

The Professionalization of Aboriginal Accountants in Canada: 1996 to 2010

Nola Buhr

Edwards School of Business
University of Saskatchewan
Saskatoon, Saskatchewan
Canada S7N 5A7

Phone: 306-966-4788
Fax: 306-653-0560
e-mail: buhr@edwards.usask.ca

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ABSTRACT

Canada has three well known and long established professional accounting organizations, each with their respective professional designation: CAs, CMAs and CGAs. Recently, a fourth organization has emerged. Aboriginal accountants in Canada have just celebrated the 10th anniversary of their professional association, the Aboriginal Financial Officers Association of Canada (AFOA) and the related designation, the Certified Aboriginal Financial Manager (CAFM). This paper lays out the process of the professionalization of Aboriginal accountants in Canada. In doing so, the paper includes: the current circumstances and a brief overview of the history of Aboriginal peoples in Canada; the literature on accounting and Indigenous peoples; the motivation and process by which the AFOA and CAFM were established; the circumstances of accounting standards for First Nations in Canada; and the growth of the AFOA. AFOA Canada is unique in that it is the only Aboriginal management association, globally, that has established a professional accounting designation.

Key Words: Aboriginal, Accounting Professions, Accounting Standards, Canada, First Nations

Canada has three well known professional accounting organizations, each with their respective professional designation: the Canadian Institute of Chartered Accountants (CA designation); the Certified Management Accountants of Canada (CMA designation); and the Certified General Accountants of Canada (CGA designation). Although these organizations vary in age, they are either fast approaching or past the centenary celebrations of their founding bodies (Richardson, 1993). In contrast with this maturity, Aboriginal accountants in Canada have just celebrated the 10th anniversary of their professional association, the Aboriginal Financial Officers Association of Canada (AFOA) and the related designation, the Certified Aboriginal Financial Manager (CAFM). This association and designation have risen out of a complex political, historical and social context that has involved successful and unsuccessful liaisons with the established accountancy bodies. This paper lays out the process of the professionalization of Aboriginal accountants in Canada.

Out of necessity this paper includes rather more contextual history than what is typical. This is because it is impossible to understand the current situation and circumstances of Aboriginal peoples in Canada without understanding some of their history. The paper continues with the first section on the current situation for Aboriginal peoples in Canada and then a section outlining their history with an emphasis on the last 50 years. For the most part, the history relates directly to the formation of the AFOA and the CAFM designation. It also helps to explain why there is a need for a separate organization and designation. This is followed by a brief description of the literature on accounting and Indigenous peoples. The event triggering the establishment of the AFOA is then outlined. Next, archival material is used to reconstruct the process by which the AFOA and CAFM were established. This is followed by a discussion on the establishment of accounting standards for First Nations. The paper draws to a conclusion with a section describing the growth of the AFOA in the last 10 years. Finally, some

comments are provided to analyze the process of the development of the AFOA and the CAFM and the current success of the initiative.

Current Situation

Indigenous peoples in Canada are more commonly referred to as Aboriginal peoples. Based on their geography and ancestry, they are described in three distinct groups: Indian, Métis and Inuit. Indian and Northern Affairs Canada Terminology (INAC, 2009) provides the following definitions. Indian people are legally defined in the *Indian Act* based on their ancestry and the “purity” of their lineage. (Many people find the word “Indian” offensive and in the 1970s the term “First Nation” came into common usage as an alternate descriptor although it has no legal definition. The term “First Nation” shall be used herein except where the legal term “Indian” is being referred to.) People of mixed First Nation and European ancestry identify themselves as Métis and are distinct from First Nations people, Inuit or non-Aboriginal people. The Inuit are an Aboriginal people in northern Canada (defined as north of the 60th parallel), who live in Nunavut, the Northwest Territories, Northern Quebec and Northern Labrador.

The 2006 census numbers the population of Aboriginal people (Indian, Métis and Inuit) in Canada at 1.2 million. This represents almost 4% of the total population in Canada (Statistics Canada, 2008).

