



DIRECTORS REPORT JANUARY 2018

So all in all it was a very good council on Saturday January 13, 2018. Progress is being made and concerns of Haudenosaunee citizens are being addressed. There has been a lot of suggestions, gossip and innuendo's about HDI, the finances and delayed audits out there so I want to try and address them here. The bottom line however is very simple, the administration of the HDI rests with the Director. The Audits for both HDI and the 2438543 Ont. Inc are the responsibility of the Director. Both of the audits for the 2016/2017 fiscal year have already been accepted by the Director and both are good clean audits.

The HDI audit was delayed because it had financial expenditures from prior fiscal(s) of legal expenses made during the Brantford Litigation. HDI listed the expenses as an outstanding accounts payable and is undertaking the process of paying off those outstanding expenses. That is the sole reason that the audit for the HDI is taking so long to be released, because the auditors, KPMG, in ensuring full transparency for the Haudenosaunee, are asking the Chiefs Council, the HCCC, to provide a letter of support to the Director of HDI for the expenditures that were added in. That's it in a Hazel-nut shell, the rest is fodder that is being spread around...

Having said that, HDI has answered to some of the concerns of one of our citizens below:

Next set of questions received by the HDI:

Questions have been put to the Finance Board and copied to the Clanmothers & Chiefs via email which were provided to the HDI, and I would like to address them upfront rather than having to answer through third hand or in the press.

1. Where is the full audit report, including the management letter?

The full audit report as well as the Findings Report by KPMG were available at a meeting called for the Clanmothers, Chiefs and Finance board on July 26, 2017. HDI & KPMG made their report and answered the questions of those in attendance. At that meeting, HDI Director advised those in attendance that there were outstanding accounts payables from the Brantford litigation dating back to 2008 that hadn't been recorded as part of the accounting process in the previous years but had been known and discussed at Chiefs Council and in meetings on several occasions. It was agreed by all who were in attendance that the audit would be incomplete if we did not provide for the outstanding accounts payable. HDI went back to make the adjustments to the

accounts and KPMG held the audit until they received all of the outstanding information but requested a letter of support from the HCCC supporting the expenses.

Following the meeting in July 2017, the task of gathering the supporting documentation relating to the expenses began.

July's audit was available for Council in August 2017, with a full explanation of the delay, however the HDI were not on the agenda and therefore the report was postponed. The report itself was posted to the website but the audit was not, given it had not been approved by our council. It has been the practice and established policy of the HDI that the posting of the audit in any draft form prior to its being accepted by the Council would be irresponsible.

In September 2017, the HDI August report was brought forward with explanation of the financial adjustments being made to the accounts payable. HDI requested a letter of support from the council for the adjustments made. At the same meeting, without first enquiring of HDI, the Finance Board expressed concerns to the Council regarding the outstanding accounts payable adjustment, mistakenly thinking there was no documentation to support the adjustment. This unfortunately could have been avoided had the board member understood the process that HDI was currently undertaking to gather the information. While the HDI staff carried out the process of pulling the files and gathering the information required for the auditors, some of the files required the specific attention of the Director because it required access to legal files that were no longer readily available at the HDI office. Those files were delayed only for a short time while I was on bereavement leave in August and again in October.

The HDI report for October 2017 focused on a legal update relating to the Burch litigation.

The November HDI report reminded the HCCC of the changes to the HDI audit, and that we hoped to provide the draft audit to Council in the following month. The audit for 2438543 was attached to the November report for the council's review. Unfortunately, the November council was cancelled and our report moved in to December.

The December 2, 2017 Council was postponed to the 9th of December due to a death, and then the December 9th council was cancelled due to a death in one of our titles families.

So the reasons that the HDI Audit Report for March 31, 2017 has been delayed is because the HDI has been unable to address the financial additions, get a letter of support from council for the additional expenditures, and then go back and sign off as accepted by council and release to the public.

2. If Council “approves” the audit report as it is being provided, Council will then take the RESPONSIBILITY for all that has happened in the organization (administratively or otherwise)

As far as the suggestion that the Chiefs take responsibility for the audit, that is incorrect. The Director of HDI signs and takes responsibility for the Annual Audits and the Council has never once had to sign for them. The Director brings the audit to council for approval as information

to keep the clan families informed and to ensure that the transparency and accountability to our Nation is occurring. It is out of respect for our process. The letter that is attached to the audit report explains the auditors' responsibility and provides their opinion. The opinion on the report this year as well as in the past few years states: "In our opinion the financial statements present fairly, in all material respects, the financial position of the HDI as at March 31, 2017...in accordance with Canadian accounting standards for not for profit organizations".

