

**Sahtu Health & Social Services Authority
Financial Statements
Norman Wells, NT
March 31, 2011**

Sahtu Health & Social Services Authority

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Sahtu Health Social Services Authority MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with generally accepted accounting principles, unless otherwise indicate in the notes to the financial statements. Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary systems of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Authority's management recognizes its responsibility for conducting the Authority's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

The Auditors annually provide an independent, objective audit for the purpose of expressing an opinion of the financial statements in accordance with generally accepted auditing standards. The auditor also considers whether the transactions that come to her notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Health and Social Services, Government of the Northwest Territories.



Arthur Bungay, CMA
Director of Finance and Administration

June 10, 2011



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INDEPENDENT AUDITORS' REPORT

To the Minister of Health and Social Services
Government of the Northwest Territories

Report on the Financial Statements

We have audited the accompanying financial statements of the Sahtu Health and Social Services Authority, which comprise the Balance Sheet as at March 31, 2011, and the Statement of Operations, Equity and Changes in Financial Position for the year then ended. We have also audited the revenue and expenditures of all programs funded through contribution agreements by the Department of Health and Social Services which total \$50,000 or more as listed in Schedule C and F.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the Finance and Administration Act of the Northwest Territories ("the Act"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Except as noted in the following paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The GNWT is responsible for the calculation and distribution of the salaries and wages that appear on the statement of operations, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT was accurately reflected in the Authority's records.

Opinion

In our opinion, except for the effects of adjustments, if any, which may have been determined to be necessary had we been able to do a complete payroll audit, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2011 and the results of operations and the changes in the financial position for the year then ended.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared for the Department of Health and Social Services to meet the requirement of the Act referred to above. As a result, the financial statements may not be suitable for another purpose.

Report on Other Legal and Regulatory Requirements

We further report, in accordance with the Financial Administration Act, in our opinion, proper books of account have been kept by the Sahtu Health and Social Services Authority, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Authority.

Avery, Cooper & Co.

Avery, Cooper & Co.
Certified General Accountants
Yellowknife, NT
June 10, 2011

Sahtu Health & Social Services Authority

Balance Sheet

As of March 31, 2011

	2011	2010
ASSETS		
Cash	887,440	1,120,469
Accounts Receivable	531,647	713,333
Prepaid Expenses	-	834
	<u>1,419,087</u>	<u>1,834,636</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	505,729	487,755
Employee Leave and payroll related Liabilities	488,460	529,232
Employee Leave & Termination Benefits (Note 3)	163,406	201,533
	<u>1,157,595</u>	<u>1,218,520</u>
Long Term Liabilities		
Employee Leave Termination Benefits (Note3)	266,048	232,499
	<u>266,048</u>	<u>232,499</u>
EQUITY		
Operating Fund - per Statement of Equity	(4,556)	383,617
	<u>(4,556)</u>	<u>383,617</u>
	<u>1,419,087</u>	<u>1,834,636</u>

Approved:

Genia Dolphus Chairperson

CEJL Chief Executive Officer

See the accompanying notes and schedules.

Sahtu Health & Social Services Authority

STATEMENT OF OPERATIONS

For the year ended March 31, 2011

	2011 Budget (unaudited)	2011 Actual	2010 Actual (restated)
REVENUE			
Territorial Operating Advance (Schedule A)	\$ 10,469,000	\$ 10,204,036	\$ 10,528,141
Other Recoveries (Schedule B)	75,000	159,581	105,933
Other Revenues (Schedule C)	877,795	821,498	1,510,340
Non-insured Health Benefits (Schedule E)	96,000	177,403	116,999
Investment Revenue	9,600	18,926	6,682
	11,527,395	11,381,444	12,268,095
EXPENDITURES			
Administration (Schedule D)	1,266,026	1,338,782	1,449,471
Ambulatory Care Services (Schedule D)	851,000	705,036	645,062
Community Health Services (Schedule D)	6,942,195	7,107,084	6,976,619
Social Services (Schedule D)	1,967,393	2,159,251	2,030,035
Education (Schedule D)	404,781	282,061	794,032
Non-Insured Expenses (Schedule E)	96,000	177,403	116,999
	11,527,395	11,769,617	12,012,217
OPERATING SURPLUS (DEFICIT)	0	(388,173)	255,878
UNFUNDED ITEMS			
Change in employee leave & termination benefits	-	(4,578)	48,309
SURPLUS (DEFICIT) Before the Following	\$ 0	\$ (392,751)	\$ 304,186
Tangible Capital Assets - Rent Expense (Note 1)		(284,730)	(284,731)
Grant-In-Kind - GNWT	-	284,730	284,731
SURPLUS (DEFICIT)	\$ 0	\$ (392,751)	\$ 304,186

