



School District No. 93 (CSF)

2023 Audit Findings

Report to the Audit Committee

June 30, 2023

Cory Vanderhorst, CPA, CA

T: 250.734.4319

E: cory.vanderhorst@mnt.ca



Wherever business takes you

[MNP.ca](https://www.mnt.ca)

September 25, 2023

Members of the Audit Committee of School District No. 93 (CSF)

Dear Sirs/Mesdames:

We are pleased to submit to you this report for discussion of our audit of the financial statements of School District No. 93 (CSF) (the "School District") as at June 30, 2023 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Audit Committee.

We have completed our audit of the financial statements of the School District which has been carried out in accordance with Canadian generally accepted auditing standards.

Unless unforeseen complications arise, our Independent Auditor's Report will provide an unmodified opinion to the Board of Education of the School District. A draft copy of our proposed Independent Auditor's Report is included with this report under separate cover.

This report is intended solely for the information and use of the Audit Committee and management and should not be distributed to or used by any other parties than these specified parties.

The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising, and in particular we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

We would like to express our appreciation for the excellent cooperation we have received from management and employees with whom we worked.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Sincerely,



MNP LLP
Chartered Professional Accountants

Table of Contents

- Introduction..... 1
 - Engagement Status..... 1
 - Independent Auditor’s Report..... 1
- Significant Audit, Accounting and Reporting Matters..... 2
 - Audit and Reporting Matters..... 2
 - Auditor’s Views of Significant Accounting Practices..... 4
- Other Matters..... 5
 - Management Representations..... 5
 - Auditor Independence..... 6
- Appendix A - MNP Audit Process..... 6
- Appendix B - Summary of Significant Differences..... 7
 - Significant Unadjusted Differences..... 7

Introduction

As auditors, we report to the Board of Education on the results of our examination of the financial statements of School District No. 93 (CSF) (the "School District") as at and for the year ended June 30, 2023. The purpose of this Audit Findings Report is to assist you, as members of the Audit Committee, in your review of the results of our audit. To facilitate in your understanding of our findings, Appendix A to this report summarizes our audit process.

Our report will discuss the status of our engagement, as well as communicate to you significant audit, accounting and reporting matters arising from our procedures.

We hope that this report is of assistance to you, and we look forward to discussing our findings and answering your questions.

Engagement Status

We have completed our audit of the financial statements of the School District which has been carried out in accordance with Canadian generally accepted auditing standards and are prepared to sign our Independent Auditor's Report subsequent to completion of the following procedures:

- The Board's review and approval of the financial statements.

Independent Auditor's Report

We expect to have the above procedures completed and to release our Independent Auditor's Report on September 25, 2023.

Unless unforeseen complications arise, our Independent Auditor's Report will provide an unmodified opinion to the Board of Education of the School District. A draft copy of our proposed Independent Auditor's Report has been included with this report. The matters disclosed in the Independent Auditor's Report are discussed further in the relevant sections of the Report.

Significant Audit, Accounting and Reporting Matters

Audit and Reporting Matters

The following significant matters arose during the course of audit that we wish to bring to your attention.

Area	Comments
Changes from Audit Service Plan	<p>We previously presented our proposed Audit Service Plan to you in May 2023. Over the course of our audit, the following deviations were made from this plan:</p> <ul style="list-style-type: none">Materiality used for this audit was decreased from \$6,000,000 to \$5,400,000, due to a decrease in actual revenues compared to the figures used for audit planning.
Difficulties Encountered	<p>No significant limitations were placed on the scope or timing of our audit.</p>
Identified or Suspected Fraud	<p>Due to the inherent limitations of an audit and the nature of fraud, including attempts at concealment through forgery or collusion, an audit conducted in accordance with Canadian generally accepted auditing standards cannot be relied upon to detect fraud.</p> <p>While our audit cannot be relied upon to detect all instances of fraud, no incidents of fraud, or suspected fraud, came to our attention in the course of our audit.</p>
Identified or Suspected Non-Compliance with Laws And Regulations	<p>Nothing has come to our attention that would suggest any non-compliance with laws and regulations that would have a material effect on the financial statements.</p>
Matters Arising in Connection With Related Parties	<p>No significant matters arose during the course of our audit in connection with related parties of the School District.</p>