The Audit letters are addressed to the HCCC because ALL of the finances that are received are held by the Chiefs Council on behalf of the entire Confederacy, but the HDI has been responsible for the administration of both the HDI & 2438543 Ontario Inc., and therefore accountable for the audits. This process will continue until the HCCC determines the role of the Finance Board, basically deciding whether they are an oversight board or an administrative board.

3. The Management Report always highlights all the internal control deficiencies of the organization, XXX should be advising the Chiefs of all these findings. Will he be at Saturday's meeting to answer questions?

The report that is being referenced is the Audit Findings Report that is reviewed at the internal meeting with the Chiefs & Clanmothers. In both reports the statement regarding deficiencies states:

"We did not identify any internal control deficiencies that we determine to be significant"

In other words, **there weren't any deficiencies.**

As far as HDI staff attendance at council, it is not up to the staff to report to the council, it is up to the Director of the agency. No where do you have staff answering unless it is at an internal meeting set up within the administration of the organization. Our accountant was readily available at the July 2017 meeting with KPMG and all questions were addressed at that time. As a consultant for the HDI, he is not a member of the HCCC finance board, but provides assistance as a representative of the HDI. His presence at any meeting is at the discretion of the Director of HDI and according to policy, staff are not required to attend council.

3. What we see a lot of times in First Nation communities, is just the financial report, not the complete audit including management letters and the Chiefs then are unaware of the internal control weakness identified on the Management Report---there are cases of ED's purposely keep this letter from the "Chiefs table but yet want the Chiefs to approve the audit – Is that happening here?

Questions relating to "First Nations" communities and the circulation of unaudited financial reports has nothing to do with the annual audit report of the HDI and is not reflective of the Haudenosaunee process. The unaudited monthly reports that are being provided and posted to the website are being provided to the council in our monthly report. They indicate that they are unaudited because they apply to the current fiscal year (which has not yet been audited) and have

nothing to do with the 2016/2017 fiscal year. The HDI has always provided its annual audit report through an internal meeting of the Clanmothers & Chiefs and as previously advised, the initial meeting of the HDI's March 31, 2017 Audit was held on July 26, 2017.

Since HDI's hiring of its own certified accountant and taking over the financial management of the HCCC's assets, this council has been provided monthly reports on both HDI and the 2438543 Ontario Inc., which provides them opportunity to address any questions or concerns through our administrative process. The delay of the audit has been through a series of unforeseen circumstances such as death in the Chiefs title families and has caused a number of councils to be cancelled. There is no concern of the ED, or in this case the Director of HDI, purposely keeping the information from this council otherwise each monthly report would not have cited the expense and would not have asked for a letter of support for the expense. The reports to council are emailed to all Chiefs and Clanmothers on our email list and have been posted to our websites since at least June 2017. If there are Chiefs & Clanmothers who are on our list that do not get the emails, perhaps someone can provide us that contact information.

Will all of these documents be available at Saturday's council meeting, if not, why not?

As far as whether the audit will be available to the press or anyone else at Saturdays council, there will be NO release to the public or the press until after the audit has been accepted. That is HDI policy. Once the letter of support from council is received and provided to KPMG, the Director of HDI can then sign off on the audit as complete, since it was already accepted back in July with the added expenditures to it.

I hope this answers the questions of the individual who sent them over. We thank you for your questions and look forward to any others who have concerns.

Nya Weh!
Hazel

As far as decisions of council yesterday, there were four significant decisions of council relating to the HDI.

1. Prior to their release, the HCCC will review the audits for the HDI and the 2438543 at its upcoming workshop scheduled for February 14th and 15th, 2018.
2. As requested by representatives of Grand River Employment & Training, the equipment for the Haudenosaunee Documentation Committee currently stored at GREAT will be moved into storage at the HDI office until April 2018 where it can be moved to newly acquired HCCC/HDI office.
3. The HCCC will cover the costs of the Burtch litigation to the end of December and the Chiefs Advisory will sit down to discuss further action
4. With respect to the on-going rumours and accusations being made against the HDI, the Chiefs Advisory will sit down with the HDI to address these concerns