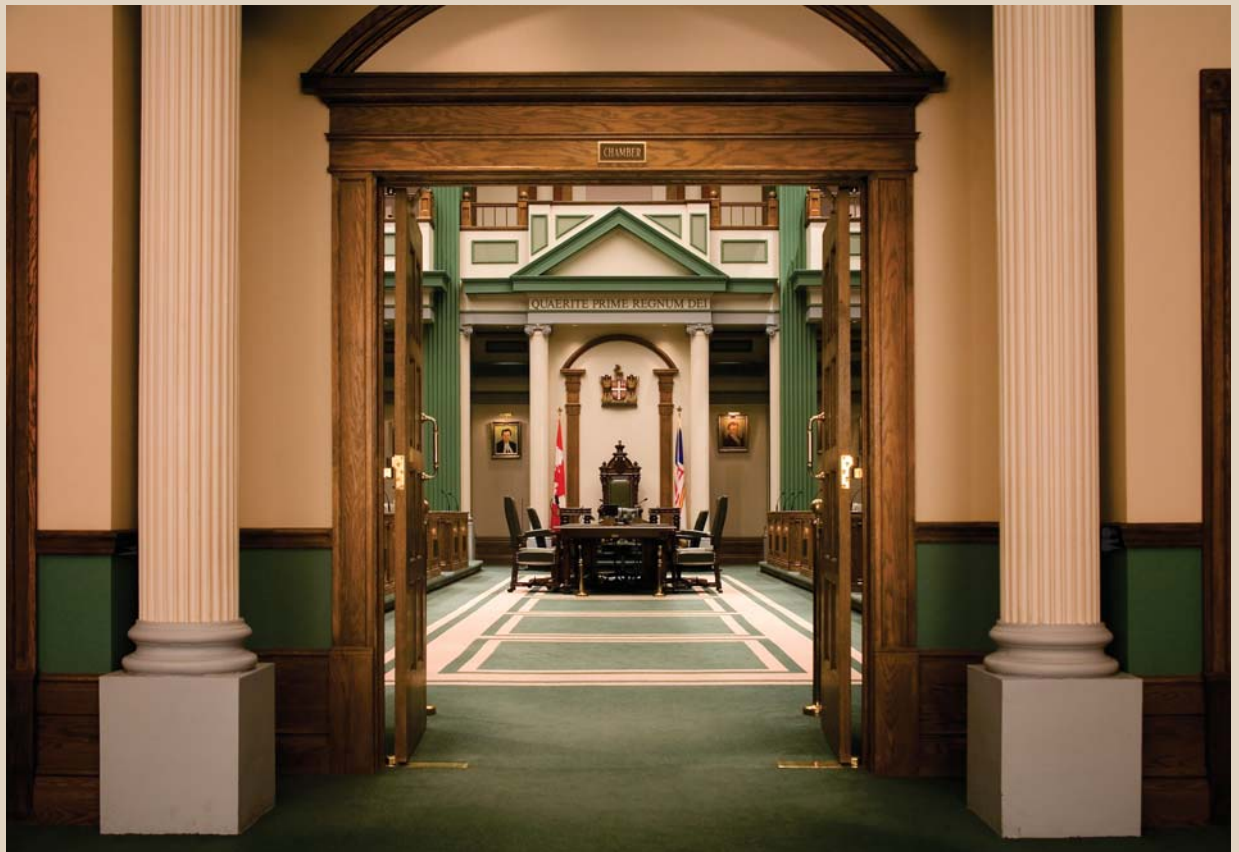




OFFICE OF THE AUDITOR GENERAL



MANAGEMENT OF FIREARMS AND AMMUNITION

Department of Fisheries
and Land Resources
- Wildlife Division

April 2018

Office of the Auditor General Newfoundland and Labrador



The Auditor General reports to the House of Assembly on significant matters which result from the examinations of Government, its departments and agencies of the Crown. The Auditor General is also the independent auditor of the Province's financial statements and the financial statements of many agencies of the Crown and, as such, expresses an opinion as to the fair presentation of their financial statements.

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Overall Conclusion and Recommendations

Conclusion

The Department of Fisheries and Land Resources has taken significant measures to improve inventory management of firearms and ammunition in the Wildlife Division; however, further efforts are required to ensure the Department of Fisheries and Land Resources has an effective system of internal control to safeguard firearms and ammunition.

