

AUDIT FINDINGS REPORT

**Presented to Bibliothèque East Ferris
Public Library**

Prepared by Baker Tilly SNT
April 3, 2023

PURPOSE OF THE REPORT

We have been engaged to express an audit opinion on the financial statements of the Bibliothèque East Ferris Public Library ("the Library") for the year ended December 31, 2022. We have substantially completed our audit and are pleased to report our findings to date.

The purpose of this report is to summarize certain aspects of the audit that we believe to be of interest to the Board of Directors. This report should be read in conjunction with the draft financial statements and our audit report thereon.

We have received full cooperation during the course of our audit and unrestricted access to all documents, books and records. We did not encounter any significant difficulties during the audit.

This report is intended for use by the Board of Directors only.



A vertical strip on the left side of the page showing a close-up of a wood grain texture, with various shades of brown and black lines representing the grain and knots.

TABLE OF CONTENTS

Responsibilities

Our Audit Process

Our Audit Approach

Audit Risks and Results

Significant Findings from the Audit

Materiality

Misstatements

Independence

Other Matters

Changes to auditing standard CAS 315 (revised)

Conclusion



RESPONSIBILITIES

AUDITOR	BOARD OF DIRECTORS	MANAGEMENT
Express an opinion on whether the financial statements present fairly, in all material respects, the financial position and its results of operations and its cash flows for the year in accordance with Canadian Public Sector Accounting Standards	Act as an objective, independent liaison between the auditor and management	Ensure financial statements are prepared and presented in accordance with Canadian Public Sector Accounting Standards
Perform the audit in accordance with Canadian generally accepted auditing standards	Assist in the planning process when appropriate	Ensure completeness of information with regards to financial records and data and provide information on non-compliance, illegal acts, related party transactions
Assess risk that the financial statements may contain material misstatements that, individually or in the aggregate are material to the financial statements as a whole	Meet with the auditors prior to the release and approval of the audited financial statements to review the audit, disclosure and compliance issues	Ensure proper controls are in place to prevent and detect fraud and error, assess risk and provide information on any fraud or suspected fraud



RESPONSIBILITIES (continued)

AUDITOR	BOARD OF DIRECTORS	MANAGEMENT
Assessing the accounting policies used and their application	Review selection of accounting policies	Ensure proper recognition, measurement and disclosure for selection of accounting policies, significant assumptions, future plans, related party transactions, any claims and possible claims and contingent gains and losses
Assessing the significant estimates made by management	Review and approve draft financial statements	Provide a written confirmation of significant representations to the auditor
Examine on a test basis, evidence supporting the amounts and disclosures in the financial statements	Advise auditor of any issues of disclosure, governance, fraud or illegal acts	

OUR AUDIT PROCESS

1

INITIAL PLANNING

- Assess and respond to engagement risk
- Assessment of audit management process
- Enhance understanding of the Library and accounting processes
- Determine planning materiality
- Perform walkthroughs
- Establish an overall audit strategy

2

DEVELOP THE AUDIT PLAN

- Assess risk at account balance and potential error levels
- Plan use of working papers
- Plan substantive and control tests

3

EXECUTE THE AUDIT PLAN

- Perform substantive and control tests including sampling techniques using the appropriate tools and software
- Review completion documents and working papers for areas with significant or high risk

4

REPORT & ASSESS PERFORMANCE

- Obtain management representations
- Complete engagement reporting
- Issue audit report and management letter
- Summarize audit results
- Assess engagement quality

OUR AUDIT APPROACH

We determined, based on our understanding of internal controls, that limited reliance would be placed on the system of internal controls due to the size of the Library.

Testing of internal controls was not, in our view, cost effective for the level of assurance such tests would provide.

We adopted a substantive approach for the audit.



AUDIT RISKS & RESULTS

There were no significant audit risks identified.

SIGNIFICANT FINDINGS FROM THE AUDIT

Audit Opinion

The Independent Auditor's Report will be issued with a modified opinion related to the completeness of revenues.

Accounting Policies

No new accounting policies were adopted in the current year.

Key Estimates

Key estimates in the financial statements include:

- Useful life of tangible capital assets and related amortization
- Accrued liabilities



MATERIALITY

Materiality is the term used to describe the significance of financial statement information to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision. Materiality is a matter of professional judgement in the particular circumstances.

FACTORS	COMMENTS	AMOUNT
Basis for Calculation	Total expenses	\$169,408
Factors Used	Upper end of the range accepted by Canadian Auditing Standards	3.00%
Overall Materiality	Level at which misstatements individually or in aggregate would affect the decisions of the users of the financial statements	\$5,000
Performance Materiality	Amount that is used when determining the extent of substantive testing	\$4,200 (85%)
Trivial Error Threshold	Matters identified during the audit, which are trivial	\$250 (5%)

MISSTATEMENTS

Misstatements are categorized as corrected audit misstatements and uncorrected audit misstatements. These include disclosure deficiencies as well.

Significant Misstatements

We have not found any material misstatements or unadjusted items that exceed materiality.



INDEPENDENCE

Canadian auditing standards require us to confirm our independence with the Board of Directors and those responsible with governance.

To our knowledge, Baker Tilly SNT has no independence issues in the following areas:

- Holding a financial interest, either directly or indirectly, in the Library;
- Holding a position, either directly or indirectly, that gives the right of responsibility to exert significant influence over the financial or account policies of the Library;
- Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with the Library;
- Economic dependence on the Library; and
- Provision of services in addition to the audit engagement



OTHER MATTERS

Related Party Transactions

All related party transactions are disclosed in the notes to the financial statements.

Significant Unusual Transactions

No significant transactions were entered into by the Library that you should be aware of.

Significant Matters Discussed with Management

There were no significant matters arising from the audit discussed with management and no disagreements.

Written Representations Requested from Management

We request that management prepare a letter to us reaffirming various representations that were provided to us and we have relied upon.

Internal Control Recommendations and Management Letter

We will not be issuing a management letter, as we did not identify any deficiencies in internal control.

Other

No instances of illegal acts, fraud, intentional misstatements or errors were noted during the audit.

No instances of non-compliance of laws and regulation were identified during our audit.



Changes to auditing standard CAS 315 (revised)

Identifying and Assessing the Risks of Material Misstatement

A revised Canadian Auditing Standard has been issued for identifying and assessing the risk of material misstatement (CAS 315 (revised)). The changes apply to audits of all entities regardless of their size and complexity.

The Standard has been revised to reflect the increasing complexity of businesses and the environments in which they operate, greater use of technology and automation by companies, and how those changes affect our audits.

The revisions are intended to clarify the requirements, enhance risk identification and assessment, and promote a more focused response to the risks identified.

The changes are in effect now and will impact the current year's audit as CAS 315 (revised) is effective for audits of financial statements for periods beginning on or after December 15, 2021.

Changes to auditing standard CAS 315 (Continued)

Key changes to the standard and the potential impact on your audit

Changes in the standard	What that means for the audit
New and enhanced requirements for understanding the system of internal control.	There is an increased focus on understanding and assessing the organization's overall control environment, including the monitoring of controls by management, as well as financial statement preparation process and communication that takes place within the organization. As a result, you will see more questions regarding your internal controls and more discussion with the audit team about risks being identified by the organization and by us during our audit.
New and enhanced requirements for understanding of Information Technology as it relates to the audit.	More questions will be asked to obtain greater detail on the various applications and systems relevant to financial reporting function. In some cases, we may request to speak to those within your organization that are responsible for Information Technology. We may also decide to involve our internal IT experts.
Specific areas have been identified where controls must be assessed for whether they are designed appropriately and have been implemented.	Discussions with you about specific controls and their intended purpose will assist us in our assessment of the design of controls. We may also ask you for additional information to support our procedures in determining whether controls are implemented. In some cases, we may ask to observe some controls.
How we identify and assess risks has changed. Inherent risks are now considered on a spectrum by assessing the likelihood of a risk occurring and the magnitude of the risk should it occur.	Addition of specific categories of risk factors will require more extensive documentation of risks in our files, driven by our understanding of your business, strategies and objectives, any changes in operations, control environment and financial reporting considerations. We will discuss areas of focus and increased risk with you. More risks could be identified as a result of additional requirements, and the assessment of risk based on the spectrum may result in the need for additional audit procedures.



Changes to auditing standard CAS 315 (Continued)

How are we ensuring compliance with the new requirements?



In-depth training has been provided to our audit teams to ensure they understand the new requirements and resulting impact on the work they will perform.



Our audit tools have been updated to facilitate effective gathering of additional information.



We've amended our Information required for the year end audit list to include additional documentation requirements.

Impact on Audit Fees

The application of the changes to revised CAS 315 will undoubtedly have an impact on our time and the resources necessary to execute the audit. We expect a one-time fee increase for the year ending December 31, 2022 of approximately \$250 and an increase in our annual base fee of approximately \$125 for subsequent years.

CONCLUSION

We are ready to release the financial statements subject to completion of the following:

- Receipt of signed management representation letter
- Completing our discussion with the Board of Directors
- Receipt of evidence of board approval of the financial statements

KEY DELIVERABLES

KEY DELIVERABLES	EXPECTED DATE
Present draft financial statements to Board of Directors	April 3, 2023
Issue audited financial statements	April 5, 2023

We would like to take this opportunity to note our appreciation to management and administrative personnel for their cooperation and assistance.

We welcome any feedback on our performance as we strive to continually improve our service.



Tax

Our Tax Services are designed to meet your business tax compliance and consulting needs.

- Tax
- Advisory
- Indirect Tax
- Transfer Pricing
- Cross Border & International
- SR&ED
- Personal and Corporate Tax Compliance
- Tax Minimizing Strategies
- Corporate Reorganizations
- Tax Dispute Resolution

Transaction

Whether you are a buyer or a seller, knowledge is power and decisive action begins with clarity.

- Mergers and Acquisitions
- Capital Raising
- Transaction Support
- Valuations
- Corporate
- Finance
- Restructuring and Recovery

IT

Navigating through the maze of information technology needs and business optimization planning is a challenge to most businesses in today's evolving world.

- Security and Data Protection
- Network Assessment
- Infrastructure
- Recommendations and Implementation
- Backup Solutions

Assurance

When you're facing a changing global economy, it's important to have someone next to you who will help navigate through the evolving accounting standards and changing regulatory environment.

- Entrepreneurial
- Audit and Accounting
- Private Enterprise
- Public Markets

Data Analytics

At Baker Tilly, we strive to be up-to-date on the latest data analytic trends and software.

Techniques commonly performed include:

- Predictive modelling
- Key Performance Indicator (KPI) analysis
- Historical operational analysis
- Tax recovery
- Improved production line efficiency
- Reduction of unnecessary costs
- Analyze complex forex
- