

December 14, 2001

310 1943 01

**Department of the Solicitor General of Canada  
Report on the Audit of  
The Dakota Ojibway Police Service Agreements**

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## **1. INTRODUCTION**

A financial audit relative to the contribution agreement dated December 31, 1994 and amendments for the period 1995 to 2000 and the contribution agreement dated December 1, 2000 for the period 2000 to 2002 between the Department of the Solicitor General of Canada (Department), the Minister of Justice and Attorney General of Manitoba (Manitoba) and the Member Nations as represented by the Dakota Ojibway Tribal Council Inc (recipient) was conducted on behalf of the Department's Aboriginal Policing Directorate. The audit was undertaken in August 2001.

The subject of this audit was the contribution of up to \$2,510,000 (Department - \$1,305,200, Manitoba - \$1,204,800) for fiscal year 2000/2001 awarded to the Dakota Ojibway Tribal Council Inc to provide for the provision of policing services for the participating DOTC Communities.

The Dakota Ojibway Tribal Council (DOTC) is duly incorporated as a non-share corporation under the laws of the Province of Manitoba. The Dakota Ojibway Police Service (DOPS) is operated as a separate unit within the DOTC organization. DOPS is comprised of the First Nation Communities, DOTC Chiefs, Local Police Committees and the Police Commission. The Member Nations are: Birdtail Sioux First Nation, Canupawakpa Dakota First Nation, Dakota Plains Wahpeton Nation, Long Plain First Nation, Roseau River Anishinabe First Nation, Sandy Bay Ojibway First Nation, Sioux Valley Dakota Nation and Swan Lake 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: January 1, 1995 to November 30, 2000 and December 1, 2000 to March 31, 2002. The period covered by the audit is 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 reported expenditures have been incurred by the recipient and are in accordance with the contribution agreements, 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. AUDIT OBJECTIVES (cont'd)**

2.2 Specific objectives included determining that:

2.2.1 the recipient met 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, 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 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.

**4. AUDIT APPROACH (cont'd)**

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 Dakota Ojibway Tribal Council, Dakota Ojibway Police Service (DOPS), appeared to be consistent with the stated objectives of the agreements.

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, adequately reflect the results of the operation of the Police Service. Generally, the Dakota Ojibway Police Service did maintain adequate controls over expenditures funded by the contributions received from the Department and Manitoba.

Our review revealed that the Dakota Ojibway Police Service has met the financial and non-financial terms of the Agreements.

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

**6. AUDITORS= REPORT**

December 14, 2001

310 1943 01

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

The Dakota Ojibway Police Service Agreements and amendments for the periods 1995 to 2000 and 2000 to 2002.

Period audited: April 1, 2000 to March 31, 2001

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We have audited the accounts and records of the Dakota Ojibway 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 Dakota Ojibway Police Service has been informed of the audit results.

WINNIPEG, MANITOBA

Dakota Ojibway Tribal Council  
Summary of Budgeted, Reported and Eligible Amounts  
April 1, 2000 to March 31, 2001

