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March 11, 2002

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**Department of the Solicitor General of Canada
Report on the Audit of
The Contribution Agreement with the
Kativik Regional Government**

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1. INTRODUCTION

A financial audit relative to the contribution agreement dated May 12, 1998, between the Department of the Solicitor General of Canada (Department), the Province of Quebec (Quebec) and the Kativik Regional Government (KRG - Recipient) was conducted on behalf of the Department's Aboriginal Policing Directorate. The audit was undertaken in November 2001.

The subject of this audit is the contribution of up to \$5,804,011 for the Kativik Regional Police Force (KRPF) operational budget (Department - \$3,018,086 Quebec - \$2,785,925), up to \$200,000 for KRPF maintenance of infrastructures (Department - \$104,000 Quebec - \$96,000) and up to \$425,000 for KRPF transportation of accused (Department - \$221,000 Quebec - \$204,000) awarded to the KRG to continue the provision of policing to the 14 communities of Nunavik.

The KRG-KRPF have the responsibility to maintain the Police Force, which is entrusted with the duty to maintain peace, order and public security in the 14 communities of the Nunavik; to prevent crimes and infringements of the Ordinances and By-Laws of KRG and of the By-Laws of the municipalities and the laws of Quebec and to seek out the offenders.

The period covered by the agreement is April 1, 1998 to March 31, 2003. The period covered by the audit is January 1, 2000 to December 31, 2000 which is the fiscal year of the KRG.

2. AUDIT OBJECTIVES

2.1 The general objectives of the audit were:

- 2.1.1 to ensure that the reported expenditures have been incurred by the Recipient and are in accordance with the contribution Agreement, and departmental and central agency guidelines;
- 2.1.2 to verify and report 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 Kativik Regional Government is meeting both the financial and non-financial terms of the contribution agreement;
- 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 Kativik Regional Government 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 reported amounts for the period January 1, 2000 to December 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 agreement; 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 agreement.
- 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 agreement, and primarily to ensure that the reported expenditures have been incurred, and the Recipient is meeting the financial terms of the agreement.

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 field work 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 the representatives from the Department's Aboriginal Policing Directorate and Management Review Division on the results of the audit.

5. CONCLUSION

Our examination indicated that the activities undertaken to maintain and provide police services in the Nunavik territory are generally consistent with the objectives set out in the Agreement.

Based on our examination, notwithstanding the audit adjustments made and subject to the audit qualifications detailed in Schedules 3 and 4, we believe that reported expenditures were made in

accordance with the Agreement. Generally, the Recipient maintained very good controls over expenditures funded by the contributions received from the Department and from Quebec.

Our review revealed that the Kativik Regional Government has generally met the financial and non-financial terms of the Agreement. Areas for improvement are provided in Schedules 6 & 7.

Details of the audit findings are presented in the Auditors' Report, and supporting Schedules 1 to 7.

6. AUDITORS' REPORT

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

Kativik Regional Government Agreement dated May 12, 1998
Period audited: January 1, 2000 to December 1, 2000

We have audited the accounts and records of the Kativik Regional Government (KRG) relative to the above contribution agreement. The preparation of the claims and compliance with the contribution agreement are the responsibility of the KRG. Our responsibility is to express our opinion on the reported amounts based on our audit and the terms of the contribution agreement.

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 reported amounts 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, Schedules 1 and 2 present fairly, in all material respects, the eligible amounts under the terms of the Agreement. Supporting information and related comments are provided in Schedules 1 to 7.

The Assistant Director of the Kativik Regional Police Force has been informed of the audit adjustments. He agreed with the audited amounts.

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Kativik Regional Government
Summary of Budgeted, Reported and Eligible Amounts
Operational Budget and Maintenance of Infrastructures
January 1, 2000 to December 31, 2000

