

February 26, 2002

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**Department of the Solicitor General of Canada
Report on the Audit of
The Tripartite Agreements with
Tsuu T'ina Nation for Policing Services**

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1. INTRODUCTION

An audit relative to the Tripartite Agreement dated October 1996, as amended September 2, 1998 and March 30, 2001 between the Department of the Solicitor General of Canada (Department), the Minister of Justice and Attorney General (Alberta) and the Tsuu T'ina Nation (Recipient) was conducted on behalf of the Department's Aboriginal Policing Directorate. In addition, an audit of the Contribution Agreement dated August 27, 1999 between the same parties associated with the Tripartite Agreement was conducted. The audit was undertaken in November 2001.

The subject of this audit is the contribution of up to \$395,000 (Department - \$205,400, Alberta - \$189,600) awarded to the Tsuu T'ina Nation Police Service to provide for the continuation and expansion of the Tsuu T'ina Nation Police Service and Police Commission to serve the policing needs of the Member Nation, and the contribution of up to \$160,000 (Department - \$83,200, Alberta - \$76,800) awarded to Tsuu T'ina Nation Police Service to augment the 1996 Policing Agreement.

The period covered by the agreements are: April 1, 1996 to March 31, 2002 for the Tripartite Agreement dated October 1996, and July 1, 1999 to March 31, 2001 for the Contribution Agreement dated August 27, 1999. 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.

2.2 Specific objectives included determining that:

- 2.2.1 the Recipient is meeting both the financial and non-financial terms of the contribution agreements;
- 2.2.2 as they relate to the contribution agreements that:
 - 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 contributions 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/claims for the period April 1, 2000 to March 31, 2001 for which the contributions were 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 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 reported expenditures have been incurred, and the Recipient is meeting the financial and non-financial terms of the agreements.

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 these contributions, 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 Tsuu T'ina Nation 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 Tsuu T'ina Nation Police Service, appeared to be consistent with the stated objectives of the Tripartite and Contribution agreements.

Based on our examination, the expenditures were made in accordance with the 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 Tsuu T'ina Nation Police Service did maintain adequate controls over expenditures funded by the contributions received from the Department and Alberta.

Our review revealed that the Tsuu T'ina Nation Police Service has met the financial and non-financial terms of the Agreement except for the establishment of the Review Committee and Police Review Board as required by Article 10 and Schedule "A" of the Tripartite Agreement. Detailed comments on our findings with respect to the Review Committee and Board can be found under comments 2 and 4 on Schedule 4 of this report.

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

6. AUDITORS' REPORT

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

Tsuu T'ina Nation Tripartite Agreement dated October 1996, as amended

September 2, 1998 and March 30, 2001 and the Contribution Agreement dated August 27, 1999

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

We have audited the accounts and records of the Tsuu T'ina Nation Police Service, relative to the above agreements. The preparation of the claims and compliance with the terms of the agreements are the responsibility of the Recipient. Our responsibility is to express an opinion on the reported amounts based on our audit and terms of the 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 reported 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 controller of the Tsuu T'ina Nation agrees with the audited amount.

WINNIPEG, MANITOBA

Tsuu T'ina Nation Police Service
 Summary of Budgeted, Reported and Eligible Amounts
 April 1, 2000 to March 31, 2001

	Budgeted Amounts	Reported Amounts	Adjustments	Eligible Amounts
<u>REVENUE</u>				
Total Revenue for Funding Purposes	\$ 555,000	\$ 555,000	\$ -	\$ 555,000
Other Revenue	20,000	28,580	-	28,580
Total Consolidated Revenue	<u>\$ 575,000</u>	<u>\$ 583,580</u>	<u>\$ -</u>	<u>\$ 583,580</u>
<u>EXPENDITURES</u>				
Expenditures for Funding Purposes				
Wages and Benefits	\$ 389,000	\$ 387,482	\$ -	\$ 387,482
Other Operating Costs	128,410	109,875	-	109,875
Capital	35,000	29,651	-	29,651
Administration	16,590	16,590	-	16,590
Total Expenditures for Funding Purposes	<u>\$ 569,000</u>	<u>\$ 543,598</u>	<u>\$ -</u>	<u>\$ 543,598</u>
Total Other Expenditures	<u>\$ 6,000</u>	<u>\$ 5,931</u>	<u>\$ -</u>	<u>\$ 5,931</u>
Total Consolidated Expenditures	<u>\$ 575,000</u>	<u>\$ 549,529</u>	<u>\$ -</u>	<u>\$ 549,529</u>
Excess (Deficiency) of Revenue				
Over Expenditures (Funding Purpose)	<u>\$ (14,000)</u>	<u>\$ 11,402</u>	<u>\$ -</u>	<u>\$ 11,402</u>
Excess (Deficiency) of Revenue				
Over Expenditures (Other Activities)	<u>\$ 14,000</u>	<u>\$ 22,649</u>	<u>\$ -</u>	<u>\$ 22,649</u>
Total Excess (Deficiency) of Revenue				
Over Expenditures	<u><u>\$ -</u></u>	<u><u>\$ 34,051</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 34,051</u></u>

