

February 20, 2003

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**Department of the  
Solicitor General of Canada**

**Report on the Audit of the  
Tripartite Agreement Respecting  
Police Services in the  
Kanesatake Territory**

**TABLE OF CONTENTS**

	<b>Page</b>
1. INTRODUCTION	1
2. AUDIT OBJECTIVES	1
3. AUDIT SCOPE	2
4. AUDIT METHOD	2
5. CONCLUSION	3
6. AUDITORS' REPORT	4
Schedule 1	Summary of Budgeted, Reported and Eligible Amounts – Police Services
Schedule 2	Summary of Budgeted, Reported and Eligible Amounts – Special Operations
Schedule 3	Summary of Audit Adjustments
Schedule 4	Audit Observations and Recommendations

## 1. INTRODUCTION

A financial audit of the tripartite contribution agreement, dated August 19, 1999, between the Department of the Solicitor General of Canada ("Department"), the Government of Quebec ("Quebec") and the Mohawk Council of Kanesatake ("Kanesatake" or "recipient"), was conducted on behalf of the Department's Aboriginal Policing Directorate. In addition, a financial audit of additional contribution agreements, dated November 26, 2001, and January 24, 2002, between the Department and the recipient, was also conducted.

The subject of this audit is the contribution of up to \$1,300,000 (Department \$676,000; Quebec \$624,000) provided to Kanesatake for maintaining peace, order and public security on its territory; for providing residents in the Kanesatake Territory with a sense of security and safety from crime; for preventing crimes and other offences; and for apprehending offenders and bringing them to justice.

This audit also covers additional contributions of up to \$1,536,781 (Department \$799,126; Quebec \$737,655) provided to Kanesatake to defray special operations costs – the anti-drug strategy for the period from September 2001 to April 2002.

The period covered by the tripartite agreement is April 1, 1999 to March 31, 2002, and for additional agreements, from September 20, 2001, to December 31, 2002. This audit covers the period from April 1, 2001, to March 31, 2002. The audit was conducted in November and December 2002.

## 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 the costs incurred and claimed by the recipient and indicate whether they correspond to the audit findings;
- 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 include 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 agreement:
  - 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 auditing of the recipient's financial records, supporting documentation, and claimed expenditures for the period April 1, 2001 to March 31, 2002, 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 METHOD

Our method 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 claimed expenditures have been incurred and that the recipient is 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.

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 tests conducted on the recipient's books, records and supporting documentation, 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

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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 to operate the Police Service in the Kanesatake Territory generally appeared to be consistent with the stated objectives of the agreement.

Notwithstanding the audit adjustments and observations made in Schedules 1 through 4, 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 and Quebec.

Our review revealed that the Kanesatake Police Force has generally met the financial and non-financial terms of the contribution agreement.

Details of the audit findings are presented in the Auditors' Report and supporting Schedules 1, 2, 3 and 4.

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## 6. AUDITORS' REPORT

February 20, 2003

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

Mohawk Council of Kanesatake  
Tripartite Agreement Respecting Police Services in the Kanesatake Territory  
dated August 19, 1999 and additional funding contribution agreements for contingencies  
reached on November 26, 2001, and January 24, 2002  
Period audited: April 1, 2001, to March 31, 2002

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We have audited the accounts and records of the Mohawk Council of Kanesatake ("Kanesatake") insofar as they pertain to the amounts claimed for the aforementioned agreements. The preparation of the claims and the compliance with the contribution agreement are the responsibility of Kanesatake. Our responsibility is to express an opinion on the reported amounts and compliance with the general terms of the contribution agreements based on our audit.

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 that 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, the eligible amounts of \$1,406,036 and \$816,228 for the 2001/02 fiscal year present fairly, in all material respects, the costs allowable under the terms of the agreements. Supporting information and related comments are provided in Schedules 1, 2, 3 and 4.

The audit results were not discussed with the representatives of the Kanesatake Police Force.

MONTREAL, QUEBEC

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**Mohawk Council of Kanesatake  
Police Service in the Kanesatake Territory  
Summary of Budgeted, Reported and Eligible Amounts  
April 1, 2001 to March 31, 2002**

