

Department of the Solicitor General of Canada
Report on the Audit of the Contribution Agreement
With the Chippewas of Mnjikaning First Nation for Biidaaban:
the Mnjikaning Community Healing Model

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1. INTRODUCTION

A financial audit relative to the contribution agreement dated September 10, 1998, between the Department of the Solicitor General of Canada (Department), and the Chippewas of Mnjikaning First Nation (Recipient) was conducted on behalf of the Department's Corrections Directorate. The audit was undertaken in July 2001.

The subject of this audit was the contribution of up to \$280,900 (Department \$128,000, Ontario \$60,000, Mnjikaning First Nation \$92,900) awarded to the Recipient for the Mnjikaning Community Healing Model, which is a community-based restorative justice process.

The Community Healing Model's goal was to address the issue of sexual abuse through a holistic community-based design that fuses traditional Native and modern therapeutic methods of healing.

The period covered by the agreement is July 1, 1998 to June 30, 2001. The period covered by the audit was April 1, 2000 to March 31, 2001.

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 agreement, and departmental and central agency guidelines;
- 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 met 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. AUDIT OBJECTIVES (cont'd)

2.2 Specific objectives included determining that: (cont'd)

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, 2000, to March 31, 2001, 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 was the compliance by the Recipient with the terms and conditions of the contribution agreement, and primarily to ensure that the claimed expenditures have been incurred, and the Recipient was 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.

4. AUDIT APPROACH (cont'd)

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 representatives from the Department's Management Review Division and Corrections Directorate on the results of the audit.

5. CONCLUSION

Our review indicated that activities were undertaken in relation to the provision of services throughout the Chippewas of Mnjikaning First Nation and appeared to be consistent with the stated objectives set out in the contribution agreement.

Based on our examination, we believe that the reported expenditures were made in accordance with the agreement. Generally, the Recipient maintained adequate controls over expenditures funded by the contributions received from the Department.

Our review revealed that the Chippewas of Mnjikaning First Nation has generally met the financial and non-financial terms of the agreement. However, there are areas for improvement that are described in Schedule 3.

Details of the audit findings are presented in the Auditors' Report, and supporting Schedules 1 to 3.

6. AUDITORS' REPORT

Director
Management Review Division
Department of the Solicitor General of Canada
Agreement with Chippewas of Mnjikaning First Nation dated September 10, 1998
Period Audited: April 1, 2000 March 31, 2001

We have audited the accounts and records of the Chippewas of Mnjikaning First Nation insofar as they pertain to the amounts claimed for the above contribution agreement. The preparation of the claims and compliance with the contribution agreement are the responsibility of the Band Council. Our responsibility is to express an 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 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 under the terms of the agreement. Supporting information and related comments are provided in Schedules 1 to 3.

TORONTO, ONTARIO

December 17, 2001

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Schedule 1

Chippewas of Mnjikaning First Nation
Summary of Budgeted, Reported and Eligible Amounts
April 1, 2000 to March 31, 2001

<u>Revenues</u>	<u>Budgeted</u> <u>Amounts</u>	<u>Reported</u> <u>Amounts</u>	<u>Adjustments</u>	<u>Eligible</u> <u>Amounts</u>
Department of the Solicitor General Province of Ontario (Audit Observation 1, Schedule 3)	\$ 128,000	\$ 128,000	-	\$ 128,000
Department of the Solicitor General Mnjikaning First Nation	60,000	-	-	-
Other Revenues	-	9,586	-	9,586
	92,900	-	74,288	74,288
	-	-	2,440	2,440
Total Revenues	280,900	137,586	76,728	214,314
 <u>Expenditures</u>				
Salaries	143,000	93,638	62,898	156,536
Benefits	24,500	14,596	9,121	23,717
Training	10,000	6,212	1,024	7,236
Honorarium	4,000	365	100	465
Consultant	50,000	-	2,494	2,494
Community Education & Newsletter	5,000	2,437	325	2,762
Membership Fees	-	-	370	370
Travel	6,000	3,694	1,642	5,336
Telephone/Fax/Photocopy	6,000	-	-	-
Office Rent (Comment 2, Schedule 3)	5,400	-	-	-
Office Supplies	5,000	-	-	-
Mileage Expense	-	3,546	1,593	5,139
Client Travel	-	857	-	857
Special Gathering	6,000	3,317	1,343	4,660
Psychological Assessments	5,000	455	-	455
Program Supplies	5,000	3,912	375	4,287
Program Development	6,000	-	-	-
Total Expenditures	280,900	133,029	81,285	214,314
 Excess (Deficiency) of Revenue over Expenditures	 \$ -	 \$ 4,557	 \$ (4,557)	 \$ -

December 17, 2001

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Schedule 2

Chippewas of Mnjikaning First Nation
Summary of Adjustments
April 1, 2000 to March 31, 2001

Revenues

To adjust for unreported revenues from project donations and reimbursement of travel expenses related to the Biidaaban Program	\$2,440
Mnjikaning First Nation contribution	<u>74,288</u>
Adjustment to Revenues	76,728

Expenditures

To adjust for unreported costs which are related to the Biidaaban Program (Audit Observation 2, Schedule 3)	<u>81,285</u>
Net Adjustments	<u>\$(4,557)</u>

Chippewas of Mnjikaning First Nation
Comments and Audit Observations
April 1, 2000 to March 31, 2001

COMMENTS

1. Salaries and Benefits

During the year ended March 31, 2001, the Biidaaban Program employed two wellness counsellors, a co-ordinator and an animator. In addition, these four staff members reported to the Director of Social Services Unit of the Mnjikaning First Nation.

2. General

The budget provided for office rent and administrative expenses. The Mnjikaning First Nation provided office and administrative expenses at no cost to the program.

AUDIT OBSERVATIONS

1. Funding Shortfall

According to the budget shown in the Contribution Agreement, the Province of Ontario was to contribute \$180,000 for the period July 1, 1998 to June 30, 2001 including \$60,000 for the year ended March 31, 2001. However, the Province did not contribute any funds to this Program for the year ended March 31, 2001. The deficiency in program costs of \$74,288 reported in Schedule 1 was made up by the Mnjikaning First Nation as part of its contribution.

We recommend that the Department follow up with the Chippewas of Mnjikaning First Nation as to the reasons for the lack of Provincial funding for the project.

2. Reporting of All Program Costs

The Recipient has reported only a portion of program costs in accordance with the Budgeted expenses stated in the Contribution Agreement dated September 10, 1998. The Recipient excluded \$81,285 in expenses, which were categorized in a separate cost centre titled "Sexual Abuse". These expenses relate to the Biidaaban Community Healing Model and should be reported in the total costs for the Program. We have added these costs to fully record all expenditures related to the Biidaaban Community Healing Model.

Although not specifically identified, some expenses incurred in a complimentary Contribution Agreement to Mnjikaning First Nation, funded by the Aboriginal Healing Foundation, relate to dealing with some aspects of sexual abuse through holistic community-based methods.

We recommend that the Department request the Chippewas of Mnjikaning First Nation to report all costs related to this Program to the Department of the Solicitor General.