Tsuu T'ina Nation Police Service
Budgeted, Reported and Eligible Amounts
April 1, 2000 to March 31, 2001

CATEGORY	Budgeted Amounts	Reported Amounts	Adjustments	Eligible Amounts
<u>REVENUE</u>				
Department	\$ 288,600	\$ 288,600	\$ -	\$ 288,600
Alberta	266,400	266,400	-	266,400
Total Revenue for Funding Purposes	<u>\$ 555,000</u>	<u>\$ 555,000</u>	<u>\$ -</u>	<u>\$ 555,000</u>
<u>Other Revenue</u>				
BBC Youth	\$ 20,000	\$ 20,000	\$ -	\$ 20,000
Wild Rose Foundation	-	3,000	-	3,000
Fines	-	2,850	-	2,850
Sale of guns	-	1,750	-	1,750
Other	-	980	-	980
Total Other Revenue	<u>\$ 20,000</u>	<u>\$ 28,580</u>	<u>\$ -</u>	<u>\$ 28,580</u>
Total Consolidated Revenue	<u>\$ 575,000</u>	<u>\$ 583,580</u>	<u>\$ -</u>	<u>\$ 583,580</u>
<u>EXPENDITURES</u>				
<u>Wages and Benefits</u>				
Wages - full time	\$ 334,000	\$ 333,743	\$ -	\$ 333,743
Wages - part time	31,000	30,671	-	30,671
CPP and UIC	14,000	13,733	-	13,733
Group Insurance and Medical	800	665	-	665
Pension	5,900	5,504	-	5,504
Life Insurance	3,300	3,166	-	3,166
Total Wages and Benefits	<u>\$ 389,000</u>	<u>\$ 387,482</u>	<u>\$ -</u>	<u>\$ 387,482</u>
<u>Other Operating Costs</u>				
Advertising	\$ 241	\$ 150	\$ -	\$ 150
Crime Prevention	1,400	640	-	640
Electricity	6,000	4,808	-	4,808
Fees - Honorarium	18,100	16,600	-	16,600
Insurance	6,716	6,716	-	6,716

<u>CATEGORY</u>	<u>Budgeted Amounts</u>	<u>Reported Amounts</u>	<u>Adjustments</u>	<u>Eligible Amounts</u>
Sub-totals Carried Forward	\$ 32,457	\$ 28,914	\$ -	\$ 28,914

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Tsuu T'ina Nation Police Service
Budgeted, Reported and Eligible Amounts
April 1, 2000 to March 31, 2001

<u>CATEGORY</u>	<u>Budgeted Amounts</u>	<u>Reported Amounts</u>	<u>Adjustments</u>	<u>Eligible Amounts</u>
<u>EXPENDITURES (cont'd)</u>				
<u>Other Operating Costs (cont'd)</u>				
Sub-totals Brought Forward	\$ 32,457	\$ 28,918	\$ -	\$ 28,918
Insurance – Auto	4,704	4,704	-	4,704
Insurance – Building	1,073	1,073	-	1,073
Investigative Expenses	500	44	-	44
Lease Agreements	7,926	7,926	-	7,926
Natural Gas	2,000	1,791	-	1,791
O & M Building	11,500	7,095	-	7,095
Purchase - Special Clothing	3,500	3,066	-	3,066
Repairs & Maintenance - auto	13,000	8,100	-	8,100
Repairs & Maintenance - equip	1,000	915	-	915
Special Training	3,000	2,760	-	2,760
Supplies - office	5,700	4,751	-	4,751
Telephone and Fax	16,500	15,488	-	15,488
Travel - staff	6,000	5,507	-	5,507
Travel - committee members	3,000	2,229	-	2,229
Travel Allowance	6,000	6,000	-	6,000
Vehicle Oil and Gas	10,550	9,512	-	9,512
Total Other Operating Costs	<u>\$ 128,410</u>	<u>\$ 109,875</u>	<u>\$ -</u>	<u>\$ 109,875</u>

Capital

\$ -

Vehicles	24,000	21,027	-	21,027
Uniforms	3,000	1,547	-	1,547
Total Capital	<u>\$ 35,000</u>	<u>\$ 29,651</u>	<u>\$ -</u>	<u>\$ 29,651</u>

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Tsuu T'ina Nation Police Service
Budgeted, Reported and Eligible Amounts
April 1, 2000 to March 31, 2001

<u>CATEGORY</u>	<u>Budgeted Amounts</u>	<u>Reported Amounts</u>	Adjustments	<u>Eligible Amounts</u>
<u>EXPENDITURES</u> (cont'd)				
<u>Administration</u>				
Administration (3% of total revenue for funding)	\$ 16,590	\$ 16,590	-	\$ 16,590
Total Administration	<u>\$ 16,590</u>	<u>\$ 16,590</u>	-	<u>\$ 16,590</u>
<u>Other Expenditures</u>				
Special Projects (BBC Youth Program)	\$ 6,000	\$ 5,931	-	\$ 5,931
Total Other Expenditures	<u>\$ 6,000</u>	<u>\$ 5,931</u>	-	<u>\$ 5,931</u>
Total Consolidated Expenditures	<u><u>\$ 575,000</u></u>	<u><u>\$ 549,529</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 549,529</u></u>

Tsuu T'ina Nation Police Service
Audit Observations
April 1, 2000 to March 31, 2001

1. Bank Account

It was noted in our audit testing that no separate bank account is maintained for the Police Service distinct from the other operations of the Band. As of March 31, 2001, the Police Service has Fund Balances totalling \$225,071, the benefit of which accrues to the Band as a whole and not to the Police Service. We reviewed this area with representatives from the Tsuu T'ina Police Service who agreed with our comments. However, the administration of the Band's activities is all established in this format and there is a reluctance to change the internal structure.

2. Late Fees on Accounts Payable

It was noted in our audit testing that on several occasions, late fees were incurred on paying accounts overdue. The administration of the Police Service is handled by one central area that administers all of the activities of the Band, and the volume of transactions being processed by this area frequently results in accounts not being paid on a timely basis and consequently incurring late fees and charges. We reviewed this comment with the Police Chief who agreed with the observation and informed us that he has on several occasions in the past requested that the administration function deal with the accounts payable in a more timely manner.

3. Amendment dated March 30, 2001

On March 30, 2001, an amendment to the original Tripartite Agreement dated October 1996, was approved. The purpose of this amendment was to extend the Agreement date by one year to March 31, 2002 and establish funding for that extended year. There is a typographical error on Page 2, item 4 of the amendment. The Funding Summary reads as 2000/2001 and should read 2001/2002 to reflect the extension and allocation of the cashflows.

4. Police Building and Holding Cells

In addition to the supply of an adequate building, the Implementation Plan required adequate holding cells for detainees. Portable cells were provided as an interim measure, but these were subsequently closed and not replaced by an appropriate facility. This has been an area of continuous discussion at the Commission and Implementation meetings and remains an issue to be resolved.

Tsuu T'ina Nation Police Service
Supplementary Information
April 1, 2000 to March 31, 2001

A. Non-Financial Terms of the Tripartite Agreement

1. Section 9 - Implementation Committee

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

2. Section 10 - Review Committee

The Agreement states that a Review Committee should be established consisting of seven members or their alternates with defined responsibilities. While the Police Service has been operating under the Implementation Plan, no major decisions in terms of full policing authority have arisen to date. Consequently, there has not been a convening of a Review Committee as required under the terms of the Agreement.

We recommend that a Review Committee be established as stipulated in section 10 of the Tripartite Agreement.

3. Section 15 - Liability and Insurance

All insurance policies were reviewed and extracts of relevant pages obtained. The Tsuu T'ina Nation Police Service is in compliance with this section as the coverage obtained meets all the requirements.

4. Schedule "A" - Policing Implementation Plan

Section IX (b) of the Policing Implementation Plan states that a Police Review Board will be established to investigate matters of inadequate police service, conduct appeals concerning public complaint, and investigate matters referred to the Board by the Police Commission. We were informed by the Police Chief that a Review Board had not been established and no matters had arisen that required the action of such a body.

We recommend that a Review Board be established as stipulated under section IX (b) in Schedule A of the Tripartite Agreement.