CATEGORY	Budgeted Amounts	Reported Amounts	Audit Adjustments	Eligible Amounts
Revenues				
Department	\$ 3,122,086	\$ 3,122,086	\$ -	\$ 3,122,086
Quebec	2,881,925	2,881,925	-	2,881,925
Training assistance subsidy	150,000	220,906	-	220,906
Others	50,493	67,091	-	67,091
Total Revenues	\$ 6,204,504	\$ 6,292,008	\$ -	\$ 6,292,008
Expenditures				
Salaries and fringe benefits	\$ 3,674,298	\$ 3,563,901	\$ (9,821)	\$ 3,554,080
Travel and accomodation	217,260	238,829	8,960	247,789
Contracts	112,500	152,897	-	152,897
Training costs	133,591	195,297	-	195,297
Telecommunication	172,400	171,601	-	171,601
Vehicles operation costs	179,456	336,515	-	336,515
Maintenance and utilities	155,738	184,851	(2,574)	182,277
Administrative charges	298,201	298,201	-	298,201
Rental charges	70,000	70,000	-	70,000
Housing charges	227,464	227,464	-	227,464
Other housing charges	80,448	110,237	-	110,237
Office and equipment rental	29,000	46,816	-	46,816
Administrative costs	65,400	101,172	-	101,172
Insurrance	24,500	4,432	-	4,432
Purchase of materials and prevention program	80,800	94,368	-	94,368
Search and rescue	20,000	2,257	-	2,257
Contributions to the relocation of the FM				
Transmitter and antennas	-	3,333	-	3,333

Kativik Regional Government
Summary of Budgeted, Reported and Eligible Amounts
Operational Budget and Maintenance of Infrastructures
January 1, 2000 to December 31, 2000

CATEGORY	<u>Budgeted Amounts</u>	<u>Reported Amounts</u>	<u>Audit Adjustments</u>	<u>Eligible Amounts</u>
Financing cost	-	35,065	-	35,065
Others	3,000	6,984	-	6,984
Transfer to investing activities - acquisition of capital assets	30,000	24,835	-	24,835
Capital repayments	-	149,976	-	149,976
Internal transfers	405,306	88,129	-	88,129
Total Expenses	<u>\$ 5,979,362</u>	<u>\$ 6,107,160</u>	<u>\$ (3,435)</u>	<u>\$ 6,103,725</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 225,142</u>	<u>\$ 184,848</u>	<u>\$ 3,435</u>	<u>\$ 188,283</u>
Accumulated surplus (deficit) at the beginning of the year				<u>\$ (225,132)</u>
Accumulated surplus (deficit) at the end of the year				<u>\$ (36,849)</u>

Kativik Regional Government
Summary of Budgeted, Reported and Eligible Amounts
Transportation of Accused
January 1, 2000 to December 31, 2000

CATEGORY	<u>Budgeted Amounts</u>	<u>Reported Amounts</u>	<u>Audit Adjustments</u>	<u>Eligible Amounts</u>
<u>Revenues</u>				
Department	\$ 182,000	\$ 182,000	\$ -	\$ 182,000
Department - Additional contribution	-	39,000	-	39,000
Quebec	168,000	168,000	-	168,000
Quebec - Additional contribution	-	36,000	-	36,000
Total Revenues	<u>\$ 350,000</u>	<u>\$ 425,000</u>	<u>\$ -</u>	<u>\$ 425,000</u>
<u>Expenditures</u>				
Salaries and fringe benefits	\$ -	\$ 89,920	\$ (8,912)	\$ 81,008
Travel and accomodation	267,500	368,513	(8,960)	359,553
Administrative charges	17,500	17,500	-	17,500
Contribution to KRPF - Prison Guarding Services	65,000	65,000	-	65,000
Total Expenses	<u>\$ 350,000</u>	<u>\$ 540,933</u>	<u>\$ (17,872)</u>	<u>\$ 523,061</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ (115,933)</u>	<u>\$ 17,872</u>	<u>\$ (98,061)</u>
Accumulated surplus (deficit) at the beginning of the year				<u>\$ (132,054)</u>
Accumulated surplus (deficit) at the end of the year				<u>\$ (230,115)</u>

March 11, 2002

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Schedule 2
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Kativik Regional Government
Summary of Budgeted, Reported and Eligible Amounts
Transportation of Accused
January 1, 2000 to December 31, 2000

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Kativik Regional Government
Summary of Audit Adjustments - Operational Budget
and Maintenance of Infrastructures
January 1, 2000 to December 31, 2000

Audit Adjustments - Operational Budget and Maintenance of Infrastructures

The audit adjustments are explained as follows:

EXPENSES

Salaries and fringe benefits:

