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Canada

September 30, 2000 330 0979 01

Department of the Solicitor General of Canada
Report on the Audit of
The Anishinabek Police Service Agreements

TABLE OF CONTENTS

		Page
1.	INTRODUCTION	1
2.	AUDIT OBJECTIVES	1
3.	AUDIT SCOPE	2
4.	AUDIT APPROACH	3
5.	CONCLUSION	3
6.	AUDITORS= REPORT	5

Schedule 1 Summary of Budgeted, Reported and Eligible Amounts

Schedule 2 Budgeted, Reported and Eligible Amounts

Schedule 3 Audit Adjustments/Observations

Schedule 4 Supplementary Information

1. INTRODUCTION

A financial audit relative to the contribution agreement for the period 1996 to 1999 and amendments 1 to 4 and the contribution agreement for the period 1999 to 2004 and amendment 1, between the Department of the Solicitor General of Canada (Department), the Province of Ontario (Ontario) and the Member Nations as represented by the Anishinabek Police Service was conducted on behalf of the Department-s Aboriginal Policing Directorate. The audit was undertaken from August 21 to 25, 2000.

The subject of this audit is the contribution of up to $6,473,525 (Department - $3,448,102, Ontario - $3,025,423) awarded to the Anishinabek Police Service to provide for the continuation and expansion of the Anishinabek Police Service to serve the policing needs of the Member Nations.

The Anishinabek Police Service (APS) is duly incorporated as a non-profit corporation in the Province of Ontario. The incorporated name is Anishinabek Police Service Ltd. The APS is comprised of the Police Council, the Police Governing Authority, Local Policing Committees of the Member Nations and the police and civilian employees of the Anishinabek Police Service. The Member Nations are: Garden River First Nation, Saugeen First Nation, Curve Lake First Nation, Sagamok Anishnawbek First Nation, Fort William First Nation, Ojibways of the Pic River First Nation, Pic Mobert First Nation, Rocky Bay First Nation, Nipissing First Nation, Long Lake 58 First Nation, Beausoleil First Nation, Wahnapitae First Nation, Magnetawan First Nation, Shawanaga First Nation, Chippewas of Kettle and Stony Point First Nation, Ginoogaming First Nation and Wasauksing First Nation. The Parties to this Agreement have agreed to ensure that effective, efficient and culturally appropriate police service will be provided to the Member Nations.

The period covered by the agreements are: October 1, 1996 to September 30, 1999 (1996 - 1999) and October 1, 1999 to September 30, 2004 (1999 - 2004). The period covered by the audit is April 1, 1999 to March 31, 2000.

2. AUDIT OBJECTIVES

2.1 The general objectives of the audit were:

2.1.1 to ensure that claimed expenditures have been incurred by the recipient and are in accordance with the contribution agreements, and departmental and central agency guidelines;

2. AUDIT OBJECTIVES

2.1.2 to verify and report on the costs incurred and claimed and indicate the concurrence, or otherwise, of the recipient with the audit findings; and

2.1.3 to bring to the attention of the Department any matters considered to be of significance or requiring management action.

2.2 Specific objectives included determining that:

2.2.1 the recipient is meeting both the financial and non-financial terms of the contribution agreements;

2.2.2 as they relate to the contribution:
- financial operations were conducted properly;
- financial statements were presented fairly;
- financial reports contained accurate and reliable information; and

2.2.3 the recipient had an adequate internal control system to account for and manage the contribution received.

3. AUDIT SCOPE

3.1 The audit scope was limited to the verification of the recipient=s financial records, supporting documentation, and claims for the period April 1, 1999 to March 31, 2000, and included:
- an examination and assessment of the quality, propriety and accuracy of the recipient=s financial records, accounting procedures and internal controls, as they relate to the costs charged under the terms of the agreements; and

- an assessment of the reasonableness and eligibility of the expenditures incurred or charged in accordance with generally accepted accounting principles, and with the terms of the agreements.

