



huu ay aht

ANCIENT SPIRIT, MODERN MIND

**REPORT TO THE PEOPLE'S ASSEMBLY
OF EXECUTIVE COUNCIL**

Appointment of Auditor

**FOR CONSIDERATION AT THE
2024 PEOPLE'S ASSEMBLY**

November 16, 2024

Prepared by: Alexis Young, Acting Law Clerk
On behalf of Executive Council

Date: October 18, 2024

ISSUE

Huu-ay-aht First Nation (HFN) is required to appoint an auditor each year at the convened People's Assembly.

BACKGROUND

BDO has been the auditor for the past eight fiscal years, they were selected back in 2016 under a Request for Proposal and have been reappointed each year. BDO has done an excellent job each year under some very challenging circumstances. It is required that every 3-4 years Huu-ay-aht undertakes a Request for Proposal (RFP) process to appoint an auditor. In 2024, an RFP was undertaken and HFN received four proposals: BDO, MNP, Deloitte, and Chan Nowosad Boates (CNB).

The HFN Finance Committee conducted interviews with the top three candidates: CNB, Deloitte, and BDO on September 24th, 2024. Missing from this meeting due to illness was one committee member and the Executive Director. At this meeting the CFO and 2 members of the finance committee recommended CNB, and one finance committee member did not.

At the September 26th, Executive Council meeting, the Executive Council requested further analysis be conducted of CNB to better understand their professional experience and knowledge of First Nations financials and more so Treaty Nation financial management. EC requested the Finance Committee chair work with the CFO and ED to conduct reference checks.

CONSIDERATIONS

CONSIDERATIONS FROM THE CFO

Chan Nowosad Boates has demonstrated a strong commitment to timely and thorough audit engagements, consistently meeting deadlines and ensuring alignment with previous year-end audit reports. Their respectful approach to HFN's accounting processes and their ability to work seamlessly with the finance team for over nine years reflects their reliability and professionalism.

Additionally, their extensive experience working with Indigenous governments and public sector accounting standards (PSAB) makes them a valuable partner in supporting HFN's financial integrity.

Given this history of successful collaboration, it is advisable for the Finance Committee to consider the information gathered and recommend to the Executive Council to approve a contract with Chan Nowosad Boates for the fiscal years 2025-2027, ensuring continuity in financial oversight and reporting.

CONSIDERATIONS FROM THE COMMITTEE – OCTOBER 9TH, 2024

In addition to the above, there was much discussion at the committee about the three options for the auditor for 2025-2027: CNB, BDO, & Deloitte.

The current auditor is BDO who has been working with the nation since 2016 when an open, transparent, merit-based process was held and they were appointed, along with being reappointed for the next 8 years with the same process being done in 2020 and they were appointed again.

Under the *Government Act*, s. 69(2), committee members must make every reasonable effort to adopt recommendations by consensus. However, if the committee is unable to come to a consensus with respect to a recommendation to the Executive Council, the chair must provide the Executive Council with a written committee report summarizing the committee discussion on the recommendation (s. 69(5)).

The committee members discussed various concerns around the CNB firm. The concerns were;

- around the quote that CNB provided stating the need for HFN to have a qualified CFO or Controller,
- a reference for CNB stated that scheduling seemed to be an issue,
- The difference between auditing a treaty nation and non-treaty nation being that there are Huu-ay-aht laws that need to be followed along with the accounting standard that CNB are used to,
- and the quote is not accurate to the amount of work that there is and CNB being too new to know that.

The committee members discussed the reasoning for choosing CNB. The reasoning were;

- around the price being just over half of the other two competitors,
- the reference letters being positive,
- the ability they had to send two firm partners to come on-site and not cost the nation as much for this,
- the characteristics and knowledge of the two partners that came to present to the Finance Committee,
- their focus on taxes,
- and the work they have done with 30-40 other nations.

The committee members discussed the reasoning behind Deloitte being a beneficial choice. The reasoning were;

- around this was that they are an experienced firm that have worked with the nation for many years,
- they have understanding around the FAA,
- and they have previously worked with treaty nations.
- The concerns were around the cost.