To adjust workmen compensation and group insurance to actual cost as per analysis.	\$	(18,733)
To reclassify salaries and fringe benefits related to the escorts for the transportation of the accused in the Nunavik territory	<u>8,912</u>	\$ (9,821)

Travel and accommodation:

To reclassify travel and accommodation related to the escorts for the transportation of the accused in the Nunavik territory		8,960
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Maintenance and utilities:

Expenses already claimed by the KRG in housing charges item		<u>(2,574)</u>
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Total Adjustments		<u><u>\$ (3,435)</u></u>
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Kativik Regional Government
Summary of Audit Adjustments – Transportation of Accused
January 1, 2000 to December 31, 2000

Audits Adjustments - Transportation of Accused

The audit adjustments are explained as follows:

EXPENSES

Salaries and fringe benefits:

To reclassify salaries and fringe benefits related to the escorts
for the transportation of the accused in the Nunavik territory \$ (8,912)

Travel and accommodation:

To reclassify travel and accommodation related to the escorts
for the transportation of the accused in the Nunavik territory (8,960)

Total Adjustments \$ (17,872)

Kativik Regional Government
Audit Observations
January 1, 2000 to December 31, 2000

NOTES:**1. Accounts payable**

The financial statements are presented in accordance with the accrual basis of accounting. Consequently, there are amounts reported for which no cash disbursements had been made as of December 31, 2000, particularly for salaries and benefits.

2. GST/QST Taxes

During the conduct of our tests on the expenditures, we noted that a portion of the GST and QST is included in the reported amounts. As the Kativik Regional Government (KRG) is considered as a municipality, it has to follow specific rules. The portion of the GST and QST refunded to the KRG is not included in the reported amounts on Schedules 1 and 2.

3. Salaries and benefits

After reviewing the salaries and benefits expenses, we noticed that there is a high employee turnover rate. Over the year, the KRPF employed a total of 117 people. The table below presents the employees paid as a function of their position for the year and as of Dec. 31, 2000:

Position	Number of employees over the year	Number of employees as of December 31 st
Chief	1	1
Deputy Chief	1	0.5
Lieutenant	3	2
Assistant Department Head office	1	1
CRPQ Technician	1	1
Liaison Officer	2	1
Police Administrative Technician	1	1
Secretary	8	3
Inspector	1	1
Captain	2	2
Constable - Special Constable –	96	37

**Kativik Regional Government
Audit Observations
January 1, 2000 to December 31, 2000**

Supernumerary		
Total	117	50.5

Point 9.01 of section 9 of the contribution agreement stipulates: “*The KRPF shall consist of forty-three (43) full-time police officers, including the chief of police.*” After reviewing the last period of pay of the year, we can consider that the KRPF respected this point.

The costs related to the civil security (fire protection) are recorded separately in another service. Fifty percent (50%) of the Deputy Chief salary is recorded in the civil security service. We have not seen any cost relative to the civil security in the KRPF operational budget.

4. Administrative charges

The financial statements for the KRPF operational budget and maintenance of infrastructures and transportation of accused show amounts for administrative charges. The amounts charged for administrative charges represent 5% of the contribution agreement as presented hereafter:

DESCRIPTION	AMOUNT
KRPF operational budget – (\$5,804,011 x 5%) + \$8,000 (Application of the collective agreement)	\$298,201
KRPF Transportation of accused – (\$350,000 x 5%)	17,500

There is a letter which describes the services delivered by the Kativik Regional Government to the several organizations, including KRPF:

- | | |
|----------------------------|----------------------------------|
| Accounting services | Human resources |
| Legal services | Collective agreement negotiation |
| Purchase services | Translation |
| Computer technical support | Etc. |

No costs related to these services have been recorded in the KRPF financial statements except for legal services. The KRG recorded the actual costs less \$8,000 (Application of the collective agreement). All of these services are provided by the KRG.

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Kativik Regional Government
Audit Observations
January 1, 2000 to December 31, 2000

The letter also mentions that the administrative costs will be charged to the different departments by a percentage between 5% and 15% of the contribution agreement. The percentage charged to the KRPF is the lowest (5%).

