



NIAGARA REGIONAL POLICE SERVICE Police Services Board Report

PUBLIC AGENDA

Subject: Special Funds Specified Auditing Procedures Report
Report To: Chair and Members, Niagara Police Services Board
Report Date: 2020-11-10

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Recommendation(s)

That the Niagara Police Services Board receives this report for information.

Key Facts

- The purpose of this report is to provide the results of the specified auditing procedures as per By-Law No. 376-2018 Administration, Limitations and Guidelines of the Special Fund.
- On Feb 18, 2020, Deloitte LLP conducted their on-site audit review of the two Special Funds Accounts referred to as General Operating Account and Special Operating Account.
- The results of the specified auditing procedures for the year ended December 31, 2019 are included in Appendix 1.

Financial Considerations

The Board has a discretionary pool of funds, which it uses for grants and donations. Disbursements from the fund are in accordance with guidelines provided in the Police Services Act, and also with Board By-law 376-2018, Special Fund Administration, Limitations and Guidelines. Section 132(2) of the Police Services Act establishes that the Niagara Police Services Board has the sole authority for spending the proceeds from the sale of property which lawfully comes into the possession of the police service. The Act stipulates that "the Chief of Police may cause the property to be sold, and the Board may use the proceeds for any purpose that it considers in the public interest." These funds do not form part of the police operating budget and are separate from the Regional tax base.

There are no direct financial implications from receipt of this report.

Analysis

On Feb 18, 2020, Deloitte LLP conducted their on-site audit of the Special Funds Accounts referred to as General Operating Account and Special Operating Account as per By-Law 376-2018 paragraph 11.2, "On an annual basis, an external auditor shall provide a report on the Special Fund".

As in prior years, the Board engaged Deloitte LLP to provide a report under Section 9100 of the CPA Canada Standards, *"Reports on the results of applying specified auditing procedures to financial information other than financial statements"*. In this type of engagement, procedures performed are not intended to enable the accountant to express an audit opinion or provide negative assurance on the financial information. Instead, he or she applies only those procedures requested by his or her client.

Deloitte LLP's report detailing the specified auditing procedures performed and the factual results of those procedures for the year ended December 31, 2019 have been included in Appendix 1.

Two exceptions were noted on the report:

- Procedure 3 (a) noted that there was a \$300 difference in a court order forfeiture for seized funds. The discrepancy was due to a record keeping error on the initial count which recorded the seized amount at \$76,770. However, during the secondary count process, when funds are transferred between Evidence Management Unit and Finance Unit, the property value was confirmed to be \$77,070 a difference of \$300 higher than the original count. These seized funds were forfeited and remitted to the Ministry of the Attorney General.
- Procedure 4 (c) noted that one cheque that was written in the year had not cleared the general operating bank account as of the date of testing. This cheque subsequently cleared the bank on February 18, 2020.

Alternatives Reviewed

The only alternative is for the board not to receive this report.

Relationship to Police Service/Board Strategic Priorities

To ensure the Police Services Board has the financial information to discharge their stewardship responsibilities effectively.

Relevant Policy Considerations

By Law 376-2018

Other Pertinent Reports

This report was prepared by Courtney Woods, Financial Analyst, in consultation with Laura Rullo, Finance Manager and recommended by Bill Fordy, Deputy Chief of Police, Support Services.



Submitted by:

Bryan MacCulloch, M.O.M. #5835
Chief of Police

Appendices

Appendix 1 Report on the Results of Applying Specified Procedures to the Special Operating and General Operating Accounts for the period ending December 31, 2019



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To the Police Services Board of
The Regional Municipality of Niagara

As specifically agreed, we have performed the following procedures in connection with the statement of receipts, disbursements, bank balance and available fund balances for the special operating and general operating accounts of The Regional Municipality of Niagara Police Services Board ("NRPS") for the year ended December 31, 2019:

- (1) We confirmed the special operating and general operating account reconciles with the bank as at December 31, 2019.

No exceptions noted.

- (2) We traced the monthly interest recorded on the general operating bank balance to the bank statements.

We noted no interest was recorded on the general operating bank account during the year.

- (3) We traced all of the cash receipts of the special operating account to the Board's monthly reports and to the bank deposit book and bank statement.

- (a) We traced all found and seized funds to receipts provided upon collection of funds.

We noted that there was a \$300 difference in the court order for seized funds compared to the actual funds seized funds received by finance. The deposit slip and cheque total agree to the seized funds received by the finance department of NRPS.

- (b) We traced all other receipts greater than \$1,000 to supporting documentation.

No exceptions noted.

- (4) We traced all of the cheque disbursements of the special operating and general operating account to the cash journal and to the cancelled cheque and bank statement, with the exception of the cheques noted below in (4)(c). We also performed the following:

- (a) We traced disbursements greater than \$2,000, other than transfers to the Region-held bank account, to approval in the official minutes of the Police Services Board. We noted these transfers are identified and approved within monthly Board reports.

We noted \$5,240.65 (cheque #876) which was paid to NRPS in order to reimburse the organization for fees paid for on behalf of the Special Fund. By-Law 376-2018 states that the Chief of Police and/or designated staff have the authority for disbursements from the General Operating Account up a limit of \$5,000 for the annual audit of the Special Fund to be paid for from the proceeds of the Special Fund. Cheque #876 was greater than this limit. Deb Reid (Executive Director) gave approval to go ahead with the payment.

No other exceptions noted.

- (b) We traced all other disbursements greater than \$1,000 to supporting memoranda of the police staff and inspectors to the Chief of Police.

No exceptions noted.

- (c) We noted one cheque that was written in the year had not cleared the general operating bank account as of the date of testing. Therefore, we were unable to verify the cancelled cheque for the amount of \$300 that is included on the outstanding cheque listing.

The above procedures do not constitute an audit of the statement of receipts, disbursements, bank balances and available fund balances for the special operating and general operating accounts of The Regional Municipality of Niagara Police Services Board and would not necessarily reveal the existence of additional receipts and disbursements. Therefore, we do not express an opinion on the statement of receipts, disbursements, bank balance and available fund balances for the year ended December 31, 2019.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
September 16, 2020

The Regional Municipality of Niagara Police Services Board
Statement of receipts, disbursements, bank balance and available fund balances
Year ended December 31, 2019

	Special Operating Account \$	General Operating Account \$
Receipts		
Auction	27,032	—
Found and seized funds	185	—
Transfer from operating fund	—	50,000
Tuck shop	16,459	—
	<u>43,675</u>	<u>50,000</u>
 Disbursements (net of refunds)		
Auction fees	13,038	—
Audit fees	5,241	—
Conferences	2,500	—
Donations	23,100	—
Informants' fees	—	48,250
Returned funds	—	—
Service fees	102	7
Tuck shop costs	13,167	—
	<u>57,148</u>	<u>48,257</u>
 Excess of (disbursements over receipts) receipts over disbursements	 (13,472)	 1,743
Balance, beginning of year	40,242	5,165
Balance, end of year	<u>26,770</u>	<u>6,908</u>
 Bank account balance, end of year	31,270	8,108
Outstanding cheques	(4,500)	(1,200)
Balance, end of year	<u>26,770</u>	<u>6,908</u>
 Available fund balances	 <u>26,770</u>	 <u>6,908</u>