	Budgeted Amounts (Note 1)	Reported Amounts (Note 2)	Adjustments (Schedule 3)	Eligible Amounts
<b>Revenues</b>				
Department	\$676,000	\$676,000		\$676,000
Quebec	624,000	624,000		624,000
Transferred funds (G/L 610)	15,000	-		-
Surplus from previous fiscal year	28,827	-		-
Training (RCMP)	-	28,813		28,813
Reimbursement from CSST	6,956	8,088		8,088
Tickets, fines and towing	-	2,560		2,560
Tax rebate	3,400	7,246		7,246
Claim	-	1,595		1,595
Other revenues	<u>5,206</u>	<u>7,699</u>		<u>7,699</u>
Total revenues	<u>\$1,359,389</u>	<u>\$1,356,001</u>		<u>\$1,356,001</u>
<b>Expenditures</b>				
Police Commission	\$7,000	\$7,554		\$7,554
Salaries and benefits	984,776	1,070,089	\$(44,056)	1,026,033
Administrative expenses	35,000	35,000		35,000
Books and office supplies	3,750	5,179	(499)	4,680
Electricity and heating	18,500	16,091		16,091
Equipment and facility rental	12,000	12,529		12,529
Insurance	12,700	13,051		13,051
Janitorial services and supplies	1,000	1,337		1,337
Building maintenance	6,150	7,539		7,539
Equipment maintenance	2,500	2,064		2,064
Vehicle expenses	71,300	54,202		54,202
Nutritional supplies	2,000	1,979		1,979
First Nations Police Service	38,000	33,324		33,324
Printing material	2,500	8,812		8,812
Legal fees	25,400	84,818	(39,671)	45,147
Public relations	1,075	750		750
Capital assets (vehicles)	53,650	51,132		51,132
Shipping and postal fees	-	334	499	833
Social and community events	1,000	586		586
Specialized material	1,000	2,218		2,218
Fundraising, contributions and donations	3,400	3,514	(500)	3,014
Telecommunications	20,000	17,900		17,900
Towing service	2,500	3,625		3,625

**Mohawk Council of Kanesatake  
Police Service in the Kanesatake Territory  
Summary of Budgeted, Reported and Eligible Amounts  
April 1, 2001 to March 31, 2002**

	Budgeted Amounts (Note 1)	Reported Amounts (Note 2)	Adjustments	Eligible Amounts
Training expenses	10,500	16,415		16,415
Travel expenses	10,000	18,534		18,534
Uniforms and gym supplies	15,750	15,507		15,507
Other expenditures	<u>2,500</u>	<u>6,180</u>	_____	<u>6,180</u>
Total expenditures	<u>\$1,343,951</u>	<u>\$1,490,263</u>	<u>\$(84,227)</u>	<u>\$1,406,036</u>
Total surplus (deficit) of revenues over expenditures				<u>\$(50,035)</u>
Approved contribution under agreement dated August 19, 1999				<u>\$676,000</u>
Portion of Department's contribution based on total expenditures (52%)				<u>\$731,139</u>
Maximum contribution already paid				<u>676,000</u>
Balance of contribution to be paid				<u>Nil</u>

## Notes:

- (1) From the budget prepared by the recipient.
- (2) The reported amounts are taken from audited financial statements. These amounts were reconciled to the general ledger of the Kanesatake Police Force.



**Mohawk Council of Kanestatake**  
**Police Service in the Kanestatake Territory – Special Operations**  
**Summary of Budgeted, Reported and Eligible Amounts**  
**September 20, 2001 to March 31, 2002**

	Budgeted Amounts (Schedule 1, note 1)	Reported Amounts (Schedule 1, note 2)	Adjustments (Schedule 3)	Eligible Amounts
<b>Revenues</b>				
Department	\$799,126	\$485,994	\$(63,439)	\$422,555
Quebec	<u>737,655</u>	<u>349,772</u>		<u>349,772</u>
Total revenues	<u>\$1,536,781</u>	<u>\$835,766</u>	<u>\$(63,439)</u>	<u>\$772,327</u>
<b>Expenditures</b>				
Salaries and benefits	\$219,239	\$97,371	\$(17,349)	\$80,022
Accommodation	125,794	84,371		84,371
Computer equipment and software	-	578	(578)	
Equipment and proprietary equipment	16,540	24,361	(24,361)	
Maintenance and repair	31,692	33,061		33,061
Office supplies	2,000	70		70
Police – assistance	727,644	443,348		443,348
Capital assets	9,000	75,786	(75,786)	
Telecommunications	-	4,226	(4,226)	
Travel expenses	243,475	154,425		154,425
Vehicles expenses	131,427	43,143		43,143
Uniforms	29,970	9,761		9,761
Surplus of authorized expenditures (re: agreement dated November 26, 2001)			(31,973)	(31,973)
Total expenditures	<u>* \$1,536,781</u>	<u>\$970,501</u>	<u>\$(154,273)</u>	<u>\$816,228</u>
Total surplus (deficit) of revenues over expenditures				<u>\$(43,901)</u>
Maximum contribution under agreement dated November 26, 2001			\$151,821	
Maximum contribution under agreement dated January 24, 2002			<u>\$647,306</u>	<u>\$799,127</u>
Portion of Department's contribution based on total expenditures (52%)				\$424,439
Less: Contribution already paid				<u>(422,555)</u>
Balance of contribution to be paid				<u>\$1,884</u>

\*The amount budgeted was \$1,536,781, which matched the amounts in the additional funding contribution agreements dated November 26, 2001 (\$291,963) and January 24, 2002 (\$1,244,818).

**Mohawk Council of Kanesatake  
Police Service in the Kanesatake Territory  
Summary of Audit Adjustments  
April 1, 2001 to March 31, 2002**

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**Adjustments**

The adjustments are explained as follows:

**Expenditures—Police Service in the Kanesatake Territory***Salaries and benefits*

Elimination of costs for *Commission de la santé et de la sécurité du travail* fees for previous periods ending March 31, 1998, 1999, 2000 and 2001. These costs have not been previously claimed by the recipient. \$(44,056)

*Books and office supplies*

Reallocate postal fees to “Shipping and postal fees” account (499)

*Shipping and postal fees*

Reallocate postal fees included in the “Books and office supplies” account 499

*Legal fees*

Elimination of legal fees for a dismissal covered by employer-employee liability insurance (39,671)

*Fundraising, contributions and donations*

Elimination of costs for a charity golf tournament (500)

Total adjustments – Police Service in the Kanesatake Territory \$(84,227)

**Special Operations****Revenues**

Adjust reported revenue to contribution made by Department \$(63,439)

**Expenditures***Salaries and benefits*

Elimination of costs mistakenly entered in general ledger for the period between September 20 and October 31, 2001 \$(17,349)

**Mohawk Council of Kanesatake  
Police Service in the Kanesatake Territory  
Summary of Audit Adjustments  
April 1, 2001 to March 31, 2002**

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**Adjustments (cont'd)***Computer Equipment and Software*

Ineligible expenditures under the additional agreements dated November 20, 2001, and January 24, 2002 (578)

*Equipment and Specialized Materials*

Ineligible expenditures under the additional agreements dated November 20, 2001, and January 24, 2002 (24,341)

*Capital assets*

Ineligible expenditures under the additional agreements dated November 20, 2001, and January 24, 2002 (75,786)

*Telecommunications*

Ineligible expenditures under the additional agreements dated November 20, 2001, and January 24, 2002 (4,226)

*Surplus of authorized expenditures*

Expenditures in excess of the maximum authorized contribution for the period between September 20 and October 31, 2001 (31,973)

Total adjustments – Special Operations Expenditures \$(154,273)

**Mohawk Council of Kanesatake  
Police Service in the Kanesatake Territory  
Information on Non-Financial Terms of the Agreement  
April 1, 2001 to March 31, 2002**

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1. Recruitment standards

The terms of the agreement stipulate in section 4.6 that certain criteria must be met for the selection and recruitment of police officers. Our audit has demonstrated that insufficient documentation is kept by the Kanesatake Police Service to demonstrate that police officers were recruited and selected in accordance with section 4.6 of the agreement.

The police officers' files, which are maintained by the Kanesatake Police Service, do not contain a copy of a high school diploma, a set of fingerprints or a medical examination report. There was also no indication regarding the existence of a criminal record. These discrepancies were mentioned in our audit report for the fiscal year ending March 31, 2000 (ref.: 330 1044 01). Our audit also showed that some police officers' files did not include a copy of their driver's licence.

**We recommend that the Kanesatake Police Service should implement a control system to adequately justify the recruitment and selection of police officers.**

2. Kanesatake Mohawk Police Commission

Section 5.1 of the agreement states that in order to ensure the independence of the Kanesatake Mohawk Police Force, the Mohawk Council of Kanesatake will hold the Kanesatake Mohawk Police Commission (the "Commission") accountable to the Advisory Council of the Kanesatake Mohawk Police Force and responsible for establishing its goals, objectives, priorities and management policies and for overseeing its administration.

As outlined in sections 5.6(a) and (b) of the agreement, the Commission shall meet at least every three (3) months, and minutes of all the meetings must be recorded and kept by the Commission.

During the audit period, we could only find the minutes of four meetings of the Commission, dated April 2, 2001, April 9, 2001, April 18, 2002 and August 27, 2002. We were also unable to confirm whether the other meetings had taken place since the Commission had been replaced by a new executive on November 12, 2002, and since there is no mechanism to monitor how often Commission meetings are held.

**We recommend that the Commission should comply with section 5.6 of the agreement and implement a system that monitors the holding of meetings of the Commission and makes the minutes of all Commission meetings available.**

**Mohawk Council of Kanesatake  
Police Service in the Kanesatake Territory  
Information on Non-Financial Terms of the Agreement  
April 1, 2001 to March 31, 2002**

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3. Special Operations / Police – assistance

When auditing expenditures for fees, we noted that First Nations Police Services invoiced the Mohawk Council of Kanesatake for services provided by their police officers under special operations. The police officers who provided the services in overtime, and not the First Nations Police Services, received payment for these services. Moreover, no T4-A slips were issued to the police officers in question. In order to ensure that a T4-A slip was issued, it would have been better if the fees had been paid directly to the various First Nations police services, which would then have paid their police officers and issued T4-A slips for these fees.

**We recommend that the Mohawk Council of Kanesatake should pay the fees invoiced for police assistance directly to First Nations Police Services.**