Unfortunately, Aboriginal peoples disproportionately make up the impoverished and the imprisoned. Their representation in these categories far exceeds 4%.

Of the three groups of Aboriginal peoples, it is the history and circumstances of First Nations people that has driven the formation of the AFOA. Although these three groups have a shared history, there are

differences in this history which have resulted in different relationships with Canada. Such distinctions are important when it comes to determining Aboriginal rights as these rights vary from group to group. First Nations people are identified with established communities. Nearly all of these communities have a land base that is reserve land, meaning land reserved for the community and held in trust by the federal government. For the most part, these communities operate under the *Indian Act* and are governed by a chief and band council. However, in recent years, certain First Nations have negotiated self-government agreements which are implemented through legislation involving the federal and provincial or territorial governments. These agreements recognize the inherent right of self-government and remove the named First Nation from the jurisdiction of the *Indian Act*.

According to INAC (Demographic Profiles), there are currently 615 First Nations communities in Canada which comprise more than 50 nations or cultural groups and more than 50 languages. For the majority, these communities are small. About 58 percent of them have fewer than 500 residents and only eight percent have more than 2,000.

Services on-reserve, such as housing, healthcare, education, social services and infrastructure, are funded by 34 federal government departments and agencies with Indian and Northern Affairs Canada (INAC) being the government department with the prime responsibility (INAC, Mandate, Roles and Responsibilities, 2009). Each of these departments and agencies requires an accounting and accountability from the First Nation community recipient. In turn, these departments and agencies are responsible to Parliament and the taxpayers of Canada.

First Nations people are not a homogenous group. They have different size populations, history, geography, culture, language, socio-economic conditions, treaty rights and circumstances, internal

capacity, vision and priorities. Many First Nations communities are among the poorest communities in Canada while some are among the wealthiest (O'Sullivan, 2006). A significant percentage of First Nation communities have revenue from property taxation as well as own-source revenue from economic development.

History of Aboriginal Peoples in Canada

The *Report of the Royal Commission on Aboriginal Peoples* (RCAP) identifies four stages in the history of Aboriginal peoples in Canada (RCAP, 1996): (1) Separate Worlds; (2) Contact and Cooperation; (3) Displacement and Assimilation; and (4) Negotiation and Renewal. These stages describe the major transitions in the relationship between Aboriginal peoples and the rest of Canada.

In the first stage, "Separate Worlds", (prior to 1500) Aboriginal and non-Aboriginal societies developed in isolation from each other; separated by the Atlantic Ocean.

During the second stage, "Contact and Co-operation" (1500 to roughly the War of 1812), European settlement began in what is now North America. Aboriginal peoples assisted the newcomers in surviving in their new environment and certain trading and military alliances were established. At this stage each society was regarded as distinct and autonomous. Any treaties established were on the basis of government-to-government negotiation.

The third stage is described as "Displacement and Assimilation" (the War of 1812 to 1969). The population of settlers grew to the point where Aboriginal peoples were out-numbered. The settler

society then began to take control of Aboriginal society. This included: acquisition of traditional Aboriginal territory, creating reserves and relocating Aboriginal peoples; disenfranchising Aboriginal peoples; taking Aboriginal children from their families and forcing them into residential schools; and outlawing Aboriginal cultural practices. As the label of this third stage would suggest assimilation of Aboriginal peoples was the goal.

The fourth stage, “Negotiation and Renewal” (1969 onwards), begins with the federal government’s 1969 White Paper which became a defining moment in Canadian Aboriginal history. The paper was seen as the “last straw” in a 150 year history of government attempts to assimilate Aboriginal peoples. The reaction to the White Paper developed into a national Aboriginal political movement that “brought to an end a century during which the Canadian government successfully fragmented Indians into hundreds of isolated communities” (Boldt, 1993, p. 85).

