

STUART-NECHAKO REGIONAL HOSPITAL DISTRICT
AGENDA
THURSDAY, FEBRUARY 9, 2023

<u>PAGE NO.</u>		<u>ACTION</u>
	<u>AGENDA – February 9, 2023</u>	Approve
	<u>SUPPLEMENTARY AGENDA</u>	Receive
	<u>MINUTES</u>	
2-5	Stuart-Nechako Regional Hospital District Meeting Minutes – January 12, 2023	Approve
	<u>REPORTS</u>	
6	Chelsey Fields, Accounting Clerk 1 – Change of Signing Authority for Bulkley Valley Credit Union	Recommendation
7-14	John Illes, Treasurer – Preliminary Financial Statements and Budget	Recommendation
	<u>CORRESPONDENCE</u>	
15-19	Beswick Hildebrandt Lund, Chartered Professional Accountants – Audit Planning	Receive
	<u>VERBAL REPORTS</u>	
	<u>RECEIPT OF VERBAL REPORTS</u>	
	<u>SUPPLEMENTARY AGENDA</u>	
	<u>NEW BUSINESS</u>	
	<u>ADJOURNMENT</u>	

STUART-NECHAKO REGIONAL HOSPITAL DISTRICT**MEETING MINUTES****THURSDAY, JANUARY 12, 2023**

PRESENT: Chair Judy Greenaway

Directors Martin Elphee
Clint Lambert
Linda McGuire
Shirley Moon
Kevin Moutray
Mark Parker
Michael Riis-Christianson
Sarrah Storey – arrived at 10:04 a.m.
Henry Wiebe

Staff Curtis Helgesen, Secretary
Cheryl Anderson, Acting Secretary
John Illes, Treasurer
Deborah Jones-Middleton, Director of Protective Services
Sashka Macievich, Acting Treasurer
Wendy Wainwright, Confidential Clerk

Others Leroy Dekens, Village of Telkwa left at 10:03 a.m.
Stoney Stoltenberg, Electoral Area A (Smithers/Telkwa Rural)

CALL TO ORDER

Curtis Helgesen, CAO called the meeting to order at 10:00 a.m.

ELECTIONS**Chairperson**

CAO Helgesen called for nominations for the position of Chairperson for the Stuart-Nechako Regional Hospital District for the year 2023.

Moved by Director Lambert
Seconded by Director McGuire

SNRHD.2023-1-1

“That Director Greenaway be nominated for the position of Chairperson of the Stuart-Nechako Regional Hospital District for the year 2023.”

CAO Helgesen called for nominations for Chairperson a second time.

CAO Helgesen called for nominations for Chairperson a third time.

There being no further nominations, CAO Helgesen declared Director Greenaway, Chairperson of the Stuart-Nechako Regional Hospital District for the year 2023 by acclamation.

ELECTIONS (CONT'D)

Acting Chairperson

CAO Helgesen called for nominations for the position of Acting Chairperson of the Stuart-Nechako Regional Hospital District for the year 2023.

Moved by Director McGuire
 Seconded by Director Parker

SNRHD.2023-1-2

"That Director Riis-Christianson be nominated for the position of Acting Chairperson of the Stuart-Nechako Regional Hospital District for the year 2023."

CAO Helgesen called for nominations for Acting Chairperson a second time.

CAO Helgesen called for nominations for Acting Chairperson a third time.

There being no further nominations, CAO Helgesen declared Director Riis-Christianson as Acting Chairperson of the Stuart-Nechako Regional Hospital District for the year 2023 by acclamation.

Chair Greenaway took the chair.

AGENDA

Moved by Director McGuire
 Seconded by Director Lambert

SNRHD.2023-1-3

"That the Stuart-Nechako Regional Hospital District Agenda of January 13, 2023 be approved."

(All/Directors/Majority)

CARRIED UNANIMOUSLY

MINUTES

Stuart-Nechako Regional Hospital District Meeting Minutes – October 13, 2022

Moved by Director Moutray
 Seconded by Director Parker

SNRHD.2023-1-4

"That the minutes of the Stuart-Nechako Regional Hospital District meeting of October 13, 2022 be adopted."

