is a real benefit in ensuring (particularly where you have a rapid transition of council either two, three, or four years) that there is a transition period for new councilors coming in that the financial administrator and financial officer should participate in so that budgets are explained and the financial status of the band as it is today is explained. You have to look at what the funding arrangements are, look at what the financial horizon is, and introduce them to the concept of long term strategic planning. You have to educate council on financial matters.

Aboriginal financial officers have to find themselves in a position where they're part of the management team with council. They have to provide council with the rationale for some of the decisions that have to be made by a Band Council.

KATERI AKIWENZJE-DAMM: It seems to me that it may be the case in many communities that community members don't know who the financial manager is or what kind of long term and financial planning, if any, is taking place.

HAROLD CALLA: I hope that means that whoever is doing it is doing a good job because if they weren't you'd hear about it. Whether or not they're in a position to be able to do long-term planning is another issue. One of the great things of the AFOA is that they can plant the seeds for the need for long-term financial planning. But you're right, until it's a problem, nobody knows. That's one of the challenges.

JAM



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Building a Community of Professionals

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