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**Department of the Solicitor General of Canada
Report on the Audit of
Lesser Slave Lake Indian Regional Council
Tripartite Policing Agreement**

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1. INTRODUCTION

An audit relative to the Tripartite Agreement dated February 2001 between the Department of the Solicitor General of Canada (Department), the Minister of Justice and Attorney General (Alberta) and the Lesser Slave Lake Indian Regional Council (Recipient) was conducted on behalf of the Department's Aboriginal Policing Directorate. The audit was undertaken in February 2002.

The subject of this audit is the contribution of up to \$1,023,840 (Department - \$532,397, Alberta - \$491,443) awarded to the Lesser Slave Lake Indian Regional Council to provide for the continuation and expansion of the Lesser Slave Lake Regional Police Service to serve the policing needs of the Member Nation.

The period covered by the agreement is: April 1, 2000 to March 31, 2002 for the Tripartite Agreement dated February 2001. 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 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 is meeting both the financial and non-financial terms of the contribution agreement;

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

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 report amounts for the period April 1, 2000 to March 31, 2001 for which the contribution was received 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 and non-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 utilizing 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 representative from the Lesser Slave Lake Regional Police Service, the Department's Management Review Division and Aboriginal Policing Directorate on the results of the audit.

5. CONCLUSION

Our review indicated that the activities undertaken related to the provision of policing services to the community, as overseen by the Lesser Slave Lake Indian Regional Council, appeared to be consistent with the stated objectives of the agreement.

Based on our examination, the expenditures were made in accordance with the tripartite agreement 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 Lesser Slave Lake Regional Police Service did maintain adequate controls over expenditures funded by the contributions received from the Department and Alberta.

Our review revealed that the Lesser Slave Lake Regional Police Service has met the financial and non-financial terms of the agreement.

Details of the audit findings are presented in Schedules 1 to 3.

6. AUDITOR'S REPORT

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

Lesser Slave Lake Indian Regional Council Tripartite Policing Agreement dated February 2001
Period audited: April 1, 2000 to March 31, 2001

We have audited the accounts and records of the Lesser Slave Lake Regional Police Service, relative to the above agreement. The preparation of the claims and compliance with the terms of the contribution agreement 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 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, Schedule 1 presents fairly, in all material respects, the eligible amounts allowable under the terms of the agreement. Supporting information and related comments are provided in Schedules 2 and 3.

WINNIPEG, MANITOBA

Lesser Slave Lake Indian Regional Council
Tripartite Policing Agreement
Summary of Budgeted, Reported and Eligible Amounts
April 1, 2000 to March 31, 2001

<u>REVENUE</u>	Budgeted ⁽¹⁾ Amounts	Reported ⁽²⁾ Amounts	Adjustments	Eligible Amounts
Department	\$ 532,397	\$ 532,397	\$ -	\$ 532,397
Alberta	491,443	491,443	-	491,443
	<u>\$ 1,023,840</u>	<u>\$ 1,023,840</u>	<u>\$ -</u>	<u>\$ 1,023,840</u>
Surplus from previous years	150,000	-	-	-
Lesser Slave Lake Regional Council	-	30,000	-	30,000
Alberta Justice	-	15,739	-	15,739
Proceeds on disposal of capital assets	-	16,550	(16,550)	-
Interest Income	-	5,796	-	5,796
Donations and other Revenue	-	1,300	-	1,300
Total Consolidated Revenue	<u><u>\$ 1,173,840</u></u>	<u><u>\$ 1,093,225</u></u>	<u><u>\$ (16,550)</u></u>	<u><u>\$ 1,076,675</u></u>
<u>EXPENDITURES</u>				
Wages and benefits	\$ 961,874	\$ 830,855	\$ (2,038)	\$ 828,817
Fuel and maintenance	85,400	77,133	-	77,133
Travel	20,000	29,443	(1)	29,442
Commission expenses	42,400	28,547	-	28,547
Rent, maintenance and utilities	26,300	24,235	-	24,235
Insurance	25,000	18,052	(505)	17,547
Office supplies	25,900	15,344	664	16,008
Uniforms	1,200	14,634	-	14,634
Telephone	17,200	14,619	-	14,619
Training	10,000	5,402	-	5,402
Professional fees	15,500	4,134	-	4,134
Goods and services tax	6,000	3,377	-	3,377
Relocation expenses	3,000	2,259	145	2,404
Advertising	1,000	2,076	1	2,077
Hospitality	1,000	1,038	1	1,039
Bank and other charges	-	835	-	835
Postage and courier	1,500	744	-	744
Employee assistance	3,000	-	-	-
Miscellaneous	500	-	-	-
Purchase of Capital Assets				
less net of proceeds of disposal	2,000	29,823	(16,550)	13,273
Total Expenditures	<u><u>\$ 1,248,774</u></u>	<u><u>\$ 1,102,550</u></u>	<u><u>\$ (18,283)</u></u>	<u><u>\$ 1,084,267</u></u>
Total Excess (Deficiency) of Revenue over Expenditures	<u><u>\$ (74,934)</u></u>	<u><u>\$ (9,325)</u></u>	<u><u>\$ 1,733</u></u>	<u><u>\$ (7,592)</u></u>