Area	Comments
<p>Significant Deficiencies in Internal Control</p>	<p>Our audit process focuses on understanding the controls utilized in management’s reporting systems, including for estimates, to the extent necessary to identify overall and specific financial reporting risks. This risk assessment allows us to concentrate our audit procedures on high risk areas and, where possible, place reliance on controls within the financial reporting system to reduce the extent of our testing.</p> <p>It is important to note that our assessment was not, nor was it intended to be, sufficient to comment or conclude on the sufficiency of internal controls.</p> <p>We are required under Canadian generally accepted auditing standards to communicate all significant deficiencies identified during an audit to the Audit Committee on a timely basis. However, we may not be aware of all significant deficiencies that do, in fact, exist.</p> <p>While our review of controls was not sufficient to express an opinion as to their effectiveness or efficiency, no significant deficiencies in internal control have come to our attention</p>
<p>Going Concern</p>	<p>We have not identified any material uncertainties related to events or conditions that may cast significant doubt on the School District's ability to continue as a going concern.</p> <p>We are of the opinion that the going concern assumption is appropriate in preparation of the financial statements.</p>
<p>Matters Arising from Discussions With Management</p>	<p>We would like to formally acknowledge the cooperation and assistance we received from the management and staff of the School District.</p> <p>There were no significant matters discussed, or subject to correspondence, with management that in our judgment need be brought to your attention.</p>
<p>Significant Differences</p>	<p>One significant differences was proposed to management with respect to the June 30, 2023 financial statements. A full list of unadjusted differences is available on request.</p>

Area	Comments
Final Materiality	<p>Materiality is a concept used to assess the significance of misstatements or omissions that are identified during the audit and is used to determine the level of audit testing that is carried out. The scope of our audit work is tailored to reflect the relative size of operations of the School District, and is affected by our assessment of materiality and audit risk.</p> <p>Final materiality used for our audit was \$5,400,000 for June 30, 2023.</p>

Auditor’s Views of Significant Accounting Practices

The application of Canadian public sector accounting standards allows and requires the School District to make accounting estimates and judgments regarding accounting policies and financial statement disclosures.

As auditors, we are uniquely positioned to provide open and objective feedback regarding your School District’s accounting practices, and have noted the following items during the course of our audit that we wish to bring to your attention.

Area	Comments
Accounting Policies	The accounting policies used by the School District are appropriate and have been consistently applied.
Accounting Estimates	<p>Employee Future Benefits</p> <p>Accrued employee future benefits are calculated by Mercer, the actuary company engaged by the Province of BC for all school districts.</p> <p>Asset Retirement Obligations</p> <p>Accrued asset retirement obligation for the removal of asbestos and other hazardous material in several of the buildings owned by the School District. Management used judgement when applying percentage of building applicable to remediation costs.</p>
Financial Statement Disclosures	The disclosures made in the notes to the financial statements appear clear, neutral and consistent with our understanding of the entity and the amounts presented in the financial statements.
Other Matters	Asset retirement obligations - During the course of our audit testing on the new asset retirement obligations (ARO) standards, we tested key inputs to the calculations, including costs of cleanup for asbestos and other materials, and verified the square meters of identified buildings. Our analysis identified some discrepancies in calculations and support, however, the net effect of potential adjustments would be insignificant.

Other Matters

Management Representations

We have requested certain written representations from management, which represent a confirmation of certain oral representations given to us during the course of our audit. This letter, provided by management, has been included as additional material to this report.

Appendix A - MNP Audit Process

Our audit was carried out in accordance with Canadian generally accepted auditing standards, and included a review of all significant accounting and management reporting systems, with each material year end balance, key transaction and other events considered significant to the financial statements considered separately.