See the accompanying notes and schedules.

Sahtu Health & Social Services Authority

Statement of Equity

For the year ended March 31, 2011

	<u>2011</u>	<u>2010</u>
<i>Balance, Beginning of the year</i>	383,617	127,739
<i>Transfer from Special Projects Reserve</i>	-	-
<i>Current Year's Operating Surplus (Deficit)</i>	<u>(388,173)</u>	<u>255,878</u>
 <i>Adjusted Balance, end of year</i>	 <u><u>(4,556)</u></u>	 <u><u>383,617</u></u>

See the accompanying notes and schedules.

Sahtu Health & Social Services Authority

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended March 31, 2011

	<u>2011</u>	<u>2010</u>
Operating		
Cash received from:		
GNWT	10,385,309	11,770,334
Recoveries and general revenue	1,177,820	515,159
	<u>11,563,129</u>	<u>12,285,493</u>
Cash paid for:		
Compensation and benefits	9,173,733	8,582,217
Operations and maintenance	2,623,259	3,674,771
Prepaid Expenses	(834)	(3,070)
	<u>11,796,158</u>	<u>12,253,918</u>
Cash From Operations	(233,029)	31,575
FINANCING		
Addition to (deduction from) surplus	-	-
INVESTING		
Expenditures from appropriated surplus	-	-
Increase (decrease) In cash and short term investments during the year	(233,029)	31,575
Cash and Short Term Investments, beginning of year	1,120,469	1,088,894
Cash and Short Term Investments, end of year	887,440	1,120,469

See accompanying notes and schedules.

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2011

1. NATURE OF OPERATIONS

The Sahtu Health & Social Services Authority (the "Authority") was established under the Hospital Insurance and Health and Social Services Administration Act on October 1, 2003 to manage, control and operate the public health facilities and services assigned to it by the Northwest Territories Department of Health and Social Services. Consequently the Authority is dependent upon funding from the Department of Health & Social Services.

2. SIGNIFICANT ACCOUNTING POLICIES

a) General

The accounting policies of the Authority are as prescribed by the Department of Health & Social Services, Government of the Northwest Territories. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles as capital assets over \$50,000 are the property of the GNWT and are not included on the Authority's balance sheet and assets between \$5,000 and \$50,000 are expensed in the time period purchased.

b) Financial Instruments

The Authority's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. It is management's opinion that the Authority is not exposed to significant interest, or credit risks arising from these instruments. Unless otherwise noted, the fair value of these financial instruments approximate their carrying value.

c) Inventory

The Authority has established the policy of accounting for inventories of materials and supplies by expensing them in the period of acquisition.

d) Operating Surplus (Deficit)

The Operating Surplus (Deficit) section of the Balance Sheet reflects any accumulated excess expenditures over revenue (net of repayments from or to the Department of Health & Social Services). The Authority is funded using a block funding approach. Under this approach the authority is responsible for all deficits and is allowed to transfer 50% of any annual "Adjusted Operating Surplus" to a reserve fund to offset any future deficits and to keep 50% of all surpluses with certain stipulations. At March 31, 2011 the Authority had an accumulated Deficit of \$4,556.

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2011

e) Budget

The presented budget figures are those approved by the Department of Health & Social Services. These figures represent the Authority's original fiscal plan for the year and reflect subsequent changes arising from amendments by the Department. The contribution agreement prohibits the Authority from budgeting for a deficit. Budget figures are not audited.

f) Revenue Recognition

Revenue is recognized as per the Department of Health and Social Services directives. Other revenue is recognized when the service is performed or the goods are provided.

g) Pension Contribution

The Authority and its employees make contributions to the Public Service Superannuation Plan. These contributions represent the total liability of the Authority.

3. EMPLOYEE LEAVE AND TERMINATION BENEFITS

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on length of service and type of position. Employees also earn retirement and severance remuneration based on number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. Annual leave is payable within one fiscal year. The payment of other amounts is dependant on employees leaving the Authority.

These liabilities are to be funded in the year they become due through regular annual budget allocations receivable from the Government of the Northwest Territories. Revenue is not accrued in the current period because funding from the Department of Health & Social Services is not directly linked to the employee leave and termination benefits and is not currently receivable.

Employee leave and termination benefits are comprised as follows:

	<u>2011</u>	<u>2010</u>
<i>Leave</i>	163,406	201,533
<i>Termination</i>	94,784	73,715
<i>Removal</i>	171,264	158,784
	<u>429,455</u>	<u>434,032</u>
<i>Less: portion included in current liabilities</i>	163,406	201,533
	<u>266,048</u>	<u>232,499</u>

Directives from the Department of Health & Social Services requires that sufficient funds must be deposited to a restricted bank account to correspond with reserve balance.

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2011

4. COMMITMENTS

The following commitments exist as at March 31, 2011

Vendor	Items	Value
Northwest Territories Housing Corp	Deline Wellness Centre (10 year lease base plus O&M)	732,396

5. GNWT ASSETS PROVIDED

Tangible Capital Assets (TCA) are owned by the Government of the Northwest Territories. TCA are amortized over the estimated useful life of the assets at the following rates:

Buildings	40 years
Computer & Software	7 years
Furniture, Fixtures & Equipment	15 years

			<u>2011</u>	<u>2010</u>
	Cost (unaudited)	Accumulated Amortization (unaudited)	Net Book Value (unaudited)	Net Book Value (unaudited)
Buildings	7,777,795	(4,379,684)	3,398,111	3,671,950
Furniture, Fixtures & Equipment	66,955	(51,562)	15,393	19,790
Computer & Software	46,728	(40,775)	5,953	12,446
	<u>7,891,478</u>	<u>(4,472,021)</u>	<u>3,419,457</u>	<u>3,704,186</u>

The above information was provided by the Government of the Northwest Territories. Amortization expense for 2010-11 is \$284,730 (2009-10 \$284,731).

6. PRIOR YEAR FIGURES RESTATED

The prior year figures have been restated to conform with current year presentation of contribution agreements. There is no effect on the prior year operating results due to this restatement.

7. FUTURE ACCOUNTING CHANGES

In 2009, PSAB approved and the Accounting Standards Review Board decided to require publicly accountable enterprises and specifically other government organizations to determine their most appropriate source of GAAP by choosing between IFRS and the PSA Handbook.

The Government of the Northwest Territories has determined the most appropriate basis of accounting to meet the needs of the users of its financial statements to be the standards issued by the Public Sector Accounting Board. These standards will be adopted for the fiscal year beginning April 1, 2011, per further direction from the Minister of Health and Social Services.

Sahtu Health & Social Services Authority

Notes to the Financial Statements

For the year ended March 31, 2011

8. ECONOMIC DEPENDENCE

The Authority is dependent on funding from the Government of the Northwest Territories. Management acknowledges that operations would be negatively affected if funding agreements were to change.

Sahtu Health & Social Services Authority
SCHEDULE A
Schedule of Territorial Operating Advances
For the year ended March 31, 2011

	2011 Budget (unaudited)	2011 Actual	2010 Actual
<i>HR Planning and Development</i>	11,000	-	11,000
<i>Authority Administration</i>	1,016,000	1,016,000	990,000
<i>Equipment (under \$50,000)</i>	13,000	13,000	13,000
<i>Health Centres</i>	4,947,000	4,895,000	5,045,000
<i>Physician Services to NWT Residents</i>	851,000	705,036	935,141
<i>Intervention Services</i>	52,000	52,000	52,000
<i>Foster Care</i>	768,000	768,000	768,000
<i>Prevention & Promotion</i>	160,000	160,000	123,000
<i>Authority Social Services Delivery</i>	1,930,000	1,874,000	1,896,000
<i>Family Violence</i>	122,000	122,000	122,000
<i>Community Wellness Programs</i>	49,000	49,000	37,000
<i>Home Care</i>	550,000	550,000	536,000
	10,469,000	10,204,036	10,528,141

Sahtu Health & Social Services Authority
SCHEDULE B
Schedule of Other Recoveries for Direct Charges for Services
For the year ended March 31, 2011

	2011 Budget (unaudited)	2011 Actual	2010 Actual (restated)
Other Recoveries directly from Third Parties			
<i>RCMP</i>	3,000	4,875	4,313
<i>WSCC</i>	17,400	23,195	18,487
<i>Private Insurance Plans</i>	-	15,032	-
<i>Other Provincial Plans</i>	49,200	97,980	68,805
<i>Co-payment Users</i>	5,400	15,974	12,053
<i>Other Payment Sources</i>	-	2,524	2,276
	75,000	159,581	105,933

Sahtu Health & Social Services Authority
SCHEDULE C
Schedule of Other Revenues
For the year ended March 31, 2011

	2011 Budget (unaudited)	2011 Actual	2010 Actual (restated)
Other Revenue from the GNWT			
<i>Enhanced Home Care</i>	406,414	399,826	364,057
<i>Dental Program</i>	-	-	160,299
<i>Elder's Day Program</i>	-	10,652	-
<i>Health Benefits of Fish Program</i>	-	10,323	-
<i>Social Worker Grad Program</i>	-	30,000	83,688
<i>Certified Nursing Assistant Upgrade Program</i>	-	6,994	94,908
<i>Nurse Mentorship Program</i>	302,781	168,210	545,147
<i>THAF Home Care</i>	-	-	89,000
<i>Other</i>	-	75,410	27,502
<i>Professional Development Initiative</i>	102,000	76,858	70,289
	<u>811,195</u>	<u>778,271</u>	<u>1,434,889</u>

Sahtu Health & Social Services Authority
SCHEDULE C
Schedule of Other Revenues
For the year ended March 31, 2011

	2011 Budget (unaudited)	2011 Actual	2010 Actual (restated)
<i>Third Party Contribution Agreement</i>	-	-	12,627
<i>Bilingual Grants</i>	3,000	5,687	4,421
<i>Compensation Recoveries</i>	-	-	425
<i>NIHB Administration Fee</i>	-	-	5,048
<i>Transient Accommodation</i>	63,600	37,290	52,930
	<u>66,600</u>	<u>42,977</u>	<u>75,450</u>
	<u>877,795</u>	<u>821,248</u>	<u>1,510,340</u>

Sahtu Health & Social Services Authority

SCHEDULE D

Schedule of Expenses by Functional Services

For the year ended March 31, 2011

Functional Centre	Grants and Contributions		Operations and Maintenance		Compensation and Benefits		Valuation Allowances		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Administrative and Support Services	-	-	264,600	257,458	1,001,426	1,081,722	-	-	1,266,026	1,338,782
Ambulatory Care Services	-	-	138,250	166,434	712,750	538,601	-	-	851,000	705,036
Community Health Services	406,414	429,345	1,177,182	1,353,104	5,358,599	5,324,635	-	-	6,942,195	7,107,084
Social Services	-	-	705,800	758,676	1,261,593	1,400,575	-	-	1,967,393	2,159,251
Education	404,781	282,061	-	-	-	-	-	-	404,781	282,061
	811,195	711,406	2,285,832	2,535,673	8,334,368	8,345,534	-	(398)	11,431,395	11,592,214

Sahtu Health & Social Services Authority
SCHEDULE E
Schedule of Non-Insured Recoveries and Expenses
For the year ended March 31, 2011

	2011 Budget (unaudited)	2011 Actual	2010 Actual
<i>Recoveries</i>	<u>96,000</u>	<u>177,403</u>	<u>116,999</u>
<u>Expenses</u>			
<i>Transportation</i>	-	-	-
<i>Vision</i>	-	-	-
<i>Drugs</i>	21,600	23,196	22,237
<i>Medical Supplies</i>	-	-	-
<i>Dental</i>	74,400	154,208	94,762
<i>Medical Equipment</i>	-	-	-
	<u>96,000</u>	<u>177,403</u>	<u>116,999</u>
Net Expenditures	<u>-</u>	<u>-</u>	<u>-</u>

Sahtu Health & Social Services Authority

SCHEDULE F-1

Contribution Agreement

Home Care Enhancement Program

SC-407330

For the year ended March 31, 2011

	2011 Budget (unaudited)	2011 Actual
Funding		
GNWT		
Department of Health & Social Services	406,414	399,826
Expenditures		
Compensation and Benefits		
Norman Wells	43,288	32,000
Tulita	46,580	41,765
Fort Good Hope	125,903	145,788
Deline	158,660	158,903
Colville Lake	5,000	5,000
Compensation and Benefits Total	379,431	383,456
Operations & Maintenance		
Norman Wells	1,250	280
Tulita	11,024	4,199
Fort Good Hope	1,892	566
Deline	12,817	11,324
Operations & Maintenance Total	26,983	16,370
Expenditure Total	406,414	399,826
Excess Funding Over Expenditures	-	-

Sahtu Health & Social Services Authority

SCHEDULE F-2

Contribution Agreement

Community Health Nurse Development Program

SC-418316

For the year ended March 31, 2011

	2011 Budget (unaudited)	2011 Actual
Funding		
GNWT		
Department of Health & Social Services	143,354	53,677
Expenditures		
Compensation and Benefits		
Salary	67,449	28,336
Benefits	14,834	5,405
Northern Allowance	11,384	4,688
Compensation and Benefits Total	93,666	38,430
Operations & Maintenance		
Training & Development	44,183	15,248
Staff Travel	5,000	-
Membership Fees	505	-
Operations & Maintenance Total	49,688	15,248
Expenditure Total	143,354	53,677
Excess Funding Over Expenditures	0	-

Sahtu Health & Social Services Authority

SCHEDULE F-3

Contribution Agreement

Community Health Nurse Development Program

SC-414708

For the year ended March 31, 2011

	2011 Budget (unaudited)	2011 Actual
Funding		
GNWT		
Department of Health & Social Services	<u>53,025</u>	<u>42,020</u>
Expenditures		
Compensation and Benefits		
Salary	31,350	32,319
Benefits	5,415	4,514
Northern Allowance	4,590	5,187
Compensation and Benefits Total	<u>41,355</u>	<u>42,020</u>
Operations & Maintenance		
Training & Development	9,070	-
Staff Travel	2,600	-
Training and Development	<u>11,670</u>	<u>-</u>
Operations & Maintenance Total	<u>11,670</u>	<u>-</u>
Expenditure Total	<u>53,025</u>	<u>42,020</u>
Excess Funding Over Expenditures	<u>-</u>	<u>-</u>

Sahtu Health & Social Services Authority

SCHEDULE F-4

Contribution Agreement

Community Health Nurse Development Program

SC-414704

For the year ended March 31, 2011

	2011 Budget (unaudited)	2011 Actual
Funding		
GNWT		
Department of Health & Social Services	<u>53,025</u>	<u>42,020</u>
Expenditures		
Compensation and Benefits		
Salary	31,350	32,157
Benefits	5,415	4,675
Northern Allowance	4,590	5,187
Compensation and Benefits Total	<u>41,355</u>	<u>42,020</u>
Operations & Maintenance		
Training & Development	9,070	-
Staff Travel	2,600	-
Training and Development	<u>11,670</u>	<u>-</u>
Operations & Maintenance Total	<u>11,670</u>	<u>-</u>
Expenditure Total	<u>53,025</u>	<u>42,020</u>
Excess Funding Over Expenditures	<u>-</u>	<u>-</u>

Sahtu Health & Social Services Authority

SCHEDULE F-5

Contribution Agreement

Community Health Nurse Development Program

SC-414715

For the year ended March 31, 2011

	2011 Budget (unaudited)	2011 Actual
Funding		
GNWT		
Department of Health & Social Services	<u>53,377</u>	<u>30,492</u>
Expenditures		
Compensation and Benefits		
Salary	31,350	15,064
Benefits	5,415	2,868
Northern Allowance	4,642	2,843
Compensation and Benefits Total	<u>41,407</u>	<u>20,775</u>
Operations & Maintenance		
Training & Development	9,370	9,442
Staff Travel	2,600	-
Membership Fees	-	276
Training and Development	<u>11,970</u>	<u>9,718</u>
Operations & Maintenance Total	<u>11,970</u>	<u>9,718</u>
Expenditure Total	<u>53,377</u>	<u>30,492</u>
Excess Funding Over Expenditures	<u>-</u>	<u>-</u>

Sahtu Health & Social Services Authority
SCHEDULE K
Schedule of Reserves
Independent Auditors' Report

	Surplus/Deficit Reserve	Leave & Termination	Special Projects	Total Reserves
Balance, beginning of the year	319,748	63,869	-	383,617
Additions/Reductions to/from Reserves	(324,304)	(63,869)	-	(388,173)
Transfers between Reserves	-	-		-
Balance, end of the year	(4,556)	-	-	(4,556)



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June 10, 2011

The Minister of Health and Social Services
Government of the Northwest Territories
Box 1320
Yellowknife, NT
X1A 2L9

Ref #1960

Dear Sir:

The terms of our engagement define our duties as the examination of the books and records for the purpose of expressing an opinion on financial statements of the Sahtu Health and Social Services Authority. As indicated in our Auditors' Report, we were able to render a clear opinion as to the fairness of these financial statements for the period ended March 31, 2011 except for the qualification relative to the statements not complying with GAAP consistent with the GNWT guidelines for reporting requirements and the scope limitation regarding permanent payroll.

In addition to our opinion on the financial statements, we also wish to bring to your attention any comments or recommendations which may arise during the course of our examination. These are listed below:

Items Outstanding from the Prior Year

1. Payroll Distribution

During prior year review of payroll allocations, we noted some isolated instances where casual employees, who became permanent, were not properly changed in PeopleSoft to reflect the change in employment status. The coding in the general ledger was correct, however, the payroll records must be updated in a timely manner to ensure entitlements are correctly calculated. This issue was resolved in the current year.

Item Arising from the Current Year:

2. Cheque Run Authorization

During our review we noted the procedure of authorizing the cheque run prior to cheque printing and signing had been removed. The procedure allows for finance department review after the initial purchase authorization and provides an additional control process between the entry of the purchases and the actual payment. We recommend this process be reviewed and the cheque run authorization in re-instated.

3. Temporary Lodging

During our review we noted 10 days of lodging are being given at no charge to staff that are not casual. Per the collective agreement, lodging is only available to casual staff, not job-share or indeterminate staff.

We would like to note the state of the SHSSA records and their preparation for the audit was again very well handled.

I would like to thank Norm, Paula and the rest of the staff for their assistance during the audit attendance.

Please contact me if there are any questions in regards to this or other matters.

Yours truly,

AVERY, COOPER & CO.



Cathy A. Cudmore, C.G.A.