Much has changed since the 1960s and some of the factors rendering First Nations people powerless have been addressed. For example, in 1960 First Nations people obtained full voting rights. Until 1960, the majority of Indian people living on reserves could not vote in federal elections (RCAP, 1996, Vol. 1, p. 257) and Indian women could not vote in band elections until the 1951 version of the *Indian Act* (RCAP, 1996, Vol. 1, p. 275). Also, the era of the Indian Agent ended. Indian Agents played a role in First Nations communities, as the official spokespersons of Indian and Northern Affairs Canada (INAC), up to 1968 in some locations. With the demise of the Indian Agent, chief and council are now responsible for program delivery and the reporting relationship with the federal government (OAG, 2002, Chapter 1). And, the residential schools have been closed. Closures began in the late 1960s (Frideres and Gadacz, 2005, p. 110) with the last government-run school being closed in 1988 (Grant, 1996). On 11 June 2008

the Prime Minister of Canada provided a full apology on behalf of Canadians for the Indian residential schools system.

Although the changes in the 1960s were welcome, it was the 1969 White Paper on Indian policy that mobilized Aboriginal peoples across Canada. If implemented, it “would have seen the global elimination of all Indian special status, the gradual phasing out of federal responsibility for Indians and protection of reserve lands, the repeal of the *Indian Act*, and the ending of treaties” (RCAP, 1996, Vol. 1, p. 259). Based on the dramatic and negative reaction, the highly controversial White Paper was withdrawn and an era of negotiation and renewal began.

In 1973 the government established a policy for the settlement of specific and comprehensive land claims (Frideres & Gadacz, 2005). Specific claims deal with the resolution of alleged non-fulfillment of Indian treaties and other legal obligations as well as the improper administration of lands and other assets under the *Indian Act* or other formal agreements (INAC, 2003). Comprehensive claims deal with areas of Canada where treaties were never entered into but there is an assertion of continuing Aboriginal title to lands and natural resources.

With the *Constitution Act, 1982*, Canada patriated the Constitution of Canada by amending the *British North America Act, 1867* and incorporating a Charter of Rights and Freedoms. Rights of Aboriginal peoples were addressed in Section 35 (1) with the clause: “The existing aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed” (RCAP, 1996, Vol. 1, p. 207). As well, Section 25 of the *Constitution Act, 1982*, was created to ensure that that the *Canadian Charter of Rights and Freedoms* would not (RCAP, 1996, Vol. 1, p. 207):

...abrogate or derogate from any aboriginal, treaty or other rights or freedoms that pertain to the aboriginal peoples of Canada including: (a) any rights or freedoms that have been recognized by the Royal Proclamation of October 7, 1763; and (b) any rights or freedoms that may be acquired by the aboriginal peoples of Canada by way of land claims settlement.

In 1995, the Government of Canada recognized the inherent right of self-government as an existing Aboriginal right under section 35 of the *Constitution Act*, 1982. The Federal Policy Guide on Aboriginal Self-Government (INAC, 1995) describes what this entails:

The inherent right of self-government does not include a right of sovereignty in the international law sense, and will not result in sovereign independent Aboriginal nation states. On the contrary, implementation of self-government should enhance the participation of Aboriginal peoples in the Canadian federation, and ensure that Aboriginal peoples and their governments do not exist in isolation, separate and apart from the rest of Canadian society.

The Assembly of First Nations (AFN) is the national organization representing First Nations citizens in Canada (Assembly of First Nations, 2010). The AFN has its roots in the National Indian Council formed in 1961. In 1968 the Council split into two different organizations with Status and Treaty Indians forming the National Indian Brotherhood. The federal government White Paper of 1969 served to focus the National Indian Brotherhood and develop it into a lobby group for Aboriginal rights in Canada. In 1982 the name of the organization was changed to the Assembly of First Nations. The national chief is elected by chiefs across Canada which are in turn elected by their citizens living on and off-reserve.