(All/Directors/Majority)

CARRIED UNANIMOUSLY

REPORTS

Appointment of Staff for 2023-2026 Moved by Director Storey
 Seconded by Director Wiebe

SNRHD.2023-1-5 "That the following individuals be appointed as staff members to the Stuart-Nechako Regional Hospital District:

<u>Name</u>	<u>Position</u>	<u>Wage</u>
Curtis Helgesen	Secretary	\$0
Cheryl Anderson	Acting Secretary	\$0
John Illes	Treasurer	\$0
Sashka Macievich	Acting Treasurer	\$0
Wendy Wainwright	Confidential Clerk	\$0."

(All/Directors/Majority)

CARRIED UNANIMOUSLY

VERBAL REPORTS

Electoral Area E (Francois/Ootsa Lake Rural) – Update Director Lambert spoke of the following:

- recruitment of BC Ambulance Attendants on the Southside
- working to develop three helicopter pads on the Southside for emergency services.

District of Fort St James -Update Director Elphee commented that two physicians have left Fort St. James and two replacement physicians are starting their orientation process and will begin practicing in Spring 2023.

Village of Fraser Lake- Update Director Storey provided the following update:

- Elected President of Northern Medical Programs Trust until May 2023
 - o Meeting next week
 - o Investigating options to appoint Board members
 - Considering representation from the Hospital Districts if possible
 - Will discuss with SNRHD Chair Greenaway
- Fraser Lake Clinic – retention and attraction challenges.

Village of Granisle – Update Director McGuire spoke of the newly ratified agreement with BC Ambulance and the focus on rural and northern areas of the Province. The hope is that it will assist with retention of BC Ambulance attendants.

District of Vanderhoof -Update Director Moutray provided an update regarding the following:

- St. John Hospital at end of life
 - o Northern Health is beginning the process to explore the replacement of the facility
- District of Vanderhoof purchased a house to lease to Northern Health for visiting healthcare professionals
- Vanderhoof Primary Care Facility.

VERBAL REPORTS (CONT'D)

Village of Burns Lake – Update Director Wiebe noted the following;

- pressure on staffing and emergency services at the Lakes District Hospital and Healthcare Centre during Christmas 2022
- Working with Northern Health for housing for visiting healthcare professionals.

Verbal Reports

Moved by Director Storey
 Seconded by Director McGuire

SNRHD.2023-1-6

“That the verbal reports of the various Board of Directors be received.”

(All/Directors/Majority)

CARRIED UNANIMOUSLY

ADJOURNMENT

Moved by Director Storey
 Seconded by Director Lambert

SNRHD.2023-1-7

“That the meeting be adjourned at 10:14 a.m.”

(All/Directors/Majority)

CARRIED UNANIMOUSLY

Judy Greenaway, Chairperson

Wendy Wainwright, Confidential Clerk

Stuart-Nechako Regional Hospital District Board of Directors

To: Board of Directors
From: Chelsey Fields, Accounting Clerk 1
Date: February 9, 2023
Subject: **Change of Signing Authority for Bulkley Valley Credit Union**

RECOMMENDATION: **(all/directors/majority)**

That the following individuals be appointed as signing authority for the Bulkley Valley Credit Union accounts:

Name	Position
Curtis Helgesen	Secretary
Cheryl Anderson	Acting Secretary
John Illes	Treasurer
Judy Greenaway	Chair
Michael Riis-Christianson	Acting Chair

BACKGROUND

Due to the changes to the Board of Directors at the recent election, appointments of a new Chair and Acting Chair, a change of signing authorities is required at the Bulkley Valley Credit Union.

Stuart-Nechako Regional Hospital District Board of Directors

To: Board of Directors
From: John Illes, Treasurer
Date: February 9, 2023
Subject: **Preliminary Financial Statements and Budget**

RECOMMENDATION: (all/directors/majority)

That the Preliminary Financial Statements for 2022 be Received.

That a budget bylaw for 2023 be prepared for the February 23rd SNRHD Board meeting with a requisition amount described in Option C.