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<b><u>CATEGORY</u></b>	<b><u>Budgeted Amounts</u></b>	<b><u>Reported Amounts</u></b>	<b><u>Adjustments</u></b>	<b><u>Eligible Amounts</u></b>
<b><u>Revenue</u></b>				
Department	\$ 1,305,200	\$ 1,305,200	\$ -	\$ 1,305,200
Ontario	1,204,800	1,204,800	-	1,204,800
Local Bands, Canada Employment Centre & Manitoba Public Insurance Corp.	-	13,513	-	13,513
Total Revenue for Funding Purposes	<u>\$ 2,510,000</u>	<u>\$ 2,523,513</u>	<u>\$ -</u>	<u>\$ 2,523,513</u>
Other Revenue				
Province of Manitoba (Victim Services)	\$ -	\$ 26,000	\$ -	\$ 26,000
Total Other Revenue	<u>\$ -</u>	<u>\$ 26,000</u>	<u>\$ -</u>	<u>\$ 26,000</u>
<b>Total Consolidated Revenue</b>	<b><u>\$ 2,510,000</u></b>	<b><u>\$ 2,549,513</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,549,513</u></b>
<b><u>Expenditures</u></b>				
<b><u>Recurring Costs</u></b>				
Operations	\$ 1,533,827	\$ 1,518,536	\$ -	\$ 1,518,536
Liability Insurance	52,000	35,433	-	35,433
Police Commission	50,000	77,494	-	77,494
Provision for Vehicles	74,000	44,854	-	44,854
Crime Prevention Co-Ordinator	8,333	2,479	-	2,479
Total Recurring Costs	<u>\$ 1,718,160</u>	<u>\$ 1,678,796</u>	<u>\$ -</u>	<u>\$ 1,678,796</u>
<b><u>One Time Costs</u></b>				
Start-Up – 2 detachments	\$ 165,000	\$ 92,510	\$ -	\$ 92,510
Training & Allowances	221,400	121,859	-	121,859
New Vehicles – 2 detachments	126,440	127,909	-	127,909
Replacement Vehicles	110,000	137,084	-	137,084
Equipment	119,000	56,370	-	56,370
Giesbrecht Training	50,000	-	-	-
Total One Time Costs	<u>\$ 791,840</u>	<u>\$ 535,732</u>	<u>\$ -</u>	<u>\$ 535,732</u>
<b>Total Expenditures for Funding Purposes</b>	<b><u>\$ 2,510,000</u></b>	<b><u>\$ 2,214,528</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,214,528</u></b>

Dakota Ojibway Tribal Council  
Summary of Budgeted, Reported and Eligible Amounts  
April 1, 2000 to March 31, 2001

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<b><u>CATEGORY</u></b>	<b><u>Budgeted Amounts</u></b>	<b><u>Reported Amounts</u></b>	<b><u>Adjustments</u></b>	<b><u>Eligible Amounts</u></b>
<b><u>Other Expenditures</u></b>				
Victim Services	\$ -	\$ 41,852	\$ -	\$ 41,852
<b>Total Other Expenditures</b>	<b>\$ -</b>	<b>\$ 41,852</b>	<b>\$ -</b>	<b>\$ 41,852</b>
<b>Total Consolidated Expenditures</b>	<b><u>\$ 2,510,000</u></b>	<b><u>\$ 2,256,380</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,256,380</u></b>
Excess (Deficiency) of Revenues Over Expenditures (Funding Purposes)		\$ 308,985	\$ -	\$ 308,985
Excess (Deficiency) of Revenues Over Expenditures (Other Activities)		\$ (15,852)	\$ -	\$ (15,852)
Total Excess (Deficiency) of Revenues Over Expenditures		<b><u>\$ 293,133</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 293,133</u></b>

Dakota Ojibway Tribal Council  
Budgeted, Reported and Eligible Amounts  
April 1, 2000 to March 31, 2001

<b><u>CATEGORY</u></b>	<b><u>Budgeted</u></b> <b><u>Amounts</u></b>	<b><u>Reported</u></b> <b><u>Amounts</u></b>	<b><u>Adjustments</u></b>	<b><u>Eligible</u></b> <b><u>Amounts</u></b>
<b><u>Expenditures</u></b>				
<b><u>Recurring Costs</u></b>				
<b><u>Operations</u></b>				
Salaries	\$ -	\$ 846,115	\$ -	\$ 846,115
Overtime	-	95,961	-	95,961
Casual	-	18,471	-	18,471
Employee benefits	-	129,603	-	129,603
Administrative fee	-	34,019	-	34,019
Advertising	-	2,082	-	2,082
Equipment maintenance	-	5,832	-	5,832
GST expense	-	9,525	-	9,525
Gasoline	-	62,059	-	62,059
General stationery	-	6,086	-	6,086
Insurance	-	824	-	824
Investigational expenditures	-	3,571	-	3,571
Lease - detachments	-	44,000	-	44,000
Office equipment	-	23,134	-	23,134
Photocopying	-	18,997	-	18,997
Police communications	-	33,452	-	33,452
CPIC	-	666	-	666
Postage	-	1,849	-	1,849
Radio license	-	1,008	-	1,008
Relocation	-	363	-	363
Rent headquarters	-	26,522	-	26,522
Subscriptions	-	3,066	-	3,066
Summer student program	-	10,737	-	10,737
Telephone	-	42,084	-	42,084
Training and upgrading	-	10,333	-	10,333
Travel	-	23,072	-	23,072
Uniforms	-	5,205	-	5,205
Utilities	-	6,274	-	6,274
Vehicle insurance	-	8,122	-	8,122
Vehicle maintenance	-	45,504	-	45,504
<b>Total Operations</b>	<b>\$ 1,533,827</b>	<b>\$ 1,518,536</b>	<b>\$ -</b>	<b>\$ 1,518,536</b>

