
Report on 2010/11 Review of Transfers Under Agreement

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MEMORANDUM

To: (see distribution list attached)

May 9, 2011
File No.: 034065

From: Chris Brown
A/Executive Director
Internal Audit & Advisory Services

Subject: 2010/11 Review of Transfers Under Agreement

We are pleased to provide you with our report on the 2010/11 review of Funding Transfers Under Agreement made under the Building Canada Fund – Communities Component (BCF-CC) and the Canada – British Columbia Municipal Rural Infrastructure Fund (MRIF).

The purpose of this engagement was to provide reasonable assurance to the ministries' executive that individual project costs financed under the program comply with the terms and conditions of the agreement and that all project costs are supported by appropriate documentation.

The Ministry of Transportation and Infrastructure in conjunction with the Ministry of Community, Sport and Cultural Development identified 16 projects from the fiscal year 2010/11. Our review of these projects occurred between January and March 2011.

As part of ensuring compliance with program procedures and policies, ministry staff reviews claims to determine whether the costs submitted by proponents for reimbursement are deemed eligible or ineligible prior to payment. As part of the audit process, IAAS staff reviews claims that have been processed and paid as well as claims that have not been reviewed, processed and paid by the ministry.

Overall, there was a high level of compliance with program eligibility requirements across the 16 projects that were reviewed.

In reviewing the projects we noted claimed expenditures in the amount of \$106,046.72 (0.28 % of total expenditures submitted) which may be deemed to be ineligible under the contract criteria of the Building Canada Fund – Communities Component (BCF-CC – seven projects) and the Canada – British Columbia Municipal Rural Infrastructure Fund (MRIF – nine projects).

We reviewed a total of 1,511 transactions, of which 38, or 2.51%, may be deemed to be ineligible, or partially ineligible.

Please find our detailed observations and recommendations, and a list of projects selected for review is attached as Appendix 1.

Observations and Recommendations

Unpaid Amounts

City Centre Park Sports Plex Project (Project # 25911 BCF-CC) – The City of Langford claimed unpaid amounts of \$781.11 (2/3 Fed/Prov \$520.77) in purchases that had not yet been paid at the time of the claim submission. The program states that eligible costs be “direct costs properly and reasonably incurred and paid”.

The claim was reviewed by IAAS staff prior to being reviewed, processed and paid by MOTI staff. We were advised that MOTI staff had identified the ineligible costs and removed this amount prior to payment. As such there is no need for adjustment.

Duplicate Payments

Langford City Centre Park Sports Plex Project (Project # 25911 BCF- CC) – The City of Langford claimed \$13,245.45 (2/3 Fed/Prov \$8,830.74) on different claims:

- \$6,239.45 – invoice # 1013800/March 24, 2010 from Levelton Consultants Inc. claimed on Claim #1 and Claim # 2;
- \$2,660 – invoice # 4182/ September 24, 2010 from Michael J. Mcilvaney Land Surveying Inc. claimed on Claim # 3 and Claim # 4;
- \$2,846 – invoice # 43945/ September 28, 2010 from Kerr Wood Leidal claimed on Claim # 3 and Claim # 4; and
- \$1,500 – invoice # 10-0596/ August 25, 2010 from AME Consulting claimed on Claim # 3 and Claim # 4.

Claim 1, 2, and 3 were reviewed by IAAS staff after being reviewed, processed and paid by MOTI staff. We were advised that MOTI staff would make an adjustment of \$6,239.45 (2/3 Fed/Prov \$4,159.63) for invoice #1013800/March 24, 2010 from Levelton Consultants Inc. The other 3 duplicate invoices noted above totalling \$7,006 (2/3 Fed/Prov \$4,670.67) were identified by MOTI staff and those invoices were removed prior to payment. As such there is no need for an adjustment.

Langford City Centre Park Sports Plex Project (Project # 25911 BCF-CC) – The City of Langford claimed \$36,673.41 (2/3 Fed/Prov \$24,450.16) twice within the same claim # 4:

- \$12,250 – invoice # 1-1009-51/ September 30, 2010 from AES;
- \$22,777.45 – invoice # 089738/ September 30, 2010 from Read Jones Christoffersen;
- \$535 – invoice # 089809/September 30, 2010 from Read Jones Christoffersen;
- \$224.19 – invoice # 366851/October 21, 2010 from Golder Associates Ltd.; and
- \$886.77 – invoice # 44176/October 19, 2010 from Kerr Wood Leidal.

Claim 4 was reviewed by IAAS staff prior to being reviewed, processed and paid by MOTI staff. All five duplicate invoices noted above totalling \$36,673.41 (2/3 Fed/Prov \$24,448.94) were identified by MOTI staff when reviewing claim 4 and those invoices were removed prior to payment of claim 4. As such there is no need for an adjustment.

Ineligible Expenditures

Langford City Centre Park Sports Plex Project (Project # 25911 BCF-CC) – The City of Langford claimed the following ineligible expenditures on claim 4:

- \$455.70 (2/3 Fed/Prov \$303.80) – invoice #31099148 expense for a liquor license;
- \$330.00 (2/3 Fed/Prov \$220) - invoice #2010-101901 expense for a liquor license;
- \$456.61 (2/3 Fed/Prov \$304.40) – invoice #8639 expense for bowling balls sample claimed;
- \$5 (2/3 Fed/Prov \$3.33) – invoice #9903617337 expense for Canadian Spring monthly rental; and
- \$75.50 (2/3 Fed/Prov \$50.33) –invoice #9903377544 expense for Canadian Spring monthly rental.

Claim 4 was reviewed by IAAS staff prior to being reviewed, processed and paid by MOTI staff. We were advised that the above invoices totalling \$1,322.81 had been identified by MOTI staff and removed prior to payment. As such there is no need for an adjustment.

- \$440 (2/3 Fed/Prov \$293.32) – invoice #134195 expense for Trans Sign; and
- \$526.04 (2/3 Fed/Prov \$350.71) – Invoice #5745-10-007 for HST amount.

IAAS staff identified invoice #134195 for Trans Sign "Notice of Intent" for a liquor license and invoice #5745-10-007 for HST amount as ineligible after reviewing invoices on site. We were advised that MOTI staff would make an adjustment on a future claim for these invoices.

North Vancouver Capilano Library Seismic Upgrades (Project # 17657 MRIF) – The District of North Vancouver claimed \$ 42,693.46 (Fed/Prov \$28,463.73) for various furniture and IT peripherals purchases.

The claim was reviewed by IAAS staff after being reviewed, processed and paid by MOTI staff. Following a further ministry review of these invoices after the audit visit, it was deemed that \$41,460.69 was for items intended for public use and therefore eligible, while \$1,232.77 was deemed to be ineligible. As this project would still claim

the maximum grant level after deducting the ineligible amount, no adjustment is required.

Warfield New Village Water Supply Project (Project # 17348 MRIF) – The Corporation of the Village of Warfield claimed \$8,186.23 (Fed/Prov share \$5,457.76) for expenses related to compensation to a few affected individuals from the village due to a water main break while testing the water pump station.

The claim was reviewed by IAAS staff after being reviewed, processed and paid by MCSCD staff. We were advised by MCSCD staff that the expenses related to the compensation above were deemed to be eligible. As such, no adjustment is necessary.

Squamish Government Road Trunk Sewer Project (Project # 26147 BCF-CC) – The City of Squamish claimed \$205.21 (Fed/Prov share \$138.81) for advertising expenses that proved to be for a different city project. This cost is deemed to be ineligible.

The claim was reviewed by IAAS staff after being reviewed, processed and paid by MCSCD staff. As Project #26147 by City of Squamish would still claim the maximum grant level even after deducting the findings above, no adjustment to the grant payments is required.

Penticton Community Centre Expansion and Upgrade (Project # 26082 BCF-CC) – The City of Penticton claimed \$379.50 (Fed/Prov share \$253.01) for expenses related to catering for an open house. This cost is deemed to be ineligible.

The claim was reviewed by IAAS staff after being reviewed, processed and paid by MOTI staff. We were advised that the ministry would ensure that a claim adjustment of \$253.01 was made to future payments.

Princeton Water System Extension (Project # 17566 MRIF) – The City of Princeton claimed \$165.69 (Fed/Prov share \$110.47) in staff travel/luncheon expenses. These costs are deemed to be ineligible as per section 6 of the program guide.

The claim was reviewed by IAAS staff after being reviewed, processed and paid by MCSCD staff. As this project would still claim the maximum grant level even after deducting the amount above, no adjustment to this project is required.

We would like to thank management and staff from the Ministries of Transportation & Infrastructure and Community, Sport and Cultural Development, as well as the representatives from the projects we reviewed, for their assistance and cooperation throughout this review.



Chris Brown
A/Executive Director
Audit & Technical Services
Internal Audit & Advisory Services