Recommendations

The Department of Fisheries and Land Resources should:

1. Establish and communicate comprehensive policies and procedures to guide staff in the acquisition, disposition, recording, storage, use, movement and monitoring of firearms and ammunition.
2. Ensure the inventory system is complete and accurate including:
 - updating the system on a timely basis for each acquisition, disposition and transfer of firearms and ammunition;
 - maintaining transaction history, supporting documentation, and relevant information for each inventory item; and
 - reconciling the inventory system and the Federal firearms registry on a periodic basis with inventory counts and investigating any discrepancies.
3. Ensure the Federal firearms registry is updated on a timely basis for firearms that are acquired, lost, stolen or disposed as required by legislation.
4. Ensure the secure access to, and storage of, firearms and ammunition at all storage locations throughout the province.
5. Consider segregating the custody and record keeping duties of staff involved with the firearms inventory, and if not practical to do so, ensure mitigating controls are in place.
6. Develop an oversight framework for monitoring inventory management processes including establishing policies that:
 - outline the content and frequency of inventory reports to be reviewed by senior management for monitoring changes to inventory, inventory usage and inventory levels in relation to the delivery of its programs and staffing levels;
 - require annual and periodic inventory counts, including surprise counts; and
 - require the periodic review of the effectiveness of inventory controls and an assessment of any risks identified.

Terms of Engagement

On April 4, 2017, under the authority of Section 16 of the *Auditor General Act*, the Lieutenant-Governor in Council, through OC2017-127, requested the Auditor General to inquire into and determine whether:

1. the Department of Fisheries and Land Resources (the Department) has adequate systems in relation to decisions respecting the acquisition and disposition of firearms and ammunition;
2. the Department has adequate systems to record, monitor and secure its firearms and ammunition inventory;
3. the Firearms Policy of the Department covers all relevant issues pertaining to the use and control of firearms and ammunition;
4. the Department has adequate procedures to monitor compliance by: (i) stewardship and education staff; and (ii) habitat, game and fur management staff, of the Wildlife Division of the Forestry and Wildlife Branch, with the Firearms Policy and, where appropriate, test compliance with this Policy; and
5. use of force training is provided to: (i) stewardship and education staff; and (ii) habitat, game and fur management staff, of the Division of the Forestry and Wildlife Branch.

Scope, Objectives and Criteria

Scope

Our audit covered the period February 2017 to October 2017. With respect to acquisitions and dispositions of firearms, the audit period was extended to the most recent acquisitions and dispositions which occurred during February and March 2016. Our audit included an examination of the Department's systems and controls over firearms and ammunition in the Wildlife Division since February 22, 2017 - the effective date the Wildlife Division was transferred from the former Department of Environment and Climate Change.

The Lieutenant-Governor in Council's request was confirmed to be specifically directed at the Wildlife Division within the Department. As a result, our audit did not examine the inventory controls in other areas within the Department that maintain firearms and ammunition – the former Fish and Wildlife Enforcement Division and the former Forestry Services Branch.

Departmental officials confirmed that, due to the nature of the work, Wildlife Division staff are not peace officers as defined under the *Criminal Code of Canada* and, therefore, are not required or permitted to use force. As a result, the original line of enquiry regarding use of force training was excluded from our audit.

Our audit included an assessment of policies and procedures, an examination of the inventory system, documents and related supporting documentation, and testing of the Wildlife Division's firearms and ammunition inventory balances and transactions. We interviewed Department officials. We also obtained confirmation from management at the Department that all known information that had been requested, or that could affect the findings or audit conclusions, had been provided. Sample selections were non-statistical.

In March 2017, the Department commenced an internal review of the controls over the safeguarding of the Wildlife Division's firearms and ammunition. As part of our audit, we considered the results of the Department's internal review and the related measures implemented by the Department during our audit period.

Objectives and Criteria

The objectives and criteria used in the audit are outlined below. The criteria, against which to assess the objectives, were developed specifically for this audit based upon relevant legislation, departmental policies and procedures, reviews of internal control standards, reviews of literature including reports of the Office of the Auditor General of Newfoundland and Labrador and other legislative auditors, and consultations with management. The criteria were accepted as suitable by the senior management of the Department.

Objective 1:

To determine whether the Department has an effective system of internal control to safeguard firearms and ammunition of the Wildlife Division.

Criteria:

1. Management establishes and implements control activities required to mitigate the risks to the safeguarding of the Wildlife Division's firearms and ammunition.
2. Management ensures the information relating to the control environment, risks, control activities and performance are communicated throughout the Wildlife Division.
3. Management evaluates and reports on whether control activities that safeguard the Wildlife Division's firearms and ammunition are working effectively.
4. Management provides a control environment that supports the internal controls which safeguard the Wildlife Division's firearms and ammunition.

5. Management identifies and assesses the risks to the safeguarding of the Wildlife Division's firearms and ammunition.

Objective 2:

To determine whether the Department has an effective system of internal control for the acquisition and disposition of firearms and ammunition of the Wildlife Division.

Criteria:

1. The Wildlife Division has systems and controls in place to ensure that acquisition decisions are appropriately assessed and those acquisitions are appropriately authorized and accurately recorded.
2. The Wildlife Division has systems and controls in place to ensure that disposition decisions are appropriately assessed and those dispositions are appropriately authorized and accurately recorded.

About the Audit

This independent assurance report was prepared by the Office of the Auditor General of Newfoundland and Labrador on the management of firearms and ammunition at the Wildlife Division of the Department. Our responsibility was to independently audit the management of firearms and ammunition to provide objective information and recommendations. Management at the Department acknowledged their responsibility for the management of firearms and ammunition.