BACKGROUND

Financial Statements

Items of note in the 2022 financial statements are that the Stuart-Nechako Manor roof replacement was delayed due to engineering requirements until 2023. Northern Health was able to obtain a grant of \$90,636 from Spirit of the North and this reduced the major equipment expenditures for 2022. This amount appears in prepaid expenses and will be used in 2023 for major equipment expenditures.

The estimate of Grants in Lieu of Taxes for 2022 was based on older information and a better estimate is included in the 2023 budget.

Budget

The total change in assessments for 2023 was 15.7%. Of this amount, 4.8% was do to non-market changes (new construction). This non-market change was mostly the result of new pipeline construction. The remaining increase (market changes) was 10.9%.

The 2022 requisition of \$5,307,899 can be increased by 4.8% without impacting the current "average" tax payer. This increase would be from new taxes collected from improvements constructed during the last assessment period. This new base amount is \$5,562,678 and is included in the Budget Scenario Option A. Three other options are presented for discussion (Options B, C, and D). These options include a 4%, 6% and 8% increase, respectively, over the base option.

With inflation for the year being 6.6% for British Columbia, staff are recommending the 6% increase described in Option C.

After the construction of the new hospital in Fort St. James, the Hospital District must begin to save for upgrades or reconstruction of the health care centre in Fraser Lake and in the longer term, the replacement of the hospital in Vanderhoof. Staff estimate that the hospital district's cost share of a new Vanderhoof Hospital will likely be over \$50 million. The increases seen over the last several years in health care construction costs and the size and the scope of the Vanderhoof Hospital emphasize the need to save for these future health care expenses.

Costs for 2023 are primarily related to the Stuart Lake Hospital (\$10,033,773) and the Stuart-Nechako Manor roof replacement (\$2,000,000).

Estimates for interest revenue in 2023 is based on a 2% rate of return, 2024 is based on a 5% return, and 2025 forwards is based on a 4% rate of return. For the years 2025 and forward the requisition amount is assumed to increase by 2% per year.

The "tax rate" for 2022 was \$1.27 per \$1,000 and the tax rate for the four options in 2023 are:

Option A	\$1.15
Option B	\$1.20
Option C	\$1.22
Option D	\$1.25

Because the hospital district uses a requisition model that does not include "market change" in assessments each of the different options actually show a tax rate decrease.

Attachments:

Draft Financial Statements for the Year Ending December 31, 2022
Four Budget Options

Stuart-Nechako Regional Hospital District
Statement of Financial Position
For the Year Ending December 31, 2022

Cash Accounts	\$ 2,561,383
Investment Accounts	5,839,312
Guaranteed Investment Certificate	2,013,096
Prepaid Expenses	90,636
Interest Receivable	43,367
Accounts Receivable	5,794
	<hr/> 10,553,587
Accounts Payable	808,139
	<hr/> 808,139
Net Assets	<hr/> <hr/> 9,745,448

Stuart-Nechako Regional Hospital District
Statement of Operations

For the Year Ending December 31, 2022

	Budget	Actuals
REVENUE		
Grant In Lieu of Taxes	\$ 9,500	\$ 34,525
Taxation	5,307,900	5,307,899
Interest	134,857	185,386
Total	5,452,257	5,527,810
EXPENDITURES		
Major Capital Project >\$5M (Stuart Lake Hospital)	9,000,000	7,392,254
Major Capital Project <\$5M (Burns Lake Nurses Residence and Stuart-Nechako Manor Roof)	2,043,069	43,069
Major Equipment	101,200	10,564
Building Integrity and Minor Capital Grant	189,504	189,504
IT Projects Grant	272,657	272,657
Board Expenses	10,000	5,477
Administration	20,000	18,812
	11,636,430	7,932,337
Loss	<u>(6,184,173)</u>	<u>(2,404,527)</u>

Stuart Nechako Regional Hospital District - 2023 Budget and 2024 Provisional Budget