3.2 The audit was conducted in accordance with generally accepted auditing standards, and in accordance with the Office of the Comptroller General=s guide on the audit of Federal Contributions.

4. AUDIT APPROACH

Our approach was based on recognition of the need to focus on the key issue, which is the compliance by the recipient with the terms and conditions of the contribution agreements, and primarily to ensure that the claimed expenditures have been incurred, and the recipient is meeting the financial terms of the agreements.

The audit was undertaken in three phases:
- planning;
- field work and analysis; and
- reporting.

The planning phase included an orientation/familiarization with the mandate, obtaining information and documentation from the Department, developing the detailed audit program, and arranging the on-site visit with the recipient.

The fieldwork and analysis consisted mainly of undertaking the detailed audit program to gather evidence to support our audit opinion, findings, and conclusions. The principal audit activities included interviews with the recipient-s representatives, an examination and evaluation of accounting systems, controls, and the results of the tests conducted on the books and records and supporting documentation of the recipient as they relate to this contribution, and obtaining the recipient-s response to the audit findings.

The reporting phase involved an analysis of our findings, and the formulation of an opinion on the information obtained from the recipient, for inclusion in the audit report. In addition, we have debriefed representatives from the Department-s Aboriginal Policing Directorate and Management Review Division on the results of the audit.

5. CONCLUSION

Our review indicated that the activities undertaken related to the provision of policing services to the Member Nations, as overseen by the Anishinabek Police Service, appeared to be consistent with the stated objectives of the agreements.

5. CONCLUSION (cont'd)

Based on our examination, the expenditures were made in accordance with the contribution agreements requirement to be solely for the delivery of policing services to the Member Nations. The financial statements, as adjusted, adequately reflect the results of the operation of the Police Service. Generally, the Anishinabek Police Service did maintain adequate controls over expenditures funded by the contributions received from the Department and Ontario.

Our review revealed that the Anishinabek Police Service has met the financial and non-financial terms of the Agreements, except for a carry forward in excess of 5% of the budget as detailed in note 6 of Schedule 4.

Details of the audit findings are presented in the Auditors= Report, and supporting Schedules 1 to 4.

6. AUDITORS= REPORT

September 30, 2000 330 0979 01

Director General
Aboriginal Policing Directorate
Department of the Solicitor General of Canada

Anishinabek Police Service Agreements and amendments for periods 1996 - 1999 and 1999 to 2004.
Period audited: April 1, 1999 to March 31, 2000

We have audited the accounts and records of the Anishinabek Police Service, relative to the above agreements. The preparation of the claims and compliance with the contribution agreements are the responsibility of the recipient. Our responsibility is to express an opinion on the reported amounts based on our audit and the terms of the contribution agreements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the amounts claimed are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the claims. An audit also includes assessing the accounting principles used and significant estimates made by the recipient.

In our opinion, Schedule 1 presents fairly, in all material respects, the eligible amounts allowable under the terms of the agreements. Supporting information and related comments are provided in Schedules 1 to 4.

The Chief of Police of the Anishinabek Police Service has been informed of the audit adjustments.

WINNIPEG, MANITOBA

Schedule 1

Anishinabek Police Service Agreements
Summary of Budgeted, Reported and Eligible Amounts
April 1, 1999 to March 31, 2000

	Budgeted Amounts	Reported Amounts	Adjustments	Eligible Amounts
REVENUE				
Total Revenue for Funding Purposes	$6,473,525	$6,523,187	$(21,036)	$6,502,151
Other Revenue	$ -	$ 242,181	$ 21,036	$ 263,217
Total Consolidated Revenue	$6,473,525	$6,765,368	$ -	$6,765,368
EXPENDITURES				
Expenditures for Funding Purposes				
Operations	$5,757,500	$5,584,398	$ -	$5,584,398
Liability Insurance	101,000	79,979	-	79,979
Police Governing Authority	162,465	185,629	-	185,629
Capital	154,000	39,128	-	39,128
Technology and Transition	98,560	65,758	-	65,758
Special Projects	200,000	57,528	(28,586)	28,942
Total Expenditures for Funding Purposes	$6,473,525	$6,012,420	$(28,586)	$5,983,834
Total Other Expenditures	$ -	$ 236,648	$ 28,586	$ 265,234
Total Consolidated Expenditures	$ -	$6,249,068	$ -	$6,249,068
Excess (Deficiency) of Revenues Over Expenditures (Funding Purposes)		$ 510,767	$ 7,550	$ 518,317
Excess (Deficiency) of Revenues Over Expenditures (Other Activities)		$ 5,533	$ (7,550)	$ (2,017)
Total Excess (Deficiency) of Revenues Over Expenditures		$ 516,300	$ -	$ 516,300

Anishinabek Police Service Agreements
Budgeted, Reported and Eligible Amounts
April 1, 1999 to March 31, 2000

CATEGORY	Budgeted Amounts	Reported Amounts	Adjustments	Eligible Amounts
REVENUE				
Department	$3,448,102	$3,472,041	$(23,939)	$3,448,102
Ontario	3,025,423	3,047,520	(22,097)	3,025,423
Deferred Revenue, beginning of year	-	28,626	-	28,626
Deferred Revenue, end of year	-	(25,000)	25,000	-
Total Revenue for Funding Purposes	$6,473,525	$6,523,187	$(21,036)	$6,502,151
Other Revenue				
Department				
Y2K compliance	$ -	$ -	$ 10,939	$ 10,939
Code Policy	-	-	13,000	13,000
Ontario				
Y2K compliance	-	-	10,097	10,097
Code Policy	-	-	12,000	12,000
R.I.D.E. grant	-	5,810	-	5,810
PGA Training workshop	-	25,000	-	25,000
FNCPA annual general meeting	-	35,400	-	35,400
FNCPA community consultants	-	10,672	-	10,672
Golf tournament fees	-	12,378	-	12,378
Deferred revenue - end of year	-	(5,039)	(25,000)	(30,039)
Police Learning	-	13,099	-	13,099
Firearms Grant	-	100,000	-	100,000
Deferred revenue (beginning of year)	-	885	-	885
Family Violence 2000	-	35,000	-	35,000
Interest earned	-	9,356	-	9,356
APS Other - External Audit Adjustment	-	(380)	-	(380)
Total Other Revenue	$ -	$ 242,181	$ 21,036	$ 263,217
Total Consolidated Revenue	$6,473,525	$6,765,368	$ -	$6,765,368

Anishinabek Police Service Agreements
Budgeted, Reported and Eligible Amounts
April 1, 1999 to March 31, 2000

CATEGORY	Budgeted Amounts	Reported Amounts	Adjustments	Eligible Amounts
EXPENDITURES				
Operations				
Wages - Headquarters	$ -	$ 393,680	$ -	$ 393,680
Benefits - Headquarters	-	80,208	-	80,208
Wages - Detachments	-	3,147,223	-	3,147,223
Benefits - Detachments	-	524,990	-	524,990
Community Service	-	5,840	-	5,840
Courier and postage	-	15,075	-	15,075
Equipment Maintenance	-	7,102	-	7,102
Equipment rental	-	27,875	-	27,875
Fees and dues	-	2,186	-	2,186
Janitorial services	-	11,105	-	11,105
Office supplies and printing	-	80,559	-	80,559
Prisoner's expense	-	26,643	-	26,643
Professional fees (legal)	-	125,523	-	125,523
Rental facilities	-	109,882	-	109,882
Repairs and Maintenance-facilities	-	18,355	-	18,355
Telephone and Fax	-	94,388	-	94,388
Training	-	38,331	-	38,331
Travel	-	50,627	-	50,627
Uniforms and Clothing Allowance	-	35,418	-	35,418
Utilities	-	22,922	-	22,922
Vehicle Leasing	-	431,529	-	431,529
Vehicle Operating	-	342,610	-	342,610
Weapons and Supplies	-	727	-	727
Inter program transfer to Police Governing Authority	-	(8,400)	-	(8,400)
Total Operations	$5,757,500	$5,584,398	$ -	$5,584,398
Liability Insurance				
Insurance premium	$ -	$ 72,000	$ -	$ 72,000
Vehicle collision and repairs	-	7,979	-	7,979
Total Liability Insurance	$ 101,000	$ 79,979	$ -	$ 79,979

