



# REGIONAL DISTRICT OF BULKLEY-NECHAKO

## SUPPLEMENTARY AGENDA

Thursday, March 13, 2025

<b><u>PAGE NO.</u></b>	<b><u>ADMINISTRATION REPORTS</u></b>	<b><u>ACTION</u></b>
2-7	John Illes, Chief Financial Officer - Audit Planning Letter	Receive

### **ADJOURNMENT**



# Regional District of Bulkley-Nechako Board of Directors Supplementary

**To:** Chair and Board  
**From:** John Illes, Chief Financial Officer  
**Date:** March 13, 2025  
**Subject:** **Audit Planning Letter**

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

Receipt.

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## **BACKGROUND and SUMMARY**

Beswick Hildebrandt Lund will be doing their audit field work from March 10<sup>th</sup> to March 13<sup>th</sup>. Their audit planning letter to the Board of Directors is attached to this memo.

As part of the audit process, the auditors will be contacting the Chair and the Vice-Chair with standard audit questions. However, any members of the board have the right to have unfettered access to our auditors. If any director wishes to have a meeting set up with our auditors, this can be arranged by staff. Alternatively, directors can contact Taylor Turkington, the lead auditor, directly using the contact information at the bottom of the audit planning letter.

### **Attachments:**

**Audit Planning Letter of March 7, 2025**

March 7, 2025

Board of Directors  
Regional District of Bulkley-Nechako  
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, 2024.

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 March 7, 2025. 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 Regional District of Bulkley-Nechako 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

Beswick Hildebrandt Lund CPA  
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### **Materiality**

For the current period, we have determined an overall materiality amount of \$776,000. 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	5 Proposed Audit Response
<p><b>Revenue Recognition</b></p> <p>Auditing standards assume a rebuttable presumption, that there is a significant risk of fraud in revenue recognition in <b>all</b> organizations.</p> <p>We have considered the following criteria in assessing this risk:</p> <ul style="list-style-type: none"> <li>• Complexity of revenue recognition policy and type of transactions;</li> <li>• Incentive/pressure to misstate revenue transactions or related balances;</li> <li>• Potential opportunity and rationalization.</li> </ul>	<p>The Regional District's significant sources of revenue consist of property tax requisition revenue, government transfer/grants, grants-in-lieu of taxes and fees, and permits revenue. The risk of fraud in revenue recognition lies in revenue from these sources. 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"> <li>• Update our understanding of the potential risk of fraud and error related to revenue recognition and understood and evaluated the related internal controls;</li> <li>• Test revenue sources substantively and through analytical procedures where appropriate;</li> <li>• Examine a selection of journal entries related to revenue recognition;</li> <li>• Substantively test revenue cut-off; and</li> <li>• Where applicable agreed on a test basis, deferred revenue amounts to underlying documentation to verify that revenue was appropriately recognized or deferred.</li> </ul>
Significant Risks, continued	Proposed Audit Response, continued
<p><b>Management Override of Controls</b></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"> <li>• Inquired with the Board of Directors and Management to determine whether they were aware of the occurrence of actual or suspected fraud;</li> <li>• Updated our understanding of management's process for initiating, recording and approving journal entries;</li> <li>• Examined a sample of journal entries meeting certain criteria;</li> <li>• Examined management's assessment of current year estimates and the outcome of prior year estimates;</li> <li>• Considered management biases in our testing of estimates and provision, and the application of accounting policies; and</li> <li>• Incorporated elements of unpredictability in our audit approach.</li> </ul>

## 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	March 7, 2025
Start of audit field work	March 10, 2025
End of audit field work	March 13, 2025
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 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 \$25,500, for the period ending December 31, 2024, 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 Regional District of Bulkley-Nechako 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