OPTION A	2023 Budget	2024 Provisional Budget	2025 Preliminary Budget	2026 Preliminary Budget	2027 Preliminary Budget	2028 Preliminary Budget	2029 Preliminary Budget
INCOME							
Grant In Lieu of Taxes	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Taxation	5,562,678	6,100,000	6,222,000	6,346,440	6,473,369	6,602,836	6,734,893
Interest	120,000	100,000	321,954	567,093	817,555	1,062,112	1,177,629
	<u>\$ 5,710,678</u>	<u>\$ 6,228,000</u>	<u>\$ 6,571,954</u>	<u>\$ 6,941,533</u>	<u>\$ 7,318,923</u>	<u>\$ 7,692,948</u>	<u>\$ 7,940,522</u>
EXPENSES							
Business Planning							
Major Capital Project >\$5M	10,033,773						10,000,000
Major Capital Project <\$5M	2,000,000					3,600,000	
Major Equipment	483,200	238,400	142,800	200,000	600,000	600,000	200,000
Building Integrity and Minor Capital Grant	213,000	197,664	200,000	200,000	225,000	225,000	225,000
IT Projects Grant	256,279	152,964	70,668	250,000	350,000	350,000	350,000
Administration	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Directors Remuneraiton	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	<u>\$ 13,016,252</u>	<u>\$ 619,028</u>	<u>\$ 443,468</u>	<u>\$ 680,000</u>	<u>\$ 1,205,000</u>	<u>\$ 4,805,000</u>	<u>\$ 10,805,000</u>
NET INCOME AT END OF YEAR	(7,305,574)	5,608,972	6,128,486	6,261,533	6,113,923	2,887,948	(2,864,478)
ADD: SURPLUS CARRY FORWARD FROM PREVIOUS Y	\$ 9,745,448	\$ 2,439,874	\$ 8,048,846	\$ 14,177,332	\$ 20,438,865	\$ 26,552,789	\$ 29,440,736
NET ACCOUNT BALANCE AT END OF YEAR	\$ 2,439,874	\$ 8,048,846	\$ 14,177,332	\$ 20,438,865	\$ 26,552,789	\$ 29,440,736	\$ 26,576,259

Stuart Nechako Regional Hospital District - 2023 Budget and 2024 Provisional Budget

OPTION B	2023 Budget	2024 Provisional Budget	2025 Preliminary Budget	2026 Preliminary Budget	2027 Preliminary Budget	2028 Preliminary Budget	2029 Preliminary Budget
INCOME							
Grant In Lieu of Taxes	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Taxation	5,785,185	6,100,000	6,222,000	6,346,440	6,473,369	6,602,836	6,734,893
Interest	120,000	100,000	330,854	576,350	827,181	1,072,123	1,188,042
	<u>\$ 5,933,185</u>	<u>\$ 6,228,000</u>	<u>\$ 6,580,854</u>	<u>\$ 6,950,790</u>	<u>\$ 7,328,550</u>	<u>\$ 7,702,959</u>	<u>\$ 7,950,934</u>
EXPENSES							
Business Planning							
Major Capital Project >\$5M	10,033,773						10,000,000
Major Capital Project <\$5M	2,000,000					3,600,000	
Major Equipment	483,200	238,400	142,800	200,000	600,000	600,000	200,000
Building Integrity and Minor Capital Grant	213,000	197,664	200,000	200,000	225,000	225,000	225,000
IT Projects Grant	256,279	152,964	70,668	250,000	350,000	350,000	350,000
Administration	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Directors Remuneraiton	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	<u>\$ 13,016,252</u>	<u>\$ 619,028</u>	<u>\$ 443,468</u>	<u>\$ 680,000</u>	<u>\$ 1,205,000</u>	<u>\$ 4,805,000</u>	<u>\$ 10,805,000</u>
NET INCOME AT END OF YEAR	(7,083,067)	5,608,972	6,137,386	6,270,790	6,123,550	2,897,959	(2,854,066)
ADD: SURPLUS CARRY FORWARD FROM PREVIOUS Y \$	9,745,448	\$ 2,662,381	\$ 8,271,353	\$ 14,408,739	\$ 20,679,529	\$ 26,803,079	\$ 29,701,038
NET ACCOUNT BALANCE AT END OF YEAR	\$ 2,662,381	\$ 8,271,353	\$ 14,408,739	\$ 20,679,529	\$ 26,803,079	\$ 29,701,038	\$ 26,846,973

