



June 16, 2004

Vancouver Coastal Regional Aboriginal Planning Committee
Response to the Internal audit report:

Final Response to the:

*Report on Phase 1 of the Regional Aboriginal Planning Committees – Vancouver Coastal
Regional Aboriginal Planning Committee. Internal Audit & Advisory Services Office of the
Comptroller General Ministry of Finance, May 2004*

Ministry of Children and Family Development

Purpose:

As understood, the VCIAA will provide a response to the *Report on Phase 1 of the Regional Aboriginal Planning Committees – Vancouver Coastal Regional Aboriginal Planning Committee. Internal Audit & Advisory Services Office of the Comptroller General Ministry of Finance, May 2004*, (here after referred to as the audit report) by the end of the day Thursday, June 3, 2004.

The Committee will endeavor to respond as concise as possible and identify the section of the report to which the comments relate. The Committee expects that the comments will be included where appropriate.

It is further expected that this response will be provided to the relevant parties in its entirety to the Ministry of Children and Family Development (hereafter referred to as MCFD) to ensure MCFD has accurate information on which to base their response.

Introduction:

The audit was begun in January 2004 and the Committee Chairs received the draft report of the findings on Friday, May 28, 2004 at approximately 6:00pm.

This response has been written with the following key observations:

- That some of the information that is provided in the report is inaccurate and that these areas will be highlighted and corrected prior to forwarding the report.
- That some of the information contained in the report is unbalanced and subjective. These areas will be highlighted and addressed prior to forwarding the report.
- That the scope of the audit in some areas regarding the Aboriginal Chairs' Caucus goes beyond what was presented in the terms of reference. These areas will be highlighted and addressed prior to forwarding the report.
- The audit does not yet recognize the improvements that have been made by the committee or the steps that the committee undertook to address.

The report has also been reviewed by legal counsel to ensure that the report conforms with normal accounting practices and does not stray into areas outside of the terms of reference or the auditors' area of expertise.

EXECUTIVE SUMMARY

Page	Sub-heading	Paragraph	Comment
Page 2	Financial Recording, Reporting and Monitoring	Two	<p>1. The Draft Report relies on complaints made by unidentified Committee members regarding financial reporting, the contract with dbappleton, and whether dbappleton provided the deliverables contracted for. There are two problems with this approach:</p> <p>(a) Without attribution, it is impossible to assess the accuracy of the observations. For example, is the complaint about inadequate financial reporting from a Committee member who did not attend meetings and participate in the operations of the Committee? Are the complaints from disaffected former members of the Committee? Are all the complaints from the same Committee members or do different members have different complaints?</p> <p>(b) The complaints are not balanced against comments from other Committee members who have opposing viewpoints.</p> <p>2. The Draft Report does not provide any context for the operations of the Committee, most significantly, the internal divisions on the Committee and the departure of Committee members. This lack of context makes it impossible for readers of the Draft Report to assess the comments attributed to "some Committee members". The context also provides an explanation for some of the financial management decisions that are criticized in the Draft Report.</p>
Page 2	Contract Management Processes	One	3. See comments #1 and #2 above.
Page 3	Committee Administration Costs	One	4. The Draft Report assumes that the Host Agency simply processed payments and therefore the 3% administration fee was too high. This conclusion ignores the significant time spent by Host Agency employees (reported to the auditors) in dealing with requests for payment from Committee members. There is also an overhead and aggravation factor involved in performing the role of Host Agency and there do not appear to have been any other qualified organizations willing to assume the role at a lesser cost.

INTRODUCTION

Page	Sub-heading	Paragraph	Comment
Page 4		Two	<p>5. The Host Agency maintains that they were not in receipt of any trust and disbursement guidelines.</p> <p>6. The trust and disbursement guidelines were only recommendations of the MCFD. The MCFD did not provide any directive with respect to the approval and payment of disbursements nor do they speak to the issues identified in the audit.</p>
		Three and Four	7. The rationale given for conducting the audits leaves the impression that the Committee failed to provide the detailed financial information requested by MCFD. In fact, the Committee did provide the information to MCFD's satisfaction resulting in the further advance of monies from MCFD <u>as evidenced by the additional \$208,000 in grant funds being provided to the VCRAPC in late 2003</u>

SCOPE AND OBJECTIVE

Page	Sub-heading	Paragraph	Comment
Page 6		One	8. While we agree with the fact that the auditor interviewed Committee members, there is no distinction made between former members who were removed from the Committee and current members. 9. See #1 and #2 above.