The committee members discussed the reasoning behind BDO being a beneficial choice. The reasoning were:

- BDO has been Huu-ay-aht First Nation's auditor for the last eight years
- know a lot about the history of the finances.
- The concerns were around the cost and the inability to follow the FAA timelines.

CONSIDERATIONS FROM THE EXECUTIVE COUNCIL – OCTOBER 10TH, 2024

At the October 10th, 2024, Executive Council meeting, they held an *In-Camera* discussion regarding the appointment of the Auditor but did not reach a consensus on the selection. As per the Financial Administration Act s. 36(2), Executive Council must identify, a person qualified and willing to be the auditor and provide notice to the People’s Assembly. They approved the nomination of Deloitte as auditor for a term of one year. Executive Council requested a report be prepared presenting both auditor options be submitted to the People’s Assembly for their review and consideration.

COMPANY BREAKDOWN:

CHAN NOWOSAD BOATES	
Hourly rate	\$150 (Bookkeeper level) - \$300 (Partner level)
Fees for 3 years auditing	3 Year = \$251,800 + Taxes
Location	Campbell River
Performing Audit Work	3 Weeks Onsite (included in fee)

DELOITTE	
Hourly rate	\$125 (Analyst level) - \$435 (Partner/Director level)
Fees for 3 years auditing	3 years = \$1,152,000 + Taxes
Location	All over Canada – main office Vancouver
Performing Audit Work	2 Weeks Onsite (not included in fee)

Factors of Consideration	BDO	Deloitte	CNB
Proposed fee	\$ 192,000.00	\$ 192,200.00	\$ 79,900.00
First Nation Experience	Yes	Yes	Yes
Treaty Nation Experience	Yes	Yes	No
Financial Fee low	No	No	Yes
Willingness to be on-site - no fee (Is included in rate)	No	No	Yes
Willingness to be on-site - Extra fee (Additional travel fee)	Yes	Yes	-
Requirement for financial expertise on site (need HFN staff that have strong audit and financial mgmt experience if not - will require bringing on financial consultant)	No	No	Yes
Understanding of HFN needs and requirements (operations& law)	Yes	Yes	No
Willingness to support HUU-ay-aht at HFN events, and other requested items	-	Yes	Yes

Both audit proposals are available on the website <https://huyuayht.org/2024-annual-peoples-assembly/> or contact the Acting Law Clerk Alexis Young at lawclerk@huyuayht.org or 250-723-0100 Ext.110 if you would like a copy emailed/mailed to you.

RECOMMENDATIONS

It is recommended that the People's Assembly hold a vote on Chan Nowosad Boates or Deloitte as auditor.



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WRITTEN MOTION of the PEOPLE'S ASSEMBLY

(Government Act, s. 86)

For ease of reference, this motion may be referred to as:

Motion Regarding Appointment of Auditor

Whereas:

- a) Pursuant to the Financial Administration Act, s. 34 the People's Assembly must appoint an auditor at the first session of the People's Assembly for each fiscal year;
- b) Consensus was not found at both the Finance Committee and Executive Council level, after in-depth discussions were held on recommending an appointment of auditor to the People's Assembly;
- c) Executive Council approves the nomination of Deloitte as the appointed auditor for a term of one year to the 2024 People's Assembly; and
- d) Requested a report be prepared presenting both Deloitte, and Chan Nowosad Boates (CNB) proposals to be submitted to the People's Assembly for their review and consideration.

Be it resolved that the People's Assembly hereby:

- 1) In accordance with the Financial Administration Act, s. 34, the People's Assembly hereby appoints [] as auditor for the period of April 1, 2024 – March 31, 2025"

Appendices attached to Motion:

Written report prepared by _ Alexis Young, Acting Law Clerk On behalf of Executive Council _____

The following documents:

- Report to the People's Assembly of Executive Council Appointment of Auditor

Introduced by:

Date:

November 16, 2024

DATE OF PEOPLE'S ASSEMBLY

Administrative Requirements

If passed, consideration of the recommendations set out in this resolution will be put on the agenda for the Executive Council's first regular meeting following the People's Assembly.