These costs have been accepted based on section 7 – Management of the contribution agreement:

7.01: *“KRG is responsible for the management and the administration of the police services provided by the KRPF in the territory”*

7.02: *“KRG shall provide the KRPF with the necessary administrative support to allow its proper functioning”*

5. Rental Charges

Rental charges represent the cost of rent for Kuujjuak and Kuujjuarapik police station. Operating costs for these two buildings are not presented in the KRPF operational budget financial statements. The KRG charges an annual amount of \$70,000 to the KRPF. According to the Deputy Chief and the KRG Treasurer & Finance Department Director, this is to cover the costs for electricity, heating oil, janitor, janitorial supplies, municipal services, etc. Moreover, there is no cost reported related to repayment of capital and financing costs for these 2 police stations. These costs are recorded in another services (Police station holding). There is no written agreement or supporting documentation about the rental charges. According to the KRG and KRPF representatives, this is a flat rate of \$70,000 annually, however there is no supporting documentation for this amount.

6. Housing charges and Other housing charges

The detail of the expenses claimed and reported is shown below:

- Housing charges: \$227,464
- Other housing charges: \$110,237

Kativik Regional Government
Audit Observations
January 1, 2000 to December 31, 2000

These amounts represent the cost that the KRPF has to pay for the accommodation of police officers who come from areas other than Nunavik. The police officers pay an average amount of \$4,000 annually for the rent but it does not cover all the costs to maintain the house (municipal services and taxes, heating oil, electricity, etc.). Consequently, the KRPF has to pay the difference between the actual cost and the police officers' annual rent. According to KRG/KRPF representatives, the cost of living is very expensive in the north. They have to give this kind of incentive to have police officers in the 14 communities.

The housing charges item represents houses owned by the KRG and the other housing charges represents houses owned by one of the fourteen municipalities of Nunavik. However, there is no lease between the police officers and the KRG or the municipalities except for one house rented in year 2000. According to the Deputy chief, beginning in 2000, leases will be signed for houses rented to new police officers.

7. **Maintenance of Infrastructures**

Point 13.01 B) of the contribution agreement (Maintenance of Infrastructures) stipulates: *“Canada and Quebec agree to provide KRG with a yearly contribution for maintenance of police services infrastructures in municipalities. The total contribution of Canada and Quebec for maintenance of police services infrastructures in municipalities for each fiscal year of this Agreement shall be \$200,000”.*

Over the year, the KRG considered a total amount of \$273,170 for the maintenance of the infrastructures. This amount is presented in the audited financial statements as follow:

➤ Financing cost:	\$ 35,065
➤ Capital repayment:	\$149,976
➤ Internal transfers:	\$ 88,129

The following table shows the detail about maintenance of infrastructures:

Kativik Regional Government
Audit Observations
January 1, 2000 to December 31, 2000

DESCRIPTION	CAPITAL REPAYMENTS	FINANCING COSTS	TOTAL
Loan # 4453158: Purchase of 12 police stations	\$ 49,980	\$ 23,190	\$ 73,170
Loan # 4453255: Construction of Inukjuak's police station	\$ 99,996	\$ 11,874	\$111,870
Internal transfer			\$ 88,129
Total	\$149,976	\$ 35,064	\$273,169

In 1999, the KRG signed a promissory note with the CIBC for \$500,000 for the construction of the Inukjuak's police station. In June 2000, the KRG had sufficient liquidity and paid the balance of the loan (\$358,319). Since then, the KRPF transfers an annual amount to the Treasury Department (#99) to pay this loan.

8. **Transportation of accused**

Section 11 of the contribution agreement stipulates:

- 11.01: *"For the duration of this agreement, the KRPF ensures the escort services and transportation of accused to sites located south of 55th parallel"*
- 11.02: *"The costs of escort services and transportation of accused to sites located south of 55th parallel are shown in article 13.01 C)"* budget of \$350,000.
- 11.03: *"The KRPF shall continue to assume the responsibility and the costs for escort services of accused from, or to the municipalities of Kuujjuak or Kuujjuarapik, in the Nunavik territory. The costs are included in the KRPF operational budget in 13.01 A)"* budget of \$5,804,011
- 11.04: *"The costs allocated for the transportation of accused from, or to the municipalities of Kuujjuak or Kuujjuarapik, in the Nunavik territory are included in the budget described in 13.01 C)"* budget of \$350,000

An additional amount of \$75,000 has been recorded by the KRPF in their financial statements after the signature of an agreement dated February 26, 2001, to provide additional funding for the

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Kativik Regional Government
Audit Observations
January 1, 2000 to December 31, 2000

transportation of accused for the period from April 1, 2000 to March 31, 2001.