Literature on Accounting and Indigenous Peoples

There is an emerging body of literature on accounting and Indigenous peoples. The majority of the literature focuses on four countries populated by the English diaspora: Canada, the US, Australia and New Zealand. The published literature relating to these four countries is broken down geographically as follows: Canada (Neu, 1999, 2000a, 2000b; Neu & Graham, 2004, 2006; Neu & Heincke, 2004; Neu &

Therrien, 2003), the US (Holmes *et al.*, 2005; Oakes & Young, 2010; Preston, 2006; Preston & Oakes, 2001), Australia (Chew & Greer, 1997; Gibson, 2000; Greer, 2009; Greer & Patel, 2000) and New Zealand (Hooper & Pratt, 1995; Hooper & Kearins, 1997, 2004, 2008; Jacobs, 2000; McNicholas & Barrett, 2005; McNicholas *et al.*, 2004). There are also two articles that include a cross-country analysis (Gallhofer *et al.*, 2000; Greer & Neu, 2009).

Buhr (2009) identifies five themes in this literature: (1) accounting as a technique for domination; (2) accounting as a tool for dispossession; (3) culture and assimilation; (4) accountability; and (5) the accounting profession. For the most part these themes underscore the dispossession of Indigenous peoples, their loss of social, economic and cultural stability and the role that accounting has played in this dispossession. Coupled with this is the discourse, explicit or implicit, of Indigenous peoples as economically impoverished victims. Arguably certain articles do not dwell on this negative approach (Gallhofer *et al.*, 2000; McNicholas *et al.*, 2004; McNicholas & Barrett, 2005). And, certain articles note that accounting and accountability need to be examined for how they might contribute to empowerment for Indigenous peoples. For example, Neu & Graham (2004 p. 579) indicate that there is “a role for accounting in diagnosing and perhaps even helping to remedy the problems to which it has contributed”.

The McNicholas *et al.*, (2004) paper is the only publication in the group that deals with the theme of Indigenous peoples and the accounting profession. McNicholas *et al.*, (2004) locate and interview thirteen Maori women in the accounting profession in New Zealand. They tell of the experiences and reflections of the women interviewed and they recommend that ICANZ (Institute of Chartered Accountants of New Zealand) should develop awareness of Maori culture, work to understand the ethnic makeup of membership and facilitate Maori networks.

The only known mention of Indigenous peoples and the contemporary accounting profession in Canada is an endnote in Richardson (2010) that identifies the creation of the AFOA organization and the CAFM designation.

The Trigger Event and the Mandate to Establish the AFOA

Although somewhat arbitrary and rather convoluted, one could say that the establishment of the Aboriginal Financial Officers of Canada was triggered by the Oka crisis. During the summer of 1990 there was a confrontation between Mohawks of Kanesatake (Oka), Quebec and the provincial and federal government. For over 150 years, the Mohawks at Kanesatake had been working to get Canada to recognize their land claims (Miller, 2004). Not only were their claims denied in the late 1980s but the provincial government further encroached on Mohawk territorial land in order to expand a golf course. The Mohawk peacefully protested the expansion and were ordered by a court injunction to stand aside. Instead, they chose to barricade themselves into the area. When the provincial police approached, guns were drawn and a police officer was killed. The Oka stand-off lasted for 11 weeks and eventually, the Canadian army was brought in. It was an event that made the world news.

The federal government responded to the Oka crisis with several initiatives, one of which included the creation of the Royal Commission on Aboriginal Peoples (RCAP) on 26 August of 1991. A portion of the mandate for the Commission reads as follows:

The Commission of Inquiry should investigate the evolution of the relationship among aboriginal peoples (Indian, Inuit and Métis), the Canadian government, and Canadian society as a whole. It should propose specific solutions, rooted in domestic and international experience, to the

problems which have plagued those relationships and which confront aboriginal peoples today (RCAP, Vol. 1, p. 2).

The Commission delivered its report in five volumes in November 1996. Given its magnitude and breadth of coverage, it was evident that the report was seen by the Commission as an exercise in education as well as public policy. The recommendations in the report emphasized Aboriginal governance institutions and greater Aboriginal control of their own affairs (Miller, 2000).

