



KPMG LLP
Chartered Accountants
Suite 1000
45 O'Connor St.
Ottawa, ON K1P 1A4
Canada

Telephone (613) 560-0011
Telefax (613) 560-2896
www.kpmg.ca

Mr. Wayne Ganim
Director General
Department of Justice
284 Wellington Street
Ottawa, Ontario
K1A 0H8

January 31, 2003

Dear Mr. Ganim:

We have recently completed our specified procedures with respect to the expenditures of the Canadian Firearms Centre of the Department of Justice under contract #4500036336 between KPMG LLP and the Department of Justice (the "Department"). The detailed results of the performance of the specified procedures are provided in our separate report "*Canadian Firearms Centre: Report of Findings from the Performance of Specified Procedures*" dated January 31, 2003.

The report was prepared in accordance with Section 5810 *Special Reports on the Results of Applying Specified Auditing Procedures to Financial Information other than Financial Statements* of the Handbook of the Canadian Institute of Chartered Accountants. The report is for use solely in connection with the Minister of Justice's review of key financial transactions to verify the adequacy and appropriate application of the Canadian Firearms Centre's financial systems and controls.

During our work, we made observations and identified potential areas for improvements relating to the internal controls, procedures and financial reporting of the Canadian Firearms Centre. Consistent with our normal practice, we will provide you with our official letter of recommendations in accordance with Canadian generally accepted auditing standards within the next week.

We encourage the Canadian Firearms Centre and the Department of Justice to focus on improving the efficiency and effectiveness of the administration of the Canadian Firearms

Program in the future and providing better financial information to management on the Canadian Firearms Centre and the Canadian Firearms Program including other government department costs for services provided without charge to the Program.

We believe that the Canadian Firearms Centre should prepare reliable, complete and up-to-date financial information on the Centre and the Canadian Firearms Program and provide this information to management. To be useful, the financial information must be prepared on a consistent and known basis and be of sufficient “data quality” to be relied upon by management in making decisions relating to the Canadian Firearms Centre and the Canadian Firearms Program.

We also believe that our report will assist the Canadian Firearms Centre and the Department of Justice in addressing the recommendations of the Office of the Auditor General by providing a solid basis for forecasting and reporting the future costs of the Canadian Firearms Program.

We appreciate the opportunity to complete this project for the Canadian Firearms Centre and the Department of Justice. We would be pleased to discuss the report further with you at your convenience.

Yours very truly,

Handwritten signature in black ink, appearing to read "KPMG LLP".

Barry J. Lalonde
Partner