1. This refers to the budget prepared by the recipient.

2. The reported amounts were obtained from the externally audited financial statements. These amounts were reconciled to the general ledger of the Lesser Slave Lake Regional Police Service.

**Lesser Slave Lake Indian Regional Council
Tripartite Policing Agreement
Summary of Audit Adjustments and Observations
April 1, 2000 to March 31, 2001**

Audit Adjustments

1. The audit adjustments are explained as follows:

REVENUE

Reallocation to Expense reduction -

Delete proceeds of disposal of Capital Assets \$ (16,550)

EXPENDITURES

a) Wage costs:

- Delete out of period administrative wage costs	\$ (1,740)
- Add allowed and unclaimed administrative wage costs	1,274
- Delete out of period administrative employee benefits costs	(73)
- Add allowed and unclaimed administrative employee benefits costs	58
- Delete out of period police wage costs	(11,801)
- Add allowed and unclaimed police wage costs	10,256
- Delete out of period administrative employee benefits costs	(588)
- Add allowed and unclaimed administrative employee benefits costs	<u>576</u>
	<u>\$ (2,038)</u>

b) Travel

Delete difference due to rounding error (1)

c) Insurance

Delete unexplained difference in reported amounts and G/L amounts (505)

d) Office Expenses

Add unexplained difference in reported amounts and G/L amounts 664

e) Relocation expenses

Allow short paid relocation expenses 145

f) Advertising

Add difference due to rounding error 1

g) Hospitality

Add difference due to rounding error 1

h) Capitalized expenditures

Delete proceeds of disposal (16,550)

**Lesser Slave Lake Indian Regional Council
Tripartite Policing Agreement
Summary of Audit Adjustments and Observations
April 1, 2000 to March 31, 2001**

\$ (18,283)

Audit Observations

1. Relocation Claims

It was noted in our audit testing that there were some relocation expenses that were paid without proper receipts. The employees were paid \$500 per move based on policy. The policy required that the employees submit the relocation receipts to a maximum of \$500. The accountant has now implemented a proper relocation expense claim form and the Police Commission is currently reviewing the relocation policy to increase the relocation amount.

2. Travel Claims

It was noted in our audit testing that all employees were paid \$600 for the year for business use of personal vehicle for trips under 50 kilometres throughout the year without the completion of a travel claim. There is a policy in place to pay the employees \$600 for business use of personal vehicle, however, the policy is not signed by the Chief of Police. The policy has been changed effective April 1, 2001, whereby all employees now claim for individual travel.

**Lesser Slave Lake Indian Regional Council
Tripartite Policing Agreement
Supplementary Information
April 1, 2000 to March 31, 2001**

A. Non-Financial Terms of the Agreement

1. Article 9 - Implementation Committee (IP)

The Implementation Committee is fully established in compliance with the agreement and communicates the policing needs of the eight First Nations to the Police Commission.

2. Article 10 - Review Committee

The agreement states that a Review Committee should be established consisting of six members or their alternates with defined responsibilities. While the Police Service has been operating under the Implementation Plan (IP), no decisions in terms of full policing authority have arisen to date, except for those members who were given advancement to Category B occurrences in December 2000. This was confirmed as noted in the February 2001 IP minutes of the meeting. Additionally, the Review Committee initiated the approval of the Canadian Police Information Centre (CPIC) and the Police Information Retrieval System (PIRS) in November 2001. It is anticipated that CPIC and PIRS will be implemented in April 2002 and providing full policing authority to the region.

3. Article 15 - Liability and Insurance

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