Our audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – *Direct Engagements* set out by the Chartered Professional Accountants of Canada and under the authority of the *Auditor General Act*.

The Office applies Canadian Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of the Association of Chartered Professional Accountants of Newfoundland and Labrador.

In accordance with sections 16 and 31 of the *Auditor General Act* this report was provided to the Lieutenant-Governor in Council through the Minister of Finance.

We obtained sufficient and appropriate audit evidence on which to base our conclusions on March 28, 2018, in St. John's, Newfoundland and Labrador.

Background

Effective February 22, 2017, Government established the Department to unite all aspects of support provided to renewable resource industries and better position Government to support economic development and growth in these areas. The Department was created through the realignment of the former Department of Fisheries, Forestry and Agrifoods with the:

- Wildlife Division and the Natural Areas Program from the former Department of Environment and Climate Change;
- Lands Branch from the former Department of Municipal Affairs; and
- Fish and Wildlife Enforcement Division from the Department of Justice and Public Safety.

The Wildlife Division (the Division) is responsible for managing and conserving Newfoundland and Labrador's biodiversity and wildlife resources for the benefit of present and future generations. In delivery of its mandate, the Division maintains an inventory of both non-functional and functional firearms.

Non-functional firearms have the firing pin removed and are not capable of discharging live ammunition. Non-functional firearms, which discharge non-live (dummy) ammunition, are used in the delivery of the Canadian Firearms Safety and Hunter Education courses throughout the province. Completion of these courses is required to allow a person to apply to purchase or use non-restricted firearms and to obtain licenses to hunt with a firearm. The responsibility for overall delivery of the course rests with the Division and the Royal Canadian Mounted Police (RCMP) whom, in turn, have contracted with the College of the North Atlantic (CNA) for course delivery.

Non-functional firearms are maintained at 32 locations throughout the province (16 CNA campuses, 9 RCMP detachments and 7 Departmental field offices). An inventory of non-functional firearms is also located at the Division's storage facility in Brakes Cove to ensure sufficient firearms are available at the 32 locations to meet operational demands for course offerings.

Functional firearms are firearms that are capable of discharging live ammunition. They are used by the Division for the following two purposes:

- Use at public workshops and events (e.g. Becoming An Outdoors Woman Program) which provide training to individuals, including the proper use and safe discharge of a firearm. These workshops are delivered and administered by Division staff. These functional firearms are required to be securely stored at the Division's storage facility in Brakes Cove when not in use.

Management of Firearms and Ammunition

- Use by Division field staff for wildlife control. These functional firearms are located at the Salmonier Nature Park and a field office located in Labrador.

The Department is responsible for ensuring that there are proper procedures and controls for the acquisition, disposition, recording, storage, use, movement and monitoring of firearms and ammunition in accordance with Department policy and legislation.

Table 1 shows the firearms inventory reported by the Division as of October 2017.

Table 1

**Department of Fisheries and Land Resources
Wildlife Division
Inventory of Firearms
October 2017**

Inventory of Firearms	Location of Firearms		Firearms Listed as Lost	Total
	Division Storage Facility	Other Provincial Locations		
Functional Firearms	152	6	-	158
Non-Functional Firearms	86	208	-	294
Firearms listed without functionality classification	6	7	-	13
Total Firearms	244	221	-	465
Firearms listed as lost (Note 1)	-	-	11	11
Total Firearms Recorded in Inventory	244	221	11	476

Source: Department of Fisheries and Land Resources' inventory system

Note 1: The 11 firearms listed as lost were reported as lost in the Federal registry in June 2017.

Detailed Findings

Safeguarding of Firearms and Ammunition

Conclusion

The Department of Fisheries and Land Resources has taken significant measures to improve inventory management of firearms and ammunition in the Wildlife Division since the Division was transferred from the former Department of Environment and Climate Change in February 2017.

The Department of Fisheries and Land Resources completed inventory counts and investigated discrepancies between the counts and the inventory records and improved security access to inventory. However, further efforts are required to ensure the Department of Fisheries and Land Resources has an effective system of internal control to safeguard firearms and ammunition. These efforts include:

- establishing policies that facilitate a consistent understanding of and compliance with inventory management controls;
- improving record keeping and ensuring the accuracy and completeness of inventory systems;
- ensuring the Federal firearms registry is updated on a timely basis for firearms that are acquired, lost, stolen or disposed of;
- ensuring secure access to firearms and ammunition in all storage locations throughout the province;
- mitigating risks associated with inventory management roles that have an inadequate segregation of duties; and
- monitoring the effectiveness of controls for inventory management and assessing any identified risks.

Findings

Policies and Procedures

The Department of Fisheries and Land Resources has not established and communicated comprehensive firearms policies and procedures for the Wildlife Division.

Record Keeping

The Wildlife Division's inventory systems are restricted to staff responsible for the record-keeping function; however, the systems have limited database functionality and record information at a point in time without a general ability to produce historical reports.