➤ Salaries and fringe benefits \$89,920:

The KRPF recorded that 63 trips have been made by Hudson coast police officers over the year and 92 by Ungava coast police officers to escort accused people. The KRPF considered that the travel length for Hudson coast is 3 days and 1 day for Ungava coast at \$320 per day. The amount of \$89,920 is for the salaries and the fringe benefits of the escorts. This amount is not recorded in the KRPF operational budget.

➤ Travel and accommodation \$368,513:

This amount covers the costs of travel and the accommodation for escorts and accused people to sites located south of the 55th parallel and from, or to the municipalities of Kuujjuak or Kuujjuarapik, in Nunavik territory.

➤ Administrative charges \$17,500:

See Section 4 of the audit observations.

➤ Contribution to KRPF – Prison Guarding Services (#255) \$65,000:

In 2000, an internal transfer was made by the KRG from the Prison Guarding services (#255) to Escort of Detained Persons (#295) to record an amount of \$65,000 for the prison officer. According to the Deputy Chief, this is the portion of the prison officers' salaries and fringe benefits when they had to take care of accused people while they had to wait for "La cour itinérante du Québec" or other circumstances. Section 11 of the contribution agreement does not say anything about these charges and there is no written agreement and supporting documentation related to this transfer. The Deputy chief told us that there was a verbal agreement between the KRPF and the Department about this transfer for the Prison Guarding Services.

Kativik Regional Government
Audit Observations
January 1, 2000 to December 31, 2000

When we made our audit tests on plane ticket invoices, we noticed that costs have been recorded in the transportation of accused for escorts' travels from, or to the municipalities of Kuujjuak or Kuujjuarapik, in the Nunavik territory. According to the contribution agreement, these costs must be recorded in the KRPF operational budget. We made an audit adjustment to reclassify the cost of travel and the salaries and fringe benefits from the transportation of accused budget to the KRPF operational budget.

The audit adjustment have been made according to our tests results. When we made our tests to ensure that the KRPF respect the point 11.03 of the contribution agreement we audited 3 months in 2000 (January, November and December). The travel and accomodation costs for the escorts services of accused from, or to the municipalities of Kuujjuak or Kuujjuarapik, in the Nunavik territory represent 7.83% (approximately) of the total costs for these 3 months for the travel and accomodation item . In addition, during this 3 months period, the escorts have made 12 trips (average of 2 days by trip) to escorts accused from, or to the municipalities of Kuujjuak or Kuujjuarapik, in the Nunavik territory. Over the year, 155 trips have been made by the escorts (average of 2 days by trip) which represent the transfer of \$89,920 for Salaries and fringe benefits in the Transportation of accused budget.

The table below shows the income and costs incurred as of October 31, 2001, for the transportation of accused: (These incomes and costs have not been audited, they are shown for information only)

DESCRIPTION	AMOUNT
Revenue – Department-Quebec and other	\$262,323
Expenditures:	
Travel airfare and expenses	299,747
Administration charges	17,500
Deficit	\$(54,924)

The internal transfers for the salaries and the fringe benefits of the escorts and the contribution to KRPF – Prison guarding services (#255) are usually done at the end of the year. That is the reason

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Kativik Regional Government
Audit Observations
January 1, 2000 to December 31, 2000

why they do not appear in the table.

9. **Repairs of Jails**

During the audit, we noticed that the KRPF paid a total amount of \$22,088 for repairs to the Puvimituk law courts. The Puvimituk law courts is owned by the Société Immobilière du Québec (SIQ). According to the Deputy Chief, the Puvirnituk police station does not have jails but the SIQ building have jails. The SIQ and the KRPF made an arrangement about the use of the law courts' jails. The KRPF can utilize the jails but had to pay for the repairs before using them.

Kativik Regional Government
Non-Compliance with Agreement
January 1, 2000 to December 31, 2000

1. Public Security Committee

Section 6.01 of the contribution agreement states: *“The parties acknowledge that the executive Committee of the KRG shall act as Public Security Committee for the activities of the KRPF”*. When acting in such capacity, the Executive Committee has to oversee the quality of policing provided in the territory and recommend to the KRG, from time to time, modifications to the aims and priorities of the KRPF.