Dakota Ojibway Tribal Council  
Budgeted, Reported and Eligible Amounts  
April 1, 2000 to March 31, 2001

<b><u>CATEGORY</u></b>	<b><u>Budgeted Amounts</u></b>	<b><u>Reported Amounts</u></b>	<b><u>Adjustments</u></b>	<b><u>Eligible Amounts</u></b>
<b><u>Liability Insurance</u></b>				
Liability insurance	\$ -	\$ 35,433	\$ -	\$ 35,433
Total Liability Insurance	<b>\$ 52,000</b>	<b>\$ 35,433</b>	<b>\$ -</b>	<b>\$ 35,433</b>
<b><u>Police Commission</u></b>				
Professional fees				
Legal	\$ -	\$ 63,662	\$ -	\$ 63,662
Audit	-	3,000	-	3,000
Meetings	-	10,832	-	10,832
Total Police Commission	<b>\$ 50,000</b>	<b>\$ 77,494</b>	<b>\$ -</b>	<b>\$ 77,494</b>
<b><u>Provision for Vehicles</u></b>				
Vehicle purchases	\$ -	\$ 44,854	\$ -	\$ 44,854
Total Provision for Vehicles	<b>\$ 74,000</b>	<b>\$ 44,854</b>	<b>\$ -</b>	<b>\$ 44,854</b>
<b><u>Crime Prevention Co-Ordinator</u></b>				
Equipment purchases	\$ -	\$ 2,479	\$ -	\$ 2,479
Total Crime Prevention Co- Ordinator	<b>\$ 8,333</b>	<b>\$ 2,479</b>	<b>\$ -</b>	<b>\$ 2,479</b>
<b>Total Recurring Costs</b>	<b><u>\$ 1,718,160</u></b>	<b><u>\$ 1,678,796</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,678,796</u></b>

Dakota Ojibway Tribal Council  
Budgeted, Reported and Eligible Amounts  
April 1, 2000 to March 31, 2001