Even though the report received significant media coverage when it was released, it did not generate an immediate response from the federal government. A federal election was due in June 1997 and the Prime Minister indicated that a response would not be issued prior to the election. In April 1997 the Assembly of First Nations held a national day of protest over the perceived inaction and the refusal of the Prime Minister to meet and discuss the report with First Nations leaders (Hurley and Wherrett, 2000).

It was January 1998 when the Government of Canada provided its response to RCAP in a document known as *Gathering Strength: Canada's Aboriginal Action Plan*. One of the items in that action plan dealt with developing a new fiscal relationship between the government and Aboriginal peoples. This included a statement that: "the accounting industry is becoming engaged in a process of considering the needs of First Nations within the accounting structures they develop".

A pamphlet prepared by INAC (no date) to describe *Gathering Strength*, notes the following as one of the steps to developing a new fiscal relationship:

...new financial standards comparable to those for other governments in Canada, including a system of public accounts and consolidated audits that comply with generally accepted accounting principles.

A few years later, a 2000 Progress report on *Gathering Strength* noted the following accomplishments:

- The Aboriginal Financial Officers Association was incorporated in July 1999 and held its first annual conference with 300 delegates from across Canada.
- The AFOA awarded its first CAFM designations.
- “The Assembly of First Nations/Certified General Accountants Association of Canada Accountability Project released its second draft of *A Guide to First Nations Accounting and Report Standards*, which will soon be followed by its best practices manual.” (p. 13)

As it turns out, the AFOA has grown and thrived as an organization. On the other hand, although progress has been made in setting accounting standards for First Nations, it has been a much longer process and by a different route than originally envisioned.

Establishing the AFOA and the CAFM

On March 30, 1998 the Assembly of First Nations (AFN) National Chief and the Certified General Accountants Association of Canada (CGA) Chairman signed a memorandum of understanding (MOU) committing both organizations to:

...raising the financial reporting standards of First Nations and increasing the accounting and auditing knowledge, skills and capabilities of First Nations Peoples... (Martell papers, *The CGA-AFN Accountability Project*, Interim report, April 1999, p. 5).

In the absence of further evidence, it can be assumed that the mandate articulated in the MOU became the responsibility of the AFN because it was the recognized political body operating in the interests of First Nations people. The CFO of AFN, Glen Rajack, is acknowledged with initiating the MOU

development process with AFN and CGA-Canada in 1997 (Buckstein, 1998a). There are a number of reasons for the alliance with CGA-Canada. One explanation is that the CFO of the AFN was a CGA and therefore called upon his own professional association, the Certified General Accountants of Canada, to become involved. Rajack's stated reason for the selection of CGA-Canada is "because of the Association's experience in administering distance-education programs, which is important since aboriginal communities are spread across a remote region without a large supporting infrastructure" (Buckstein, 1998b, p. 23). Another factor is that, at the time, the CGA designation was the only accounting designation in Canada that did not require a university degree. This also served to make the CGAs a more attractive partner because of the increased potential for Aboriginal accountants to ladder into the CGA. Finally, as described below, efforts had been made to work with the accounting standard setters on this matter with little in the way of success so it made sense to turn to the CGAs.

In the spring of 1998, with federal *Gathering Strength* funding, the AFN and CGA-Canada developed a working group known as the AFN-CGA Accountability Project (Martell papers, *A Guide to First Nations Accounting and Reporting Standards*, February 2000, introduction) and held its first meeting in May (Buckstein, 1998b). This group was charged with two main objectives:

- (1) Development of an integrated and accessible network of financial management and accounting training programs, specifically designed to meet the needs of aboriginal financial managers and officers and;
- (2) Determination of appropriate and acceptable accounting and reporting standards and financial reporting practices for First Nations, to strengthen accountability to community members.

The first objective was realized with the development of the Aboriginal Financial Officers Association (AFOA) and the Certified Aboriginal Financial Manager (CAFM) designation. The second objective was not achieved by the working group and the reasons for that are discussed in the next section of the paper.

The CGA-AFN Accountability Project, Interim report, April 1999, (p. 7) refers to the AFOA and the CAFM.