The Wildlife Division's inventory systems for firearms and ammunition are not complete and not accurate:

- discrepancies were identified between the inventory systems and physical inventory on site;
- the systems do not include all relevant information, such as Federal registration date and number, and instances were identified where required information was missing or was inaccurate;
- assigned asset identification numbers could not all be accounted for in the firearms inventory system; and
- records to track the movement of non-functional firearms were not always complete and accurate.

Four personal firearms had been stored in the Wildlife Division storage facility in Brakes Cove. The Department of Fisheries and Land Resources does not have a formal policy regarding the storage of personal firearms.

The Department of Fisheries and Land Resources established a policy in July 2017 that requires the authorization and documentation of the movement of functional firearms and live ammunition. This has improved the tracking of inventory and the audit found that the distribution, receipt and movement of functional firearms and live ammunition is now being authorized and documented.

There is no policy requiring documentation to support the distribution, receipt and movement of non-functional firearms and dummy ammunition. An instance was identified where three kits containing non-functional firearms were not at the location listed in the inventory system. They were subsequently determined to be in the personal possession of the course instructor.

The Department of Fisheries and Land Resources implemented measures to accurately update the Federal firearms registry as required by legislation; however, our audit identified further discrepancies.

Secure Access

The Department of Fisheries and Land Resources implemented measures in March 2017 to improve security for access to firearms and ammunition at the Wildlife Division storage facility in Brakes Cove. Our review of security measures at this storage facility, as well as Headquarters' storage facility, concluded that firearms and ammunition are securely stored at these two facilities. We did, however, identify some instances where improvements can be made to enhance security over firearms and ammunition stored at other locations throughout the province.

Segregation of Duties

The duties for certain incompatible duties, such as the custody and record keeping of the Wildlife Division's firearms and ammunition inventory are not segregated.

Monitoring of Controls

As of October 2017, the Department of Fisheries and Land Resources had not established and assigned clear ongoing accountabilities for an appropriate level of oversight of the Wildlife Division's inventory processes. There are no established policies that outline the content and frequency of inventory reports or the assignment of accountabilities for the receiving and reviewing of inventory reports. Further, the Department of Fisheries and Land Resources had not established policies regarding annual and periodic inventory counts or a requirement to conduct a periodic independent review of the effectiveness of inventory controls and an assessment of any identified risks.

There are inherent risks associated with inventory management including inaccurate inventory records, loss, theft, and inappropriate or unauthorized access to and use of inventory. To mitigate such risks and ensure firearms and ammunition are properly safeguarded, controls must be effectively designed, implemented, monitored and communicated to staff.

Controls should include:

- comprehensive policies and procedures that are communicated to Division staff;
- effective record keeping, including an inventory system that records complete, accurate and relevant information and documents all inventory movement;
- safe and secure storage;
- segregation of incompatible duties, such as custody, record keeping, physical counts and authorization of acquisition and disposition of inventory items; and

- monitoring processes to ensure that controls in place are working effectively to safeguard the assets.

Lack of Comprehensive Policies and Procedures

The Division does not have comprehensive documented policies and procedures to guide staff in the acquisition, disposition, recording, storage, use, movement and monitoring of firearms and ammunition. Establishment and communication of such policies and procedures would not only complement any staff training but would provide a framework for accountability and facilitate a consistent understanding of and compliance with inventory management controls.

Existing documented policies are very limited and includes, for example, a guidance document that outlines storage requirements for the non-functional firearms and dummy ammunition stored at certain CNA campuses and RCMP detachments. The *Public Agents Firearms Regulations* under the *Firearms Act* also outlines requirements for the proper recording, storage and disposal of Division firearms.

Inventory Systems Not Complete and Not Accurate

As of October 2017, the inventory system is comprised of an excel spreadsheet for firearms and a separate excel spreadsheet for live ammunition. Access to these spreadsheets is restricted to staff responsible for the record-keeping function. The spreadsheets have limited database functionality and records information at a point in time without a general ability to produce historical reports. Historical reports would be useful for investigative purposes and identifying operational trends.

Firearms Inventory System

Our audit of the inventory system for firearms found that it was not complete and not accurate as follows:

1. Discrepancies between the firearms inventory system and physical inventory on site

- In October 2017, we visited the Division's storage facility to examine the 244 firearms that were recorded in the inventory system as being stored in this location (see Table 1). The following discrepancies were noted:
 - 241 firearms recorded in the system were located on site. Three firearms (one functional firearm and two non-functional firearms) were not located on site and were unaccounted for as of October 2017; and
 - 26 functional firearms were located on site but were not included in the inventory system.

- During its internal review, the Department identified four firearms that were stored at the Division storage facility which were not property of the Division and were not included in the inventory system. It was determined that these firearms were personal firearms belonging to an employee. As of October 2017, three of the firearms had been transferred to the Department's Headquarters' storage room, and one firearm remained at the Division storage facility. As of October 2017, the Department did not have a formal policy regarding the storage of personal firearms; however, general government practice would not permit the storage of such personal property as firearms at Government facilities.

2. Information on firearms recorded in the inventory system not complete and not accurate

- The system did not include all relevant information related to each firearm. Data such as the date of acquisition, registration date and registration number were not required to be captured in the inventory system. Such data would, for example, facilitate disposition decisions and identification of compliance with Federal registration requirements.
- Of the information that was required to be captured in the system on firearms, instances were identified where this information was missing. The classification of functionality (i.e. whether functional or non-functional) for 17 firearms was not identified and the serial number for one firearm was missing.
- Two firearms were listed in the system as non-functional; however, a physical examination of the firearms determined they were functional, and clearly stickered as "Live Fire".
- One Wildlife Division Asset (WDA) number was duplicated across the records of two different firearms.
- 14 firearms had the serial number incorrectly recorded.
- One functional firearm had been converted to a dart gun but the classification of functionality was not changed in the inventory system.

3. Assigned asset identification numbers could not all be accounted for in the firearms inventory system

- The Division requires the WDA number, which is a sequential asset identification number, to be assigned to each firearm upon acquisition. As of October 2017, there were 30 WDA numbers that could not be accounted for in the inventory system. Although the Department had not determined an explanation for these unaccounted WDA numbers, it identified certain practices that provide possible, but not definitive, explanations for the variances. These practices included the Division assigning WDA numbers to non-firearms such as pellet guns, replica guns and starter pistols.

4. Records to track the movement of firearms inventory not complete and not accurate

- Non-functional firearms, used in the delivery of the Canadian Firearms Safety and Hunter Education courses, are in kits that include five to six non-functional firearms and dummy ammunition. These kits are stored at 32 locations across the province - 16 CNA campuses, 9 RCMP detachments and 7 Department field offices.

We visited six CNA campuses and three Department field offices to perform an examination of 86 non-functional firearms (16 kits) recorded in the inventory records. This represented 86 of the 208 non-functional firearms recorded at the 32 locations outside the Division's storage facility (see Table 1). We identified that although all 86 of the firearms were located, proper documentation was not maintained to support the distribution, receipt and movement of firearms as follows:

- Three of the 16 kits were not at the assigned storage location recorded in the inventory system. Further review of this issue identified that these courses are delivered at training sites other than where the kits are stored due to convenience or logistics (i.e. there is no CNA facility in the area or a designated storage area is not suitable for training purposes). In these cases, the instructors are responsible to retrieve the kits from, and return them to, the Division's designated storage areas. However, there is no policy requiring instructors to sign out and sign back in the related firearms and ammunition and thus the movement of this inventory is not tracked in these circumstances. The three kits noted above were subsequently determined to be in the instructor's possession.
- Where there was more than one kit at a location, some firearms were located in different kits than that noted in the inventory system. As kits may be transferred to other locations and used by multiple instructors, this increases the risk of inaccuracies in the inventory system and subsequent ability to track and locate firearms.
- When a kit is transferred from the Division to one of the 32 storage locations, the Division records the contents of the kit in a checklist. This checklist is kept on file by the Division. However, the recipient custodian is not required to sign as evidence of their receipt of the kit and the related contents. The signing by the recipient would document that the inventory received matched the inventory shipped to ensure no discrepancies occur within the transfer process.
- The Department established a new policy in July 2017 that requires the authorization and documentation of the movement of functional firearms by Division staff for use in public workshops and events across the province. Prior

to implementation of this new policy, there had been no authorized record of these inventory movements. As part of our examination of firearms inventory, we determined that all firearms used at the three public workshops and events since introduction of the new policy had been properly signed out and signed as returned.

Ammunition Inventory System

As part of its internal inventory review in March 2017, the Department examined the ammunition at the Division's storage facility for suitability of use and inventoried and recorded the live ammunition. Prior to this internal review, the Division did not maintain an inventory record of live ammunition. As a result of concerns noted at that time over security of the ammunition, the Department transferred the ammunition to its Headquarters in Corner Brook for safeguarding.

Our audit of the inventory system for ammunition found that it was not complete and not accurate as follows:

1. Discrepancies between the inventory system for live ammunition and physical inventory on site

- In October 2017, we performed a count of the live ammunition maintained at the Headquarters' storage room and identified the following:
 - 4 different calibres of ammunition had variances from our inventory count to the recorded inventory. For example, there were 24 less rounds of one type of calibre ammunition in storage than recorded in the inventory records and there were 975 more rounds of another type of calibre ammunition in storage than recorded in the inventory records.

The live ammunition transferred from the Division storage facility to the Headquarters' storage room in March 2017 was counted by one employee. Inventory counts completed with two individuals present mitigates the risks of counting errors. As the transferred inventory was not verified by a second person, it was not possible to determine whether the variances identified during our inventory count were, for example, a result of errors in the March 2017 count or recording of subsequent transactions.

- 5,000 rounds of live ammunition that had been signed out for use at a public workshop had not been deducted from the Headquarters' storage room inventory system.

2. Information on ammunition recorded in the inventory system not complete

- The Division does not maintain an inventory record of live ammunition stored at the two field offices for use in wildlife control. While the quantity of live ammunition at these field offices is limited, a lack of record keeping for this ammunition increases the risk of acquired live ammunition being unaccounted for and less readily available information to assess operational needs and trends.
- The inventory of live ammunition and the related inventory system is maintained at Headquarters in Corner Brook. Any ammunition transferred from Headquarters to the Division storage facility in Brakes Cove to be used for public workshops is required to be signed out and deducted from the inventory system. Our review of records for four recent workshops indicated that unused ammunition remaining after delivery of these workshops, along with the functional firearms, were signed back in to the Division's storage facility in Brakes Cove. However, the ammunition was not added back to the inventory system. As the inventory system is not complete, this increases the risk of errors in tracking and accounting for live ammunition.
- The Department has not counted dummy ammunition and it does not maintain an inventory system for dummy ammunition. A lack of record keeping for dummy ammunition increases the risk of acquired ammunition being unaccounted for and less readily available information to assess operational needs and trends.

Federal Registry of Firearms Not Updated as Required by Legislation

The *Public Agents Firearms Regulations* under the *Federal Firearms Act*, requires that all firearms in the possession of a public service agency be registered in the Federal registry, and that the Registrar of Firearms be notified of any lost, stolen or disposed of firearms.

To comply with this legislation, it is important that the Division maintains a complete and accurate inventory system and performs periodic reconciliations of its firearms inventory system with the Federal registry to identify any variances that need to be investigated.

As of October 2017, while the Department had taken recent measures to improve its compliance with this legislation, further controls are required to ensure that the Federal registry is updated to accurately reflect the Division's firearms inventory. Such controls would include, for example, development of a formal policy requiring these reconciliations to be completed on a periodic basis and assigning accountability for this area.

As part of its internal review, the Department compared its inventory system to the Federal registry and identified the following significant number of discrepancies:

Management of Firearms and Ammunition

- 91 firearms that had been destroyed in February 2016 had not been removed from the Federal registry;
- 44 firearms that were recorded in the Division's inventory system had not been registered in the Federal registry;
- 25 firearms that were purchased in March 2016 had not been included in the Division's inventory system and had not been registered in the Federal registry; and
- 11 firearms (7 functional and 4 non-functional) that were recorded in the Division's inventory system but unable to be accounted for and deemed by the Department to be lost, had not been reported to the Registrar of Firearms and updated in the Federal registry.

The Division subsequently reported updated information to the Federal Registrar in May and June 2017 to address these discrepancies.

Further to the Department's internal review, as part of our audit, we identified the following additional discrepancies:

- three firearms were recorded in the Division's inventory system but had not been registered in the Federal registry;
- five firearms had been removed from the Division's inventory system as they had been destroyed in a fire; however, they were still recorded in the Federal registry; and
- six firearms were recorded in the Federal registry but were not recorded in the Division's inventory system and there was no documentation to support the discrepancy.

Access to Firearms and Ammunition Not Always Secure

Overall, with the introduction of improved security measures in March 2017, the storage of firearms and ammunition at the Division storage facility in Brakes Cove and Headquarters' storage room in Corner Brook was secure; however, we identified some instances where the storage was not always secure at other facilities throughout the province.

Division Storage Facility and Headquarters' Storage Room

Functional and Non-Functional Firearms and Ammunition

During a review of inventory in March 2017, the Department identified concerns with access to firearms and ammunition located in the Division storage facility. These concerns included: no records or knowledge of the number of people who knew the access code to the secured room within the facility which housed the firearms room;

and uncertainty about who had a key to the firearms room itself. To address these concerns, the Department changed the access code to the secured room within the facility that contained the firearms room and also changed the lock to the firearms room.

Prior to the Department's review of inventory in March 2017, approximately 41,000 rounds of various calibre live ammunition and an unknown amount of dummy ammunition had been stored at the Division storage facility. While the ammunition had been stored in locked cabinets (separate cabinets for live and dummy ammunition), the cabinets had been temporarily located outside of the secured room as a result of earlier water damage. As a result of this security concern, the Department moved the inventory of ammunition to Headquarters in March 2017.

During our audit, a visit of the Headquarters' storage room identified that it was secure; however, the live and dummy ammunition were stored in close proximity on open shelving which increases a safety risk of unintentional misuse.

Storage Facilities throughout the Province

Non-Functional Firearms and Dummy Ammunition

The kits containing non-functional firearms and dummy ammunition, used to deliver the Canadian Firearms Safety and Hunter Education courses, are required to be locked and stored in locked cabinets at the 32 storage locations throughout the province.

Our audit determined that:

- One combination code is used for all cabinets and firearms kits throughout the province. A commonly used code reduces the intended security features for requiring a code.
- Where Canadian Firearms Safety and Hunter Education courses are delivered at a facility other than where the kits are stored, firearm kits are required to be returned promptly to the Division's designated storage areas once a course is completed. However, some instructors indicated that the kits were kept at their residence until scheduled courses, which were provided over extended periods, were completed.

Functional Firearms and Live Ammunition

Six functional firearms and live ammunition are stored and used by staff in two Department field offices for personal protection from nuisance wildlife and for other wildlife issues. We visited one location to examine the three firearms that were recorded in the inventory system.

The *Public Agents Firearms Regulations* under the *Firearms Act* requires that an agency firearm that is not in use is stored in a container, receptacle, vault, safe or room that is securely locked and is constructed so that it cannot readily be broken open or into. Our audit determined that two firearms were trigger locked and these two firearms

and ammunition were located separately in a locked cabinet. However, the cabinet was not secured to a wall or floor and was stored in an office with a window. The third firearm had been converted to a dart gun and was located on a shelf in another room. As a dart gun would not be considered a firearm, it was not required to be stored in accordance with the *Public Agents Firearms Regulations*.

Inadequate Segregation of Duties

The segregation of incompatible duties, such as the custody, record keeping, conducting inventory counts and authorization of purchase and disposition of inventory items, is an important control to ensure the integrity of processes to safeguard firearms and ammunition.

Our audit identified that:

- The duties of custody and record keeping of firearms inventory is not segregated in the Division but assigned to one individual - the Division's Training Specialist.
- The Training Specialist is also responsible for both the acquisition and disposition of firearms; however, there were secondary approval levels for the acquisition and disposition processes that provide compensating controls and accountability.
- The Training Specialist is also responsible for the transport, possession and use of functional firearms and ammunition throughout the province for various public workshops and events. Prior to July 2017, the removal from and return to inventory storage of these functional firearms and ammunition was not documented and approved. Effective with a new policy in July 2017, there was an approval process put in place to mitigate risk for this incompatible duty.
- Subsequent to the transfer of ammunition to Headquarters in March 2017, an employee in the Department's Compliance Division, who is responsible for monitoring compliance with departmental policies, was also assigned custody and record keeping of this ammunition. This resulted in the employee having incompatible duties for the custody and record keeping, as well as responsibility for monitoring their own compliance with policies.

In areas where incompatible duties exist and it is not practical to segregate duties further, the Department can consider mitigating risk by implementing additional controls such as having staff in another area perform surprise inventory counts and increasing supervisory review in areas where incompatible duties exist.

Monitoring of Controls for the Safeguarding of Firearms and Ammunition

It is important that the Department has processes to regularly monitor the effectiveness of controls for the safeguarding of firearms and ammunition. Such monitoring processes would be expected to include establishing policies and assigning clear accountabilities for an appropriate level of oversight of the Division's inventory processes, including:

Management of Firearms and Ammunition

- a reporting mechanism that requires senior management, on a regular basis, to proactively review inventory reports that include key information on inventories maintained, acquired and disposed, with comparative information from the previous period;
- periodic inventory counts, including surprise counts, and reconciliation of these counts to inventory records; and
- a periodic independent review (i.e. conducted by staff not directly responsible for inventory management) of the effectiveness of inventory controls and an assessment of any risks identified.

In July 2016, the Department of Finance provided fraud risk assessment surveys to each department to complete. Departments were instructed to review areas deemed to be a risk area, which included inventory. From September to October 2016, the former Department of Environment and Climate Change conducted this fraud risk assessment. The assessment identified issues with the recording and monitoring of the firearms in the Wildlife Division. It is evident that there was a lack of monitoring processes and oversight for the management of the Division's firearms and ammunition in the former Department of Environment and Climate Change. There was no regular reporting and review by management of inventory processes or controls and there were no annual or periodic inventory counts and reconciliations of firearms to inventory records.

Upon transfer of the Division to the Department of Fisheries and Land Resources in February 2017, the Department's Compliance Division became responsible for the monitoring of inventory controls as part of its existing mandate in this area for the entire Department. In March 2017, the Compliance Division began an internal review of the Wildlife Division's firearms and ammunition as a result of concerns identified over its inventory management processes.

As part of the internal review, inventory counts of functional and non-functional firearms and live ammunition were conducted. Significant variances were identified between the count and inventory records for further review. The Department also completed a high-level risk assessment of inventory controls and a report of this assessment, including recommended actions for improvements, was prepared and implementation of recommendations commenced.

While the Department has taken these proactive measures, as of October 2017, the Department had not established and assigned clear ongoing accountabilities for an appropriate level of oversight of the Division's inventory processes. There are no established policies that outline the content and frequency of inventory reports or the assignment of accountabilities for the receiving and reviewing of inventory reports. Further, the Department had not established policies regarding annual and periodic inventory counts or a requirement to conduct a periodic independent review of the effectiveness of inventory controls and an assessment of any risks identified.

Acquisition and Disposition of Firearms and Ammunition

Conclusion

Overall, the Department of Fisheries and Land Resources has an effective system of internal control for the acquisition and disposition of firearms and ammunition of the Wildlife Division. The Wildlife Division acquired and disposed of firearms and ammunition in accordance with Government policy. However, the Wildlife Division did not always update its inventory records and the Federal firearms registry for acquired, lost and disposed firearms in a timely manner.

Findings

The Wildlife Division acquired and disposed of firearms and ammunition in accordance with Government policy.

Acquisitions and disposals of firearms were not always recorded in the inventory system or updated in the Federal firearms registry in a timely manner as follows:

- 25 firearms purchased in March 2016 were not registered in the Federal registry until June 2017. As of October 2017, these firearms were not recorded in the Wildlife Division's inventory system and 21 of the 25 firearms had never been used and remained in their shipment boxes.
- 91 firearms disposed in February 2016 had not been removed from the Federal registry until May 2017.

The Wildlife Division did not document the details of the acquired firearms on a stock sheet. Use of a stock sheet would ensure that all information pertaining to any acquired firearm or ammunition is recorded and complete at the time of acquisition.

The acquisition and disposition of firearms and ammunition should be properly approved, documented and recorded in the inventory system. The *Public Agents Firearms Regulations* under the *Federal Firearms Act*, requires that all firearms in the possession of a public service agency be registered in the Federal registry, and that the Registrar of Firearms be notified of any lost, stolen or disposed firearms.

Acquisition of Firearms and Ammunition

The Division is required to follow Government purchasing policies. Upon purchase, a firearm is to be inscribed with an asset number, updated in the Division's inventory system, and then registered with the Federal Government.

Since January 2016, the Division purchased 25 firearms with all acquisitions occurring in March 2016. Our review of the acquisition of these firearms identified the following:

Management of Firearms and Ammunition

- The firearms were acquired in accordance with Government purchasing policies, including compliance with the *Public Tender Act*.
- As at October 2017, the firearms were not recorded in the Division's inventory system and did not have a Wildlife Division Asset number assigned or inscribed on them. As of October 2017, 21 of the 25 firearms had never been used and remained in their shipment boxes.
- The Division did not document the details of the acquired firearms on a stock sheet. Use of a stock sheet would ensure that all information pertaining to any acquired firearm or ammunition is recorded and complete at the time of acquisition. The stock sheet should be dated and initialed by the receiving person. All firearms and ammunition on the stock sheet should then be entered in the inventory database by a different person.
- The firearms were not registered in the Federal registry until June 2017.
- Ten of the firearms were purchased from one vendor and the serial numbers were not recorded on the sales invoice. Without the serial numbers, it was not possible to confirm whether the purchased firearms were the same ten firearms we examined on site.

Since January 2016, the Division purchased various caliber ammunition. The ammunition was acquired in accordance with Government purchasing policies, including compliance with the *Public Tender Act*. However, live ammunition was not inventoried by the Department until March 2017.

Disposition of Firearms and Ammunition

The Division is required to follow Government disposal policies with regards to inventoried assets. Once a firearm is approved for disposal by the Director of Wildlife, the approval of the Government Purchasing Agency (GPA) is to be obtained and GPA is to be notified when the asset is destroyed. The inventory system and the Federal registry are also required to be updated.

Since January 2016, the Division disposed of 91 firearms with all dispositions occurring in February 2016. Our review of the disposal documentation for these firearms identified the following:

- The firearms were disposed of in accordance with Government disposal policies.
- While two Division staff were present at the destruction, and pictures were taken, the Division did not require the company who destroyed the firearms to sign off on the destruction order listing to verify that 91 firearms were destroyed. The sales invoice did not specifically indicate how many firearms were destroyed either. These

additional controls would provide an independent verification that the destruction of the firearms was complete.

- As part of its internal review, the Department identified that the Federal Registrar of Firearms had not been notified of the 91 destroyed firearms. In May 2017, the firearms were removed from the Federal registry.

As part of its internal review in March 2017, the Department counted and recorded the live ammunition and also examined the ammunition for suitability of use. Damaged ammunition was identified and segregated for future disposal; however, as of October 2017, the ammunition had not yet been destroyed.

Subsequent Events

On December 12, 2017, the Department's Compliance Division was assigned responsibility for the control and administration of the Wildlife Division's firearms and ammunition. This brought the control and administration of firearms for all areas of the Department under the Compliance Division. Departmental officials indicate that while there were separate firearms policies for both the former Fish and Wildlife Enforcement Division and the former Forestry Services Branch, the policies were well established and consistent. As a result, in December 2017, the Compliance Division, and relevant staff of the Wildlife Division, were directed to commence applying these existing policies to the management of the Wildlife Division's firearms and ammunition.

The Department is in the process of establishing a new Departmental Firearms policy to replace the two existing firearms policies and address all operational aspects of the Wildlife Division.

By March 2018, the Department had conducted site visits to all locations in the province where firearms are stored. This provided the Department with the necessary information to complete a reconciliation of the physical inventory to the inventory recorded in the system. This process resulted in the identification of an additional nine firearms that were recorded in the system but could not be located. While the Department continues to review documentation on these firearms, they were presumed to be lost and reported as such to the Federal Registrar in March 2018.

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