<b><u>CATEGORY</u></b>	<u>Budgeted Amounts</u>	<u>Reported Amounts</u>	<u>Adjustments</u>	<u>Eligible Amounts</u>
<b><u>One Time Costs</u></b>				
<u>Start-Up – 2 detachments</u>				
Office equipment	\$ -	\$ 22,515	\$ -	\$ 22,515
Police equipment	-	69,995	-	69,995
<b>Total Start-Up – 2 detachments</b>	<b>\$ 165,000</b>	<b>\$ 92,510</b>	<b>\$ -</b>	<b>\$ 92,510</b>
<u>Training &amp; Allowances</u>				
Recruitment	\$ -	\$ 121,859	\$ -	\$ 121,859
<b>Total Training &amp; Allowances</b>	<b>\$ 221,400</b>	<b>\$ 121,859</b>	<b>\$ -</b>	<b>\$ 121,859</b>
<u>New Vehicles – 2 detachments</u>				
Vehicle purchases	\$ -	\$ 127,909	\$ -	\$ 127,909
<b>Total New Vehicles – 2 detachments</b>	<b>\$ 126,440</b>	<b>\$ 127,909</b>	<b>\$ -</b>	<b>\$ 127,909</b>
<u>Replacement Vehicles</u>				
Vehicle purchases	\$ -	\$ 137,084	\$ -	\$ 137,084
<b>Total Replacement Vehicles</b>	<b>\$ 110,000</b>	<b>\$ 137,084</b>	<b>\$ -</b>	<b>\$ 137,084</b>
<u>Equipment</u>				
Office Equipment	\$ -	\$ 56,370	\$ -	\$ 56,370
<b>Total Equipment</b>	<b>\$ 119,000</b>	<b>\$ 56,370</b>	<b>\$ -</b>	<b>\$ 56,370</b>
<u>Giesbrecht Training</u>				
Training	\$ -	\$ -	\$ -	\$ -
<b>Total Giesbracht Training</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total One Time Costs</b>	<b>\$ 791,840</b>	<b>\$ 535,732</b>	<b>\$ -</b>	<b>\$ 535,732</b>
<b>Total Expenditures for Funding Purposes</b>	<b>\$ 2,510,000</b>	<b>\$ 2,214,528</b>	<b>\$ -</b>	<b>\$ 2,214,528</b>
<b><u>Other Expenditures</u></b>				
<u>Victim Services</u>				
Salaries	\$ -	\$ 30,231	\$ -	\$ 30,231
Employee benefits	-	2,818	-	2,818
Travel	-	8,803	-	8,803
<b>Total Other Expenditures</b>	<b>\$ -</b>	<b>\$ 41,852</b>	<b>\$ -</b>	<b>\$ 41,852</b>
<b>Total Consolidated Expenditures</b>	<b>\$ 2,510,000</b>	<b>\$ 2,256,380</b>	<b>\$ -</b>	<b>\$ 2,256,380</b>

**Dakota Ojibway Tribal Council**  
**Audit Observations**  
**April 1, 2000 to March 31, 2001**

**Audit Observations**

1. Recruit Training

An advance payment for \$120,000 plus GST was made to the City of Brandon for recruit training by the Brandon Police Service from April 23, 2001 to August 10, 2001. The payment transaction occurred on March 31, 2001 and is recorded as an expense under Training & Allowances (Recruitment) in the audited financial statements.

2. Carry forward of Surplus Funds

Under the terms of the contribution agreement dated December 31, 1994 for the period up to November 30, 2000 the recipient was allowed to carry forward to the next fiscal year, surplus funds without any limitation. Under the terms of the contribution agreement renewed on December 1, 2000 the recipient can only carry forward to the next fiscal year, up to five percent (5%) of the budget costs with the exception of the budget for capital acquisitions which must be expended in the fiscal year in which it is paid. The following summary is a breakdown of revenue and expenditures and the surplus or (deficit) applicable to the respective periods under the agreements.

	Apr. 1, 2000 to Nov. 30, 2000	Dec. 1, 2000 to Mar. 31, 2001	Total
Revenue	\$ 1,648,000	\$ 875,513	\$ 2,523,513
Expenditures	1,017,241	1,197,287	2,214,528
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 630,759</u>	<u>\$ (321,774)</u>	<u>\$ 308,985</u>

Based on the above analysis the excess funding for the fiscal year was accrued from April 1, 2000 to November 30, 2000 therefore the terms of both agreements have been met.

Note: The recipient received funding from other sources for a victim services program and incurred a deficit of \$(15,852) under this program. This amount is reported separately in Schedule 1, and is not reflected in the above calculation.

**Dakota Ojibway Tribal Council  
Supplementary Information  
April 1, 2000 to March 31, 2001**

**A. Non-Financial Terms of the Agreements**

1. Article 8 - Tripartite Committee

The Tripartite Committee is established and meets regularly to assess the overall functioning of the policing service and the policy objectives to determine if the objectives stated therein are being satisfactorily met.

2. Article 9 - Police Commission

The Police Commission is fully established and consists of one member from each of the Local Police Committees selected from within each of the Participating DOTC Communities. The Commission is the governance authority of the DOPS on behalf of DOTC. The Commission sets the rules, policies and procedures which are embodied into the DOPS Police Commission Policy Manual.

3. Article 10 - Local Police 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 Commission.

4. Article 16 - Insurance

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