The working group envisioned a ladder approach to financial management training that had the following seven steps:

- (1) Encourage educational interest, designing training incentives and providing career planning and support.
- (2) Basic bookkeeping and accounting skills.
- (3) Aboriginal Financial Management certificate equivalent to CGA Level I and II.
- (4) Community college accounting diploma and completion of CGA Level III.
- (5) Certified Aboriginal Manager designation conferred by the AFOA.
- (6) University degree and completion of CGA Level IV.
- (7) CGA designation with completion of CGA Level V.

The British Columbia Chapter of AFOA was already established by 1999 and was working with a college in British Columbia to develop an Aboriginal financial management program. In the province of Manitoba, an organization known as the First Nations Financial Managers Association was also already in operation. The interim report concluded that a national AFOA organization needed to be incorporated to coordinate professional development across the country as well as to coordinate the provincial and regional associations. In addition to the British Columbia and Manitoba chapters, the report noted that a similar network was forming in 5 other areas in Canada.

One might ask why accounting played an issue in the government response to *Report of the Royal Commission on Aboriginal Peoples* and why it would be necessary to have a separate professional designation and separate accounting standards for Aboriginal peoples.

An explanation for why a different professional designation would be needed for Aboriginal peoples follows. INAC and the other 33 federal government departments and agencies require consolidated audited financial statements as well as other financial and non-financial information from First Nation communities as a condition of government funding agreements. Yet, First Nation communities, in many cases, do not have the capacity, in terms of training and experience to meet these requirements. (Of course, First Nations communities would also need to produce audited financial statements for purposes of accountability to their members and for obtaining financing for economic development. But this would not have been a concern of the federal government.) Pursuing a designation from one of the established accounting professions is problematic on a number of fronts. First, First Nations communities are governments and therefore the emphasis of the established accounting profession on for-profit accounting is not suited to the needs of the community. Second, the profession's requirement for a university education is a real hurdle for many Aboriginal people. Not only is it a huge adjustment to move from a small family-based community to an impersonal university, but in many cases, the high schools in remote First Nations communities will lack the necessary programming in university pre-requisites. Third, First Nations communities are small and remote. As noted above, distance education is needed to deliver programming to the remote communities. Finally, and perhaps most importantly, the established accounting professions are not always a welcoming place for those who are not part of the white middle class (Hammond, 2002). Nor does the culture and values of the established accounting professions resonate with Indigenous peoples (McNicholas *et al.*, 2004).

An explanation for why different accounting standards would be needed for Aboriginal peoples is more succinct. Although approached, the established Canadian standard setters did not initially engage with either INAC or the First Nations community in coming to terms with what standards would be appropriate. One explanation is that, at the time, the nature of First Nations communities was not clearly defined or commonly accepted. Were they a government? If so, what level of government? Until recently, GAAP was not the same for all levels of government. Or, were First Nations communities more like not-for-profit organizations? History would say that for centuries First Nations peoples operated as governments and that they should be recognized as governments. Recall, though, that it was not until 1995 before the Government of Canada recognized the inherent right of Aboriginal self-government. Thus, the development of generally accepted Aboriginal accounting principles (GAAAP, perhaps!) from “scratch” was seen as the route to take. If not an easier route, it was at least a route that the *CGA-AFN Accountability Project* working group could control.

Establishing Accounting Standards for First Nations

Accounting standard setting in Canada is undertaken by two different standard-setting boards, both funded by the members of the Canadian Institute of Chartered Accountants. The Accounting Standards Board (AcSB) sets accounting standards for for-profit and not-for-profit organizations while the Public Sector Accounting Board (PSAB) sets accounting standards for all levels of government in Canada: local; provincial and territorial; and federal. These boards are structured with oversight provided by the Accounting Standards Oversight Council, a body independent of the CICA. Historically, Chartered Accountants have taken a leading role in populating the standard setting boards. However, efforts have

been made for several decades to include members from other Canadian accounting professions (CGAs and CMAs) as well as individuals who have expertise apart from the accounting profession. Thus, although CGAs sit on the various standard setting boards in Canada, they do not play a lead role and they do not fund the standard setting exercise. It is Chartered Accountants who have the established role and funding responsibility. This position has not been without challenge and CGA Canada has made attempts to compete in this arena with their Accounting Standards Authority of Canada. This body was in existence from 1981 to 1998 (Richardson, 2007).

