

## Probe into missing gold rules out poor record-keeping

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OTTAWA -An external audit has found that more than \$15 million worth of precious metals didn't disappear from Canada's mint because of sloppy record-keeping but the Crown corporation is refusing to say if that makes the possibility of a gold heist any more likely.

The Royal Canadian Mint commissioned accounting firm Deloitte and Touche to look into a discrepancy between the value of the precious metals on the mint's books and the stockpile on hand at its Ottawa headquarters.

The review concluded that accounting errors are not to blame for the missing metals.

“The unaccounted for difference in gold does not appear to relate to an accounting error in the reconciliation process, an accounting error in the physical stock count schedules, or an accounting error in the record-keeping of transactions during the year,” the audit says.

Deloitte and Touche estimates the value of the missing precious metals is \$15.3 million. It's the first time a dollar figure has been put on the gold, silver, platinum and palladium in question.

But a mint spokeswoman refused to comment to say if the audit's findings make it any more likely the metals were stolen.

“We're not going to speculate at this time as to a conclusion,” Christine Aquino said.

The mint has asked the RCMP to help account for the mystery metals \_ which have been missing for months \_ after being told by the government to call in the Mounties.

But the government is clearly incensed and isn't waiting for the police to figure out what happened to the metals. It announced late Monday that it has instructed the mint's board to withhold all executive bonuses “until this matter is resolved to our satisfaction.”

Moreover, the government will require the mint to report on inventory levels of precious metals every three months.

“The mint's still unexplained loss of precious metals is inexcusable,” Transport Minister John Baird and minister of state for transport, Rob Merrifield, said in a joint written statement.

“The mint will be held accountable.”

Joe Volpe, Liberal critic for Crown corporations, joined the call for greater accountability.

“All along the mint has left open the possibility that gold has been stolen \_ a startling admission that seems more likely given this report,” he said.

Volpe added a couple of swipes at Prime Minister Stephen Harper's Conservatives, alleging the government didn't do enough upon first learning of the theft. Volpe said the government waited ten weeks to order the mint to contact RCMP.

The mint's chairman, James Love, has said he believes a criminal heist is unlikely given the elaborate security at the mint, where RCMP-trained personnel keep an eye on things.

“As a Crown corporation, we understand that Canadians hold us to a high standard of accountability and the mint's board of directors will continue to work closely with management in ensuring that this matter is pursued vigorously,” Love said in a statement.

Earlier this month, Love suggested a computer programming glitch could explain the missing stockpiles.

When asked where the mint's investigation goes from here, Aquino said the Deloitte and Touche review specified three areas: a technical review of operations, an accounting review of prior periods, and security reviews.

“The technical review of operations, refining is a very complex area that we deal with at the mint,” she said.

“It includes scientific processes and a formula that we use for refining. They thought perhaps we should go back and look at those. Perhaps one of those is causing this issue now.”

The accounting review of prior periods will examine the mint's twice-annual precious metal inspections. Aquino said the Deloitte and Touche suggested it's possible something may have gone amiss in an earlier review and not been detected.

The auditing firm said that while revisiting prior period reconciliations could help explain the difference, it would be difficult to complete such a review due to the passage of time, availability of supporting documentation and turnover of mint staff.

Aquino said the security review will force the mint to take a closer look at the systems it has in place, but didn't provide further details.

“We're going to pursue these three avenues, we're going to engage third parties into helping us with these reviews to get some outside expertise,” Aquino said.

“We're going to be pursuing these very vigorously. We're not closing the door on this by any means.”

When told of the government's promise to hold the mint accountable for the metals, Aquino welcomed the challenge.

“We are definitely accountable to our shareholder, which is the government of Canada,” she said. “We realize that our shareholder as well as all Canadians hold us to a very high standard.”

The mint has notified its insurers it intends to file a claim to offset the amount of any unreconciled difference.