Stuart Nechako Regional Hospital District - 2023 Budget and 2024 Provisional Budget

OPTION C	2023 Budget	2024 Provisional Budget	2025 Preliminary Budget	2026 Preliminary Budget	2027 Preliminary Budget	2028 Preliminary Budget	2029 Preliminary Budget
INCOME							
Grant In Lieu of Taxes	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Taxation	5,896,439	6,100,000	6,222,000	6,346,440	6,473,369	6,602,836	6,734,893
Interest	120,000	100,000	335,304	580,978	831,994	1,077,129	1,193,248
	<u>\$ 6,044,439</u>	<u>\$ 6,228,000</u>	<u>\$ 6,585,304</u>	<u>\$ 6,955,418</u>	<u>\$ 7,333,363</u>	<u>\$ 7,707,965</u>	<u>\$ 7,956,140</u>
EXPENSES							
Business Planning							
Major Capital Project >\$5M	10,033,773						10,000,000
Major Capital Project <\$5M	2,000,000					3,600,000	
Major Equipment	483,200	238,400	142,800	200,000	600,000	600,000	200,000
Building Integrity and Minor Capital Grant	213,000	197,664	200,000	200,000	225,000	225,000	225,000
IT Projects Grant	256,279	152,964	70,668	250,000	350,000	350,000	350,000
Administration	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Directors Remuneraiton	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	<u>\$ 13,016,252</u>	<u>\$ 619,028</u>	<u>\$ 443,468</u>	<u>\$ 680,000</u>	<u>\$ 1,205,000</u>	<u>\$ 4,805,000</u>	<u>\$ 10,805,000</u>
NET INCOME AT END OF YEAR	(6,971,813)	5,608,972	6,141,836	6,275,418	6,128,363	2,902,965	(2,848,860)
ADD: SURPLUS CARRY FORWARD FROM PREVIOUS Y \$	9,745,448	\$ 2,773,635	\$ 8,382,607	\$ 14,524,443	\$ 20,799,861	\$ 26,928,224	\$ 29,831,189
NET ACCOUNT BALANCE AT END OF YEAR	\$ 2,773,635	\$ 8,382,607	\$ 14,524,443	\$ 20,799,861	\$ 26,928,224	\$ 29,831,189	\$ 26,982,329

Stuart Nechako Regional Hospital District - 2023 Budget and 2024 Provisional Budget

OPTION D	2023 Budget	2024 Provisional Budget	2025 Preliminary Budget	2026 Preliminary Budget	2027 Preliminary Budget	2028 Preliminary Budget	2029 Preliminary Budget
INCOME							
Grant In Lieu of Taxes	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Taxation	6,007,692	6,100,000	6,222,000	6,346,440	6,473,369	6,602,836	6,734,893
Interest	120,000	100,000	339,754	585,606	836,808	1,082,135	1,198,454
	<u>\$ 6,155,692</u>	<u>\$ 6,228,000</u>	<u>\$ 6,589,754</u>	<u>\$ 6,960,046</u>	<u>\$ 7,338,177</u>	<u>\$ 7,712,971</u>	<u>\$ 7,961,346</u>
EXPENSES							
Business Planning							
Major Capital Project >\$5M	10,033,773						10,000,000
Major Capital Project <\$5M	2,000,000					3,600,000	
Major Equipment	483,200	238,400	142,800	200,000	600,000	600,000	200,000
Building Integrity and Minor Capital Grant	213,000	197,664	200,000	200,000	225,000	225,000	225,000
IT Projects Grant	256,279	152,964	70,668	250,000	350,000	350,000	350,000
Administration	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Directors Remuneraiton	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	<u>\$ 13,016,252</u>	<u>\$ 619,028</u>	<u>\$ 443,468</u>	<u>\$ 680,000</u>	<u>\$ 1,205,000</u>	<u>\$ 4,805,000</u>	<u>\$ 10,805,000</u>
NET INCOME AT END OF YEAR	(6,860,560)	5,608,972	6,146,286	6,280,046	6,133,177	2,907,971	(2,843,654)
ADD: SURPLUS CARRY FORWARD FROM PREVIOUS Y \$	9,745,448	\$ 2,884,888	\$ 8,493,860	\$ 14,640,147	\$ 20,920,193	\$ 27,053,369	\$ 29,961,340
NET ACCOUNT BALANCE AT END OF YEAR	\$ 2,884,888	\$ 8,493,860	\$ 14,640,147	\$ 20,920,193	\$ 27,053,369	\$ 29,961,340	\$ 27,117,686



CHARTERED PROFESSIONAL ACCOUNTANTS

January 27, 2023

Board of Directors
 Stuart-Nechako Regional Hospital District
 PO Box 820
 Burns Lake, BC
 V0J 1E0

Dear Board of Directors:

Re: Audit Planning

We are writing this letter in connection with our audit of the financial statements for the year ending December 31, 2022.

Our purpose in writing is to ensure effective two-way communication between us in our role as auditors and yourselves with the role of overseeing the financial reporting process. In this letter we will:

- a. Address our responsibilities as independent auditors and provide information about the planned scope and timing of our audit.
- b. Request a response to some audit questions and any additional information you may have that could be relevant to our audit.

Auditor Responsibilities

The respective responsibilities of ourselves and of management in relation to the audit of financial statements are set out in the engagement letter that was signed by management and a representative of the board on January 26, 2022. Please refer to the engagement letter for more information.

Planned Scope and Timing of Our Audit

Our objective as auditors is to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with Canadian Public Sector Accounting Standards (PSAS).

In developing our audit plan, we worked with management to understand the nature of the entity Stuart-Nechako Regional Hospital District and to identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error. Our audit plan has been designed to focus on the identified areas of risk.

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Partners

Allison Beswick CPA, CA
 Norm Hildebrandt CPA, CA
 Robin Lund CPA, CGA

Dane Soares CPA
 Taylor Turkington CPA

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Materiality

For the current period, we have determined an overall materiality amount of \$79,000. We have also considered misstatements that could be material in qualitative financial statement disclosures. Materiality will be used to:

- a. Plan and perform the audit; and,
- b. Evaluate the effects of identified and uncorrected misstatements on the audit procedures performed as well as on the financial statements.

The materiality amount will be reassessed at period end to ensure it remains appropriate.

Significant Changes During the Period

The significant changes that we addressed in planning the audit for the current period are set out below:

- a. Entity operations and personnel;
No significant changes were identified
- b. Accounting and control systems;
No significant changes were identified
- c. Accounting and auditing standards; and
No significant changes were identified
- d. Other .
No other significant changes were identified

Internal Control

To help identify and assess the risks of material misstatement in the financial statements, we obtain an understanding of internal control relevant to the audit. This understanding is used in the design of appropriate audit procedures. It is not used for the purpose of expressing an opinion on the effectiveness of internal control. Should we identify any significant deficiencies in the internal control and accounting systems, we will communicate them to you in our audit findings letter.

Significant Risks

In planning our audit, we identify significant financial reporting risks that, by their nature, require special audit consideration. The significant risks we have identified and our proposed audit response is outlined below:

If there are specific areas that warrant our particular attention during the audit or where you would like us to undertake some additional procedures, please let us know.