The need for the development of accounting standards for First Nations arose (and continues) because First Nations are not explicitly mentioned in Canadian accounting standards. First Nations communities operate in a manner similar to other levels of government. In terms of providing on-reserve infrastructure, they are like municipalities. In terms of providing on-reserve education and health care, they are like provinces. Without a doubt, the leaders of First Nations communities would see themselves as governments. Therefore, PSAB is the logical accounting standard setter for First Nation communities. However, the accounting standards promulgated by PSAB and articulated in the *Public Sector Accounting (PSA) Handbook* do not include First Nations in the definition of “public sector”.

As a result of the lack of explicit reference to accounting standards for First Nations, users are forced to stipulate what GAAP and/or special purpose reporting they require. Since at least the late 1990s, for purposes of funding agreements, Indian and Northern Affairs Canada has required recipient First Nations to use GAAP for local governments. (Until January 1, 2009 GAAP for local governments was different from GAAP for senior governments (i.e. the provincial, territorial and federal level). Effective with year-ends beginning on or after January 1, 2009, all governments in Canada follow the same GAAP.)

If the CGAs had been successful in developing accounting standards for First Nations it would have put First Nations on a different footing from all other organizations in Canada. First Nations would have been the only body subject to accounting standards developed by the CGAs. Users, preparers and auditors would have needed to become proficient in a different set of standards with a different level of authority and possibly a different level of due process.

Since the mid-1990s several efforts have been made to engage the CICA in identifying and/or establishing accounting standards for First Nations. For example, in a letter to Mr. Rajack, dated 25 April 1996, the director of transfer payments for INAC indicated that the AFN had approached the CICA on this matter in 1991-1992 with a desire to have the CICA establish a set of unique standards for First Nations (Martell papers). On 5 January 1999 a conference call was held, chaired by the Executive Director of the Institute of Chartered Accountants of Saskatchewan (ICAS) and attended by members and/or staff from the CICA, ICAS and the Institute of Chartered Accountants of British Columbia (Martell papers.) The purpose of the call was to provide an update of the developments of the AFN-CGA working group. One of the issues noted in the background papers for this call is that the status of First Nations governments had not been resolved. At the time accounting standards for local governments differed from accounting standards for senior governments. Knowing which set of standards to apply to First Nations was problematic.

Out of these and other interactions, it became evident that the CGAs would not be setting accounting standards for First Nations. This conclusion was reached by the Grand Chief of the AFN as well as the various CAs involved in the working group or consulted by the working group.

It was not until 2006 that a study group, authorized by PSAB, embarked on a project to examine accounting standards for First Nations. The report from this study group, *Financial Reporting by First Nations*, was published in 2008. The study group concluded that First Nations are governments and that they should adopt the *Public Sector Accounting Handbook* (CICA, 2008).

In a more recent development, the Public Sector Accounting Board has identified a potential project to include First Nations in the scope of the CICA *Public Sector Accounting Handbook*. A project proposal is scheduled to be presented to the Board for approval in its September 2010 meeting (PSAB Matters, 2010).

AFOA Membership and Capacity Building

The Aboriginal Financial Officers Association (AFOA) was established in Canada in 1999 “to help Aboriginals better manage and govern their communities and organizations through a focus on enhancing finance and management practices and skills” (<http://www.afoa.ca/afoa/index.asp>). AFOA has grown to an organization with over 1,500 members in 8 regional chapters (AFOA Annual Report 2008-2009). AFOA Canada provides a number of workshops and conferences throughout the year, hosts an annual national conference and provides a wide range of programs and services including a journal, *The Journal of Aboriginal Management*. Programming includes on-line courses for the CAFM designation as well as professional development and training.