Anishinabek Police Service Agreements
Budgeted, Reported and Eligible Amounts
April 1, 1999 to March 31, 2000

CATEGORY	Budgeted Amounts	Reported Amounts	Adjustments	Eligible Amounts
Police Governing Authority				
Administration	$ -	$ 515	$ -	$ 515
Administrator				
Salary and Benefits	-	62,938	-	62,938
Training	-	295	-	295
Travel	-	4,016	-	4,016
Bank charges	-	16,565	-	16,565
Directors				
Honorarium	-	27,763	-	27,763
Travel	-	37,699	-	37,699
Equipment rental	-	3,551	-	3,551
Inter program transfer from Operations	-	8,400	-	8,400
Local committees	-	677	-	677
Office supplies	-	1,416	-	1,416
Professional fees (audit)	-	11,488	-	11,488
Rental facilities	-	9,001	-	9,001
Telephone and fax	-	1,305	-	1,305
Total Police Governing Authority	$ 162,465	$ 185,629	$ -	$ 185,629
Capital				
Loan expense (headquarter buildings)	$ 154,000	$ 39,128	$ -	$ 39,128
Total Capital	$ 154,000	$ 39,128	$ -	$ 39,128
Technology and Transition				
Computer equipment & accessories	$ -	$ 35,560	$ -	$ 35,560
Enterpol	-	30,198	-	30,198
Total Technology and Transition	$ 98,560	$ 65,758	$ -	$ 65,758

Anishinabek Police Service Agreements
Budgeted, Reported and Eligible Amounts
April 1, 1999 to March 31, 2000

CATEGORY	Budgeted Amounts	Reported Amounts	Adjustments	Eligible Amounts
Special Projects				
Negotiations				
Consultant	$ -	$ 2,000	$ -	$ 2,000
Honorarium	-	4,662	-	4,662
Travel	-	22,280	-	22,280
Y2K Compliance				
Computer Equipment	-	26,122	(26,122)	-
Travel	-	2,464	(2,464)	-
Total Special Projects	$ 200,000	$ 57,528	$ (28,586)	$ 28,942
Total Expenditures for Funding Purposes	$6,473,525	$6,012,420	$ (28,586)	$5,983,834
Other Expenditures				
Y2K Compliance	$ -	$ -	$ 28,586	$ 28,586
Family Violence Course	-	35,000	-	35,000
FNCPA annual meeting	-	30,361	-	30,361
PGA workshop	-	25,920	-	25,920
Police Learning	-	13,099	-	13,099
Firearms Officer	-	100,870	-	100,870
RIDE	-	5,810	-	5,810
Community consultants	-	10,687	-	10,687
Amortization	-	133,481	-	133,481
Interest on long term debt	-	14,128	-	14,128
Loan payment (principal and interest)	-	(39,128)	-	(39,128)
Capital assets expensed	-	(63,467)	-	(63,467)
Equipment sale	-	(8,910)	-	(8,910)
Inter-program transfer	-	(21,203)	-	(21,203)
Total Other Expenditures	$ -	$ 236,648	$ 28,586	$ 265,234
Total Consolidated expenditures	$ -	$6,249,068	$ -	$ 6,249,068

Anishinabek Police Service Agreements
Summary of Audit Adjustments/Observations
April 1, 1999 to March 31, 2000

Audit Adjustments

To reclassify revenues received under separate agreements from the Department and cost shared between the Department and Ontario. These agreements relate to funding for Y2K compliance and Code Policy.

Reclassify from revenue for funding purposes:

Department:	Y2K compliance	$(10,939)	
	Code Policy	(13,000)	$(23,939)
Ontario:	Y2K compliance	$(10,097)	
	Code Policy	(12,000)	(22,097)
Deferred Revenue, end of year:	Code Policy		25,000

Reclassify to other revenue:

Department:	Y2K compliance	$ 10,939	
	Code Policy	13,000	23,939
Ontario:	Y2K compliance	$ 10,097	
	Code Policy	12,000	22,097
Deferred Revenue, end of year:	Code Policy		(25,000)

Reclassify from expenditures for funding purposes

Y2K compliance	(28,586)

Reclassify to other expenditures

Y2K compliance	28,586
Net Adjustments	$ -

Anishinabek Police Service Agreements
Summary of Audit Adjustments/Observations
April 1, 1999 to March 31, 2000

Audit Observation

Travel Claims

It was noted in our audit testing that travel claims filed by the Police Chief were signed and approved under his own signature. The travel claims reviewed were all properly documented with adequate supporting documentation, however, for internal control purposes the Police Chief should not be approving his own travel claims. We reviewed this control weakness with the Police Chief and he agreed and indicated in the future his travel claims would be reviewed and approved by the Chairman or a designated member from the Police Governing Authority.

Anishinabek Police Service Agreements
Supplementary Information
April 1, 1999 to March 31, 2000

A. Non-Financial Terms of the Agreements

1. Article 6 - Anishinabek Police Council

The Anishinabek Police Council is fully established in compliance with the agreement and communicates the policing needs of the Member Nations to the Police Governing Authority.

2. Article 7 - Police Governing Authority

The Police Governing Authority is fully established and as of September 30, 2000 had the following members:

Garden River First Nation
Saugeen First Nation
Curve Lake First Nation
Sagamok Anishnawbek First Nation
Fort William First Nation
Ojibways of the Pic River First Nation
Pic Mobert First Nation
Rocky Bay First Nation
Nipissing First Nation
Long Lake 58 First Nation
Beausoleil First Nation
Wahnapitae First Nation
Magnetawan First Nation
Shawanaga First Nation
Chippewas of Kettle and Stony Point First Nation
Ginoogaming First Nation
Wasauksing First Nation
Dokis First Nation - (Withdrew as a Member Nation - April 1, 2000)

Members from the above Police Governing Authority have been selected to sit on the: Operational Committee, Financial Committee and Discipline Committee and is in compliance with the agreements.

The Police Governing Authority has established policies and procedures for the Anishinabek Police Service and is fulfilling all the duties and responsibilities as required under the terms of the agreements.

Anishinabek Police Service Agreements
Supplementary Information
April 1, 1999 to March 31, 2000

A. Non-Financial Terms of the Agreements (cont'd)

3. Article 8 - Local Policing Committees

Local Policing Committees have been established in each of the Member Nations and fulfil their responsibility in identifying the policing needs of their community and making recommendations on the police service to the Police Governing Authority.

4. Article 15 - Insurance

All insurance policies were reviewed and extracts of relevant pages obtained. The Anishinabek Police Service is in compliance with this section as the coverage obtained meets all the requirements.

5. Article 17 - Protocol with the OPP

The Anishinabek Police Service has a Protocol Agreement with the OPP and is in compliance with the agreements.

6. Article 21 - 1996 to 1999 agreement
Article 20 - 1999 to 2004 agreement

The Police Governing Authority is in compliance with the financial arrangements in these sections except for section 21.9 (1996 - 1999 agreement) and section 20.7 (1999 – 2004 agreement) which allows a carry forward to the next fiscal year, up to 5% of the budget or $323,676. The audited surplus for funding purposes is $518,317.

B. Provision for Contingencies

In the Notes to the External Audited Financial Statements it is indicated that a number of claims and possible claims by former employees are outstanding. The outcome of the claims and possible claims is not determinable however a provision of $50,000 was made in the financial statements. The above claims arose from an incident involving 2 police officers which resulted in one officer being formally charged and dismissed from his position and the other officer being placed on leave with pay.