Section 6.03 stipulates: *“In order to ensure the responsiveness of the KRPF to the local needs of each municipality in the territory, representatives of the KRPF shall attend periodical meetings with such local Public Security Committees which will be set up by municipalities or groups of residents until such time, the KRPF shall consult the municipal council of the said municipality as if it were the such local Public Security Committee”*

Moreover, section 6.04 states: *“The executive committee of KRG undertakes to encourage the establishment of Public Security Committees in every municipality”*

At the present time, there is no Public Security Committee in the Nunavik’s municipalities. The Chief told us that the municipalities’ citizens are very much in demand from different sources. That is the reason why it is difficult to establish committees in the municipalities.

However, according to the chief, one KRPF member has been attending the municipal council of the municipalities over the year to answer questions and discuss about the municipalities needs in Public Security.

The KRG should develop initiatives that would favorise the set up of Public Security Committees in local Municipalities.

2. Transportation of Accused

Section 11.03 of the contribution agreement stipulates: *“The KRPF shall continue to assume the responsibility and the costs for escort services of accused from, or to the municipalities of Kuujjuak or Kuujjuarapik, in the Nunavik territory. The costs are included in the KRPF operational budget in 13.01 A).*

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Kativik Regional Government
Non-Compliance with Agreement
January 1, 2000 to December 31, 2000

Our review of the Transportation of accused expenses demonstrated that any expenditures for escort services of accused from, or to the municipalities of Kuujjuak or Kuujjuarapik, in the Nunavik territory have been recorded in transportation of accused budget instead of KRPF operational budget. See audit observation #8 of Schedule 5 for more details.

We recommend that the Kativik Regional Government record the expenditures for escort services of accused from, or to the municipalities of Kuujjuak or Kuujjuarapik, in the Nunavik territory in the KRPF operational budget.

**Kativik Regional Government
Internal and Financial Controls and
Police Service Policy and Procedure Deficiencies
January 1, 2000 to December 31, 2000**

During our audit we noted the following areas requiring improvement in internal and financial controls and in policy and procedures.

1. Kativik Regional Police Force motor vehicles control

The Kativik Regional Government has 26 motor vehicles for KRPF needs. There is at least one motor vehicle in every community. One community has 9 motor vehicles for its needs.

During a meeting with the Chief, the Deputy Chief and the Inspector, we have been verbally advised that there is no logbook maintained by the KRPF to record the mileage of the motor vehicles used by the police officers to keep control of the motor vehicles and to make sure that they do not use the motor vehicles for personal reasons.

The chief told us that it is almost impossible to maintain a logbook to control the KRPF motor vehicles because in a few municipalities, there is only one road and one police officer. When the police officer is alone in the community, he always keeps the motor vehicle.

We recommend that the KRPF maintain a logbook for the motor vehicles used by the police officers in all the communities. The number of vehicles is too important to avoid the control for the use of the vehicles.

2. Agreement, lease and supporting documentation

As mentioned in point 5 of Schedule 5, the Kativik Regional Government charges an amount of \$70,000 to the Kativik Regional Police Force every year for rental. There is no letter, supporting documentation or written agreement between KRG and KRPF to support this amount of \$70,000.

Moreover, as mentioned in point 6 of the Audit Observations, the KRPF pays a portion of the annual rent for police officers living in KRG's or municipalities' houses. There is no lease or written agreement to support these expenditures.

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Finally, as stipulated in audit observation 8 of Schedule 5, the KRPF has a budget for the transportation of the accused. At the end of the year 2000, the KRG made a transfer of \$65,000 from Prison Guarding Services (#255) to Escort of Detained Persons Services (#295). This transfer was for the prison officers salaries and fringe benefits for the time they had to look after accused people. We have been told by KRPF representatives that there was a verbal agreement between the KRPF and the Department for this \$65,000 transfer. There was no supporting documentation for this amount.

We recommend that the KRG and KRPF put in place an agreement and maintain documentation to support these types of expenses.

We also recommend that the KRG and KRPF obtain from the Department a written agreement to transfer money between budget categories.