The first AFOA national conference was held in 2000 and attracted 300 delegates (Werhar-Seebach, 2010). As of March 2002, 174 members of AFOA had their CAFM designation (AFOA 2001-2002 annual

report). The AFOA 2008-2009 annual report indicates that the organization has 1501 members and that 407 CAFM designations have been awarded. AFOA was started with government funding and continues to be reliant on contributions from INAC. However, the 2008 year-end financial statements indicate that INAC funding accounts for less than 40% of AFOA revenue.

In 2007 the CGAs granted holders of the CAFM designation a block transfer into Level 4 of the CGA Program of Professional Studies (Carson, 2007).

In July, 2008 First Nations Chiefs passed a resolution at the AFN General Assembly. A press release from AFOA (<http://www.newswire.ca/en/releases/archive/July2008/17/c5281.html>) notes that in the resolution the Chiefs-in-Council

...recommends that First Nation members obtain financial and management training and pursue the CAFM designation through AFOA, and they signal their support of the CAFM as a credential when hiring personnel in financial and management positions. The Chiefs also expressed their support of the role that AFOA plays in enhancing Aboriginal financial management and directed Indian and Northern Affairs to provide funding to First Nations for financial and management training to improve skills and build capacity within First Nation communities.

Closing Comments and Conclusions

This paper has provided an overview of the establishment of the Aboriginal Financial Officers Association of Canada and their new accounting designation, the Certified Aboriginal Financial Manager.

The Auditor General of Canada has noted that Canada's relationship with First Nations has changed and that: "The relationship is still evolving, with continued emphasis on the transfer of program administration to First Nations and self-government initiatives" (OAG, 2006, p. 148). This relationship

has been one of economic dependence in the past. In most instances, First Nations will continue to depend on federal government transfers for funding for province-like programs and services such as health and education for on-reserve members.

Institutional structures such as the Aboriginal Financial Officers Association of Canada and the Certified Aboriginal Financial Manager designation have recently come about as tools of empowerment created by Aboriginal peoples in partnership with non-Aboriginal peoples. AFOA Canada is unique in that it is the only Aboriginal management association, globally, that has established a professional accounting designation. In New Zealand, a National Maori Accountants Network has been developed as a special interest group of the New Zealand Institute of Chartered Accountants. In the US the Native American Finance Officers Association (NAFOA) in the US was formed in 1982 (NAFOA, 2009) but does not have its own accounting designation.

A critical theoretical perspective on the development of a professional Aboriginal accounting organization and professional designation might conclude that the AFOA and the CAFM designation are evidence that the agenda of assimilation continues to be carried out and that Aboriginal peoples have, yet again, given up culture and language and been co-opted by the dominant class. Indeed, the Royal Commission on Aboriginal Peoples (1996) discussed professionalization for Aboriginal peoples and notes that:

... 'being professional' often involves adopting certain behaviours, language and values as well as attaining a level of formal education. These requirements may set professional Aboriginal people apart from their fellow community members and introduce mistrust in both professional and personal relationships (Vol. 2, p. 338).

The RCAP report goes on, however, to assert that professionalization is necessary for self-government and good governance.

We conclude that many of the tensions associated with professionalization will dissipate with increased Aboriginal autonomy and the emergence of Aboriginal-controlled governments and public service. Aboriginal assumption of control over the education and training facilities where Aboriginal people receive their professional qualifications will also have an impact by re-orienting the language, values and objectives of Aboriginal professionals and by adapting professional qualifications and standards to meet Aboriginal needs and priorities (RCAP, 1996, Vol. 2, p. 339).

The next stage of this paper will undertake an oral history approach to better understand the dynamics that played out in developing an accounting profession and accounting standards for Aboriginal peoples in Canada. As well, these interviews will inform a better understanding of the role played by the AFOA in empowering Aboriginal peoples.

References

Martell Papers

Keith Martell was a member of the AFN-CGA working group and generously made his private papers relating to that group available to me. These papers were helpful in discussing the history of the development of the AFOA organization and the CAFM designation. Items referenced from these papers include the following.

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