Significant Risks	17 Proposed Audit Response
<p>Revenue Recognition</p> <p>Auditing standards assume a rebuttable presumption, that there is a significant risk of fraud in revenue recognition in all organizations.</p> <p>We have considered the following criteria in assessing this risk:</p> <ul style="list-style-type: none"> • Complexity of revenue recognition policy and type of transactions; • Incentive/pressure to misstate revenue transactions or related balances; • Potential opportunity and rationalization. 	<p>The Regional Hospital District's significant sources of revenue consist of tax requisition, interest and grants in lieu of taxes. The risk of fraud in revenue recognition lies in revenue from tax requisition, interest and grants in lieu of taxes. There is a risk that revenue from these sources may be recorded in the wrong period or not complete.</p> <p>We will perform the following procedures:</p> <ul style="list-style-type: none"> • Update our understanding of the potential risk of fraud and error related to revenue recognition and understood and evaluated the related internal controls; • Test revenue sources substantively and through analytical procedures where appropriate; • Examine a selection of journal entries related to revenue recognition; • Substantively test revenue cut-off; and • Where applicable agreed on a test basis, deferred revenue amounts to underlying documentation to verify that revenue was appropriately recognized or deferred.
Significant Risks, continued	Proposed Audit Response, continued
<p>Management Override of Controls</p> <p>Auditing standards require that the risk of material misstatement due to management override of controls be considered a significant risk on every audit engagement.</p> <p>The risk relates to the manipulation of the financial reporting process by recording inappropriate or unauthorized journal entries or by making adjustments to amounts reported in the financial statements that are not reflected in the journal entries.</p>	<p>We will perform the following procedures:</p> <ul style="list-style-type: none"> • Inquired with the Board of Directors and Management to determine whether they were aware of the occurrence of actual or suspected fraud; • Updated our understanding of management's process for initiating, recording and approving journal entries; • Examined a sample of journal entries meeting certain criteria; • Examined management's assessment of current year estimates and the outcome of prior year estimates; • Considered management biases in our testing of estimates and provision, and the application of accounting policies; and • Incorporated elements of unpredictability in our audit approach.

Uncorrected Misstatements

Where we identify uncorrected misstatements during our audit, we will communicate them to management and request that they be corrected. If not corrected by management, we will then request that you correct them. If not corrected by you, we will also communicate the effect that they may have individually, or in aggregate, on our audit opinion.

Timing

The proposed timing of our audit (as discussed with management) is as follows:

Action	Planned date
Planning	January 26, 2023
Start of audit field work	January 27, 2023
End of audit field work	February 9, 2023
Review Audit Findings with Board of Directors	To be determined
Approval of financial statements by the Board of Directors	To be determined
Provide the audit opinion on financial statements	To be determined

Engagement Team

Our engagement team for this audit will consist of the following personnel:

Name	Role	Contact details
Taylor Turkington	Partner	778-764-2654

Audit Findings

At the conclusion of our audit, we will prepare an audit findings letter to assist you with your review of the financial statements. This letter will include our views and comments on matters such as:

- Significant matters, if any, arising from the audit that were discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Uncorrected misstatements; and
- Any other audit matters of governance interest.

Audit Questions and Requests

Fraud

To help us in identifying and responding to the risks of fraud within the entity, we would appreciate your responses to the following questions:

- What oversight, if any, do you provide over management's processes for identifying and responding to fraud risks? Management's processes could include policies, procedures, programs or controls that serve to prevent, detect and deter fraud.
- Do you have any knowledge of any actual, suspected or alleged fraud, including misappropriation of assets or manipulation of the financial statements, affecting the entity? If so, please provide details and how the fraud or allegations of fraud were addressed.

Other Matters

Would you please bring to our attention any significant matters or financial reporting risks, of which

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you are aware, that may not have been specifically addressed in our proposed audit plan. This could include such matters as future plans, contingencies, events, decisions, non-compliance with laws and regulations, potential litigation, specific transactions (such as with related parties or outside of the normal course of business) and any additional sources of audit evidence that might be available.

Fees

Our proposed audit fee of \$2,900, for the period ending December 31, 2022, is based on the nature, extent and timing of our planned audit procedures as described above.

We recognize your significant role in the oversight of the audit and would welcome any observations on our audit plan.

This letter was prepared for the sole use of those charged with governance of Stuart-Nechako Regional Hospital District to carry out and discharge their responsibilities. The content should not be disclosed to any third party without our prior written consent, and we assume no responsibility to any other person.

Yours truly,

Beswick Hildebrandt Lund

Beswick Hildebrandt Lund Chartered Professional Accountants