COMMENTS AND RECOMMENDATIONS

1.1 Ministry Trust and Disbursement Guidelines

Page	Sub-heading	Paragraph	Comment
Page 7		One	10. As stated in #6 above, the guidelines were 'proposed' and the Committee expected to add additional checks and balances as it developed into a legal entity. The Guidelines do not speak to the majority of the issues the auditor discusses in the draft report.

1.2 Host Agency protocol Agreement and Processes

Recommendation 1:	Page 9
<p>Concur with Recommendation 1</p> <p><i>Note:</i> The Committee's ability to implement these recommendations is dependant upon MCFD providing the Committee with clear direction and concise deliverables and maintaining a commitment to long range plans. The committee informed the host agency that the Committee's bookkeeper would ensure payments were in accordance with committee policies regarding travel and expense claims. The Committee also informed the host agency that approvals for deliverables would be the responsibility of the Committee. Several issues regarding the legal relationship between the Host Agency and the Committee were brought up regarding the legal ability of the Committee to enter into agreements and hire experts. It was the opinion of the Host Agency that the Host Agency could not enter in legally binding agreements due to liability issues with a non-legal entity such as the Committee, thus protocol agreements could not be signed. The need for a clear contract with MCFD was also identified in Chair and Committee discussions as part of the dialogue to address contracted accountability among MCFD, the Host Agency, the Committee and support agents.</p> <p>The report states "it appears that... an appropriate host agency representative did not formally adopt the guidelines." It should be noted that there was no appropriate host agency representative and that any agreement would had to have been between the host agency's duly elected council and MCFD which did not occur.</p>	

Recommendation 2:	Page 9
<p>Concur with Recommendation 2</p> <p><i>Note:</i> This is not a requirement of the recommended Trust and disbursement Guidelines. The Committee developed a 'protocol agreement' in the summer of 2003 between MCFD and the VCRAPC but the agreement was not signed off by MCFD. The Committee would recommend that a protocol be entered into between MCFD and the Committee.</p>	

1.2 Expenditure Approvals

Page	Sub-heading	Paragraph	Comment
Page 10		One	11. The approval process was not continued due to the Chair's lack of availability. The wording of the Draft Report is misleading as it could be interpreted to imply the Committee intentionally disregarded the original payment process, which is not accurate.

Recommendation 3:	Page 10
<p>Concur with Recommendation 3</p> <p><i>Note:</i> The approval signing process was not continued due to the Chair's lack of availability to sign requisition forms. This system failure was reviewed by the Committee in February 2004 and the contractor proposed a revised procedure which has since been augmented requiring two independent signatures and monthly Committee approval of expenditures. In addition, effective April 1, 2004, MCFD reviews and approves all expenditures through a review of all invoices and supporting documentation.</p>	

1.3 dbappleton Retainer Processes

Page	Sub-heading	Paragraph	Comment
Page 10			<p>12. There is no “dbappleton retainer process”.</p> <p>13. This section, including the heading, implies that the retainer process was the creation of dbappleton. The retainer process was reluctantly agreed to by dbappleton to assist the Committee and the Host Agency. The phrase “the committee agreed to provide dbappleton with a retainer” is misleading. It was an expectation and request of the Committee that dbappleton establish a retainer system to ensure timely payment of Committee expenses.</p> <p>14. Readers of the Draft Report may conclude that dbappleton may have misappropriated funds through the retainer process (sentence in paragraph 2 “As such, there is a risk ...”) <u>Unless the auditors uncovered evidence that funds were misappropriated, this sentence should be deleted.</u></p> <p>15. In addition, dbappleton had incurred expenses on behalf of the Committee in excess of \$2,600 to support the ongoing work of the Committee and continues to do so in regards to expenses as the MCFD no longer advances funds.</p>

Recommendation 4:	Page 11
<p>Concur with recommendation 4 - The retainer arrangement has been discontinued and we have reviewed the retainer fund activity and acknowledge all retainer payments were in accordance with the Committee’s directions and all retainer monies are accounted for.</p> <p><i>Note:</i> As the committee requested that dbappleton establish a retainer for committee expenses, this is a committee retainer process and not a dbappleton retainer process. There is no restriction on the use of retainers by the Host Agency or support agents in the Trust and Disbursement Guidelines. dbappleton advised the Committee on April 16, 2003 in writing that they did not have adequate staff or resources to provide detailed financial management of the Committee’s expenses. As a result, the Committee issued a RFP for bookkeeping services and retained the services of a bookkeeper to manage the Committee payment and expense process.</p>	

1.4 Financial Recording, Monitoring and Reporting

Page	Sub-heading	Paragraph	Comment
Page 11		One (first bullet)	16. The Host Agency has acknowledged the \$5,411 in refunds and voided cheques and has partially rectified the discrepancies and is working to reverse the remaining amount out of their accounts.
Page 11		Second (first bullet)	<p>17. Full financial reporting was provided to MCFD by the Host Agency, the Committee and the Contractor in late 2003 to secure the next instalment of \$208,000 from MCFD.</p> <p>18. Chairs have confirmed with the auditors that they were provided with regular financial briefings from the Host Agency and the Contractor. The Committee acknowledges that the spokesperson was provided with regular financial reports but those reports were not adequately relayed to the Committee members.</p> <p>19. The Committee has implemented a new system that requires a monthly review and approval (in the form of motions) of financial reports <u>to be submitted to the Committee.</u></p>
Page 12		Third	<p>20. The Committee did not overspend its funding in the amount of \$54,000. MCFD had announced in October 2003 that an additional \$208,000 had been approved and was forthcoming. The Committee decided by consensus to continue work during this period. The Host Agency provided bridge funding to the Committee until the funds were received from MCFD.</p> <p>21. Readers may interpret this section as a criticism that the Host Agency acted unilaterally and irresponsibly and that the transaction lacked transparency and accountability – this is clearly not the case.</p>

Recommendation 5:	Page 12
<p>Concur with Recommendation 5 - The Committee implemented a new system on April 1, 2004 that requires a monthly review and approval (in the form of motions) of the financial reports to be submitted to the Committee. This was implemented at the suggestion of the auditor and MCFD to improve the financial control process.</p> <p><i>Note:</i> The Host Agency provided the project general ledger to the Committee and the Committee's bookkeeper monthly and/or at such times as requested by the committee. The committee has always been able to communicate directly with the committee bookkeeper, the Host Agency and support agents for financial updates. The posting mistakes have been rectified by the host agency and would have been addressed prior to the year end, during the host agencies preparations for their yearly audit in February and March 2004. Chairs have confirmed with the auditors that they were provided with regular financial briefings from the Host Agency and the Contractor. The Committee acknowledges that the spokesperson was provided with regular financial reports but those reports may not have been adequately relayed to the Committee members. The Committee acknowledges that the Committee must ensure that financial reporting is directly to the Committee as a whole and clearly documented in the minutes.</p>	

Recommendation 6:	Page 12
<p>Concur with Recommendation 6 - The Committee implemented a new system on April 1, 2004 that requires a detailed breakdown of expenses in all financial reporting.</p> <p><i>Note:</i> There are no specific guidelines in the Trust and disbursement guideline requiring financial reporting on a monthly basis. The Committee did not over expend its funding the total grant commitment from MCFD was \$920,000.00 for the fiscal year. In October the first installment of \$500,000.00 was expended. Neither the Host Agency nor the Committee had any reason to believe that the next installment would not be coming, as MCFD did not advise the host agency or the committee that the initial grant would not be honored. The Chairs were advised in October 2003 by MCFD that the next grant installment payment would be forthcoming to all regions upon receipt of detailed financial reports to the satisfaction of MCFD. The Host Agency provided bridge funding to the Committee upon the advice of MCFD until the next installment funds were received.</p>	

Recommendation 7:	Page 12
<p>Concur with Recommendation 7 - MCFD provides a final independent check before releasing any funds to the Committee. This new system was mandated for all 5 Regional Planning Committees effective February 1, 2004. The Committee's bookkeeper, the Committee and dbappleton have addressed all errors.</p>	

1.4 Financial Recording, Monitoring and Reporting (cont)

Page	Sub-heading	Paragraph	Comment
Page 13	dbappleton's Accounting for the Retainer	One (second to last sentence)	22. The auditors contend that, "...dbappleton was unable to demonstrate that the retainer funds were fully accounted for." This statement is inaccurate and misleading as all retainer funds have been fully accounted for and documentation demonstrating this has been provided to the auditors. As the errors were undetected, the financial summaries would not have been accurate, however all funds are accounted for and have been credited to the Committee or are in the process of being credited.
Page 13	dbappleton's Accounting for the Retainer	One (bullet one, two and three)	23. The retainer arrangement was discontinued at the direction of dbappleton. MCFD currently manages the finances and reviews the process for compliance.
Page 13	dbappleton's Accounting for the Retainer	Second	24. The language in this section is misleading and could lead a reader to conclude GST was intentionally misrepresented. The Committee and dbappleton retained an independent accounting firm in January 2004 to review the financial relationship between the Committee and the Contractor. The accounting firm advised the Committee and dbappleton that GST must be charged on the full value of the retainer. The accountant's report and advice was provided to the auditors. The Host Agency and dbappleton are addressing the GST calculations based on the recommendations of this audit and will adjust all necessary reporting.

Recommendation 8:	Page 13
<p>Concur with Recommendation 8 – There are no restrictions or specific requirements regarding retainers or the GST in the Trust and Disbursement Guidelines. The retainer arrangement has been discontinued and all funds are accounted for. The Host Agency and dbappleton are addressing the GST calculations based on the recommendations of this audit and will adjust all necessary reporting.</p> <p><i>Note:</i> The Committee and dbappleton retained an independent accounting firm in January 2004 to review the financial relationship between the Committee and the Contractor. The accounting firm advised the Committee and dbappleton that GST must be charged on the full value of the retainer. The accountant’s report and advice was provided to the auditors.</p>	

Recommendation 9:	Page 13
<p>Concur with Recommendation 9 – The Committee’s bookkeeper, the Committee and dbappleton have reviewed the retainer errors and all retainer funds are accounted for and repayments or credits have been issued or are in process where appropriate.</p>	

1.5 Contract Management Processes (cont)

Page	Sub-heading	Paragraph	Comment
Page 14		One (second sentence)	25. The auditors contend that, “...the Committee entered into a letter of agreement with dbappleton at the regional level as well as the interregional level through the Aboriginal Chairs Caucus.” The statement that the Committee hired dbappleton at the regional level is correct. The remainder of the sentence is inaccurate, as the Committee did not hire dbappleton for the inter-regional work. The Aboriginal Chairs Caucus (the Aboriginal Chairs of the 5 Regions including the Vancouver Coastal tri-chairs) retained a team from dbappleton through an independent RFP tendering process to provide support to the ACC.

Recommendation 10:	Page 14
<p>Concur with Recommendation 10 – The Committee will develop comprehensive contracting managing policies and procedures based on MCFD guidelines.</p> <p><i>Note:</i> There are no specific guidelines in the Trust and Disbursement Guidelines regarding Contract Management beyond “<i>The committee will provide the trust and disbursement agency with the names of the approved experts and support agents along with a statement of deliverables signed by the Committee and the expert or support agent.</i>” The Committee informed the Host Agency that all approvals of contract deliverables and payments would be authorized by the Committee prior to invoicing being submitted to the Host Agency which varied from the recommended Trust and Disbursement Guidelines. The Host Agency was informed verbally of the contractors involved in the process.</p> <p>dbappleton’s contracts with the Committee and the ACC were submitted to MCFD (Assistant Deputy Minister) in October 2003 at MCFD’s request. MCFD did not communicate any concerns with the contracts to the Committee. The Committee acknowledges that the conflict on the committee created fragmented authority resulting in contractors being given conflicting directives. The Committee also acknowledges that the delegation of authority to dbappleton for managing subcontracts was regularly undermined as a result of the Committee’s internal conflict.</p>	

Recommendation 11:	Text
<p>Concur with Recommendation 11 – The Committee has adopted an additional standing monthly agenda item to the Committee Charter - contract management and review. In addition the new Treasurer, the Host Agency and MCFD receive a detailed bi-monthly statement of contractor activities for review and approval prior to discharging contract fees (effective April 1, 2004.) The Committee also requires that all sub-contractor contracts contain clear evaluation criteria and performance review periods.</p>	

1.5.1 Timely Contract Negotiation and Renewals

Page	Sub-heading	Paragraph	Comment
Page 15		Two (sentence one)	26. The auditors contend that "...dbappleton provided services without a formal contract for five months of which there was no contract covering one month." This assertion is misleading as there was a verbal contract in place as evidenced by the ongoing consistent request of services from the Committee to dbappleton. The committee also passed a resolution on May 9, 2003 to continue dbappleton's contract to March 31, 2004. We note that the issue here is not that dbappleton provided services without a written contract, but that the Committee was engaging contractors and issuing direction to contractors without finalizing written contracts.
Page 15		Two (sentence two and three)	27. The auditors note that,"... not all Committee members supported the manner in which the new contract was renewed." This assertion is inconsistent with the Committee governance model. Quorum was established, a vote was held and the contract passed by majority votes of Committee members. Further, the statement that not all Committee members were able to review the proposed contract is inaccurate as the contract was actively debated by the Committee for several months prior to signature.
Page 15		Two (sentence four)	28. The auditors assert that, "The Committee agreed, although not unanimously, to approve and backdate the proposed contract to July 1, 2003..." This statement is misleading as it creates the impression that contracts were entered into without due process and consideration of the Committee. This simply was not the case. There was an active in-camera discussion by the entire Committee, a formal vote was called and the motion to accept the contract was passed by a majority of the members present. 29. Further, the Committee passed a resolution in July 2003 instructing that dbappleton was to be contracted until the end of the fiscal year. 30. Further, this statement implies that decisions (in this case concerning contracts) have to be approved by the Committee unanimously. It is clearly laid out in the Committee Charter that contracts require a formal motion and must be voted upon. This information and the minutes of the meeting were provided to the auditors early in the process.
Page 15		Two (sentence five)	31. See #1 and #2 above.

Recommendation 12:	Page 15
Concur with Recommendation 12	
<p><i>Note:</i> The Committee has always had the opportunity to discuss contract terms and conditions through in-camera discussion and has actively used this mechanism throughout the process. Further, as detailed in the Committee's Charter, contracts require a formal motion and must be voted upon. This has been, and continues to be, the practice for contract approval. The contract with dbappleton went through three iterations before the final version was approved by the committee.</p>	

1.5.2 Contract Amendments

Recommendation 13:	Page 16
Concur with Recommendation 13 – The Committee will ensure that contracts are signed and in place prior to work commencing whenever possible. However, MCFD must provide adequate notice of funding and budget decisions along with clear direction to allow the Committee to function and plan appropriately.	
<p><i>Note:</i> The Committee acknowledges that the conflict among the caucus' of the committee resulted in unreasonable delays in finalizing contract terms with contractors. The Committee relied on verbal instruction and confirmation with contractors. The committee did pass a resolution on May 9, 2003 entering into contract with dbappleton until March 31, 2004.</p>	

1.5.3 Contract Rate Structure

Page	Sub-heading	Paragraph	Comment
Page 17		One and two	<p>32. This section fails to acknowledge that dbappleton billed the Committee in accordance with the contract requirements. Any deficiencies in the contract terms are the responsibility of the Committee, not dbappleton. The last sentence of the section is inaccurate and misleading, as the billings were accurate in accordance with the contract terms.</p> <p>33. The Committee and the ACC do not accept that a partners' daily rate was exceeded. The Committee fully endorsed the billing structure that resulted from Committee requests and directions.</p>

Recommendation 14:	Page 17
<p>Concur with Recommendation 14</p> <p><i>Note:</i> There are no restrictions or specific rate structures for contractors within the Trust and Disbursement Guidelines and MCFD's decision to not appoint the Committee as a legal authority made it impossible for the Committee to retain staff. The use of contractors in a contractor/staff role is not the preferred operating model, but was perceived to be a short-term solution until such time as legal authority was granted to the planning committees by MCFD.</p> <p>The Committee and the ACC do not accept that a partners' daily rate was intentionally exceeded as the rate was for 8 hours of service and the long days were at the direct request of the ACC and Committee Chairs. The ACC and Committee Chairs fully endorse the additional costs that resulted from ACC requests of dbappleton. We acknowledge that the language of the contract could have been written in a more flexible manner to accommodate the "surges" of activity requested by the ACC and Committee Chairs and will ensure future contracts have greater flexibility and the ability to bill hourly. The Committee also notes that dbappleton handled over 9,800 emails and phone calls for the ACC and JCC during this period and future contracts will have to incorporate a billing process to account for this type of service response level.</p>	

1.5.4 Competitive Process for Contracture Selection

Recommendation 15:	Page 18
<p>Concur with Recommendation 15 - This is not inconsistent with the Committee's practices.</p>	

1.5.5 Contract Deliverables

Recommendation 16:	Page 18
<p>Concur with Recommendation 16 – The Committee will take steps to comply in timely manner</p> <p><i>Note:</i> The committee now reviews monthly invoices against a monthly statement of deliverables for all contractors prior to approving payment. The Committee requested that contractors have broad deliverables as the devolution of child and family services from a government to Aboriginal Authorities has never been undertaken. It was the Committee's desire to have maximum flexibility in directing contractors to address issues as they arose.</p>	

1.5.6 Contract Monitoring

Page	Sub-heading	Paragraph	Comment
Page 19 and 20		Entire section	<p>34. This section identifies billing errors without acknowledging that the errors have been corrected and the amounts credited back to the ACC and the Committee.</p> <p>35. The comments regarding the ACC appear to be based entirely on documents from dbappleton and information provided by dbappleton. For example, the Draft Report is critical of the lack of written amendments to the contract terms between dbappleton and the ACC to reflect the services being provided. The Draft Report identifies, without accepting, explanations provided by dbappleton but the auditors did not interview ACC members to confirm that the amendments as outlined by dbappleton were in fact approved by the ACC or whether the minutes recording the amendments were in fact accurate and complete.</p>

			<p>36. The third paragraph of the Draft Report is misleading in its presentation as it includes both the Committee and the ACC. Further, the auditors included the alleged overbilling of the contract maximum when they were fully aware of and accepted the explanation for the apparent overbilling. The error in the transcription from the RFP for the ACC work to the contract is clearly documented and supported in the contract documents.</p> <p>37. The fifth paragraph is inaccurate – there is no evidence the position of Service Transformation Leader was billed to the Committee nor did the Committee expect the position to be transitioned into the formal position until the contract management issues with the sub-contractor performing that role had been resolved.</p> <p>38. Finally, the Report does not acknowledge that dbappleton were under budget on the ACC contract.</p>
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Recommendation 17:	Page 20
<p>Concur with Recommendation 17 - The Committee has already adopted a requirement that all contractors provide a monthly statement of deliverables supported by detailed invoicing that is reviewed and accepted by the Committee. dbappleton has always provided a detailed billing for ACC activities and expenses that were submitted monthly to all five regions for review and approval. The Committee further notes that the contract management responsibility for the ACC was not at the regional level, but at the ACC level.</p> <p><i>Note:</i> The alleged over-billing for one of the Aboriginal Chairs Caucus service providers is a transcription error between the dbappleton Request For Proposal response and the final contract. The RFP response stated \$80,000 for 46 weeks and the contract was drafted for 52 weeks failing to amend the contract amount. The ACC, including the Committee Chairs, has reviewed this matter on two occasions and confirmed that the total amount billed is in keeping with their expectations.</p>	

Recommendation 18:	Page 20
<p>Concur with Recommendation 18</p> <p><i>Note:</i> the Committee has already adopted a requirement that all contractors provide a monthly statement of deliverables supported by detailed invoicing that is reviewed by the new Treasurer, Host Agency and MCFD prior to payment.</p>	

Recommendation 19:	Page 20
<p>Concur with Recommendation 19</p> <p><i>Note:</i> the Committee has already adopted a requirement that all contractors provide a monthly statement of deliverables supported by detailed invoicing that is reviewed by the new Treasurer, Host Agency and MCFD prior to payment.</p>	

Recommendation 20:	Page 20
<p>Concur with Recommendation 20</p> <p><i>Note:</i> the Committee has already adopted a requirement that all contractors provide a monthly statement of deliverables supported by detailed invoicing that is reviewed by the new Treasurer, Host Agency and MCFD prior to payment.</p>	

1.5.7 Contract Fee Structure for Other Costs

Recommendation 21:	Page 21
<p>Concur with Recommendation 21</p> <p><i>Note:</i> There are no restrictions regarding travel cost models in contracts in the Trust and Disbursement Guidelines. The travel expenditure was for 4-5 different individuals. The travel allowance provided for in the contract with dbappleton was approved by the Committee as an intended cost saving measure to cap local travel expenses. The Committee concurs that a review of actual travel needs will be undertaken and in the future, contract terms will provide for reimbursement of actual mileage. The Committee also notes that not all meetings were held at dbappleton and that the vast majority of sub-committee community consultations, regional MCFD meetings, inter-regional meetings and service partner meetings were held off site throughout Greater Vancouver.</p>	

2.1 Travel and Honorarium

Recommendation 22:	Page 23
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Concur with Recommendation 22

Note: MCFD conducted a review of the Committee's stipend and remuneration levels in July 2003 and no recommendations or comments were provided to the Committee. There are no guidelines or restrictions in the Trust and Disbursement Guidelines regarding Honorariums to committee members. The Committee agreed to stay within the Board Resourcing rates of \$350 per day for the spokesperson chair, \$250 per day for the 2 other chairs and \$175 per day for all other committee members. The only requirement of the committee was that days beyond the minimum days be documented. The demands of the planning often required the chairs to attend meetings well beyond the maximum number of days of the honorarium. The Committee has already implemented an independent review of all Committee member stipend and travel claims prior to the release of the draft audit. Those approvals are then further reviewed by MCFD to ensure their consistency with government policy and guidelines.

Recommendation 23:	Page 23
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Concur with Recommendation 23

Note: There are no specific or required guidelines in the Trust and Disbursement Guidelines regarding payments for travel and honoraria. The Committee is revising its policy guidebook and will incorporate a revised payment and activity authorization system. The Committee would take this recommendation one step further and recommend that the Committee members be required to sign a statement acknowledging receipt of the policy and confirming that they have read and understand the policies.

Recommendation 24:	Page 23
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Concur with Recommendation 24

Note: There are no restrictions or specific guidelines in the Trust and Disbarment Guidelines regarding support documentation for payments. The Committee will undertake a review of all additional payments made to Committee members and ensure that the payments are appropriate and supported with the necessary documentation. The committee further concurs that contractors should not be directed to make payments for contract or additional payments to committee members.

2.2 Meeting Costs

Recommendation 25:	Page 24
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Concur with Recommendation 25 – There are no restrictions or specific guidelines in the Trust and Disbursement Guidelines regarding meeting costs. The provision of food at meetings and gatherings is a cultural and traditional practice and the committee requested that meals be provided at most meetings. The examples cited are inter-regional expenses and the Committee only paid 10% to 20% of the stated costs which are well within MCFD guidelines. The Committee was not advised to record the names of all meeting participants at sub-committee and planning meetings. MCFD guidelines have been adopted as of April 1, 2004.

2.3 Capital Purchases

Page	Sub-heading	Paragraph	Comment
Page 24		Entire section	<p>39. The purchase of a projector was requested by the Committee as a cost savings measure due to the inconvenience of tracking down equipment and the potential unavailability.</p> <p>40. Readers of the Report may conclude that a partner of dbappleton billed for the projector without providing a receipt. Although the Host Agency acknowledges receiving the invoice for the projector, the auditors chose to draft the Report leaving that information out and allowing readers to conclude that the fault lay with dbappleton. <u>A further copy of the receipt for the projector has been provided to the auditors and Host Agency thus this section of the Draft Report needs to be deleted.</u></p>

Recommendation 26:	Page 25
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Concur with Recommendation 26 – The Committee will take steps to comply in timely manner.

Note: There are no restrictions or specific guidelines in the Trust and Disbursement Guidelines regarding capital purchases. Nor was the host agency informed of any restrictions regarding capital purchases. The purchase of a projector was requested by the Committee due to the inconvenience of tracking down equipment and the potential unavailability. The intent is to transfer the asset to the Regional Authority once it is established or further instruction from auditors is received.

Recommendation 27:	Page 25
Concur with Recommendation 26 – The Committee will take steps to comply in timely manner	

3.1 Administration Fee of Tseil Waututh Nation

Page	Sub-heading	Paragraph	Comment
Page 25		Entire section	41. See #4 above.

Recommendation 28:	Page 26
Concur with Recommendation 28	
<p><i>Note:</i> The Trust and Disbursement Guidelines state “The Trust and Disbursement Agency may be reimbursed out of the grant funds for reasonable expenses incurred while acting on the behalf of the RATC.” The committee proposed a fee of 3% as being reasonable taking into account that the Host Agency would be receiving a small amount of interest and that the normal administration fee charged is 5%. I should be noted that this is a lesser fee than had been paid to the previous host agency and that the host agency agreed to the fee. There is no requirement in the Trust and Disbursement Guidelines for a detailed breakdown of associated costs by the Host Agency.</p> <p>A new protocol agreement will be secured upon completion of the audit process and the fee will be adjusted to reflect the anticipated volume of work.</p>	

3.2 Administration Cost Charged by dbappleton

Page	Sub-heading	Paragraph	Comment
Page 26 and 27		Entire section	<p>42. The Draft Report suggests that the Committee overpaid on bookkeeping fees, based on the number of transactions the bookkeeper was required to handle on behalf of the Committee. This assumption is inaccurate, as the bookkeeper also was required to deal with Committee members requesting payment of expenses. The Committee will confirm that members were regularly in contact with the host agency, dbappleton staff seeking updates and status reports on Committee member payments. The bookkeeper was also tasked with addressing billing discrepancies that arose from vendor payments.</p> <p>43. The wording of the Draft Report may lead readers to the conclusion that dbappleton provided bookkeeping services to the Committee. That conclusion is inaccurate and the Draft Report must be corrected to confirm that the bookkeeping services were provided by a subcontractor who was retained by the committee through a bid process and that dbappleton simply passed on the invoices from the subcontractor to the Committee for payment.</p> <p>44. Readers of the Draft Report may conclude that the auditors believe that the Committee may have been billed for bookkeeping services provided to dbappleton. The wording of this section needs to be changed to remove any suggestion that dbappleton passed on its own bookkeeping fees to the Committee.</p>

Recommendation 29:	Page 27
Concur with Recommendation 29 – The retainer process has been eliminated.	
<p><i>Note:</i> There are no restrictions regarding issuing retainers to contractors or sub-contractors in the Trust and disbursement Guidelines. dbappleton did not charge bookkeeping fees to the Committee – bookkeeping services were provided by a subcontractor who was retained by the committee through a bid process and dbappleton simply passed on the invoices from the subcontractor to the Committee for payment. While the number of transactions may be low, the bookkeeper was required to deal with Committee members requesting payment of expenses, tracking of cheques, confirmation of payments, copying expense claims and working with the Host agency. The Committee will confirm that members were regularly in contact with the host agency staff and dbappleton seeking updates and status reports on Committee member payments.</p>	