Our audit process focused on understanding the controls utilized in management's reporting systems to the extent necessary to identify overall and specific financial reporting risks. This risk assessment enabled us to concentrate our audit procedures on the areas where differences were most likely to arise. Where possible, reliance was placed on the controls within these systems to reduce the extent of our testing of transactions and year-end balances. Our assessment was not, nor was it intended to be, sufficient to conclude on the effectiveness or efficiency of internal controls.

During the course of our audit, we have:

- Examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessed the accounting principles used and significant estimates made by management;
- Obtained an understanding of the School District and its environment, the applicable financial reporting framework and the School District's system of internal control (regardless of whether we relied on them for the purpose of the audit), sufficient to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures;
- Reviewed and assessed those accounting systems deemed necessary to support our audit opinion;
- Evaluated the overall financial statement presentation;
- Performed a subsequent events review with management;
- Reviewed and assessed the status of contingencies, commitments and guarantees; and
- Reviewed and assessed exposure to environmental liabilities.

We have obtained written representations from management, included as additional materials following this report, in order to confirm oral representations given to us and reduce the possibility of misunderstanding. Specifically, we have obtained written confirmation of significant representations provided on matters that are:

- Directly related to items that are material, either individually or in the aggregate, to the financial statements;
- Not directly related to items that are material to the financial statements, but are significant, either individually or in the aggregate, to the engagement; and
- Matters relevant to management judgments or estimates that are material, either individually or in the aggregate, to the financial statements.

Appendix B - Summary of Significant Differences

Significant Unadjusted Differences

Differences Noted	Items affected	Statement of Financial Position	Statement of Operations
MNP identified differences in payroll of \$1,929. The total possible difference has been extrapolated to \$1,214,247		\$ (1,214,247)	\$ 1,214,247
Total Unadjusted Differences (Income Effect)			\$ 1,214,247

Canadian generally accepted auditing standards require that we request of management and the Audit Committee that identified unadjusted differences be corrected. We have made this request of management, however based on both quantitative and qualitative considerations management has decided not to correct those identified differences that remain unadjusted. They have represented to us that in their judgment the unadjusted differences are, both individually and in the aggregate, not material to the financial statements.

We concur with management's representation that the unadjusted differences are not material to the financial statements and, accordingly, these unadjusted differences have no effect on our Independent Auditor's Report.

Independence Communication

September 25, 2023

Board of Education
School District No. 93 (CSF)
100 - 13511 Commerce Parkway
Richmond, BC V6V 2J8

Dear Members of the Board of Education:

We have been engaged to audit the financial statements of School District No. 93 (CSF) (the "School District") as at June 30, 2023 and for the year then ended.

CAS 260 *Communication With Those Charged With Governance* requires that we communicate with you matters that are significant to our engagement. One such matter is relationships between the School District and its related entities or persons in financial reporting oversight roles at the School District and MNP LLP and any affiliates ("MNP") that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate professional accounting body and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client or a related entity;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or a related entity;
- (d) Economic dependence on a client; and
- (e) Provision of non-assurance services in addition to the audit engagement.

We are not aware of any relationship between the School District and MNP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from July 1, 2022 to the date of this letter.

We hereby confirm that MNP is independent with respect to the School District within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia as of the date of this letter.

This report is intended solely for the use of Board of Directors, management and others within the School District and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Sincerely,



MNP LLP
Chartered Professional Accountants

MADE ^{IN} CANADA

And proud of it!

At MNP we're proud to be the national accounting, consulting and tax firm that is 100% Made in Canada.

Our history defines who we are and our approach to business. Being a Canadian firm has helped shape our values, our collaborative approach, and the way we work with our clients, engaging them every step of the way.

We have a unique perspective. Our decisions are made here – decisions that drive Canadian business and help us all achieve success — and we know the impact that our choices have on the cities and towns we call home.

Throughout our six decades of work, we've seen our communities are more than just a place we do business in. They're a place where our families live, play, and thrive, and we work to make them the best places they can be.

Being 100% Canadian is something we wear proudly. This country provides us with great opportunities, and we're here to help our clients seize the opportunities so we can create a brighter future for the generations to come.



Wherever business takes you

MNP.ca



 **PRAXITY**
Empowering Business Globally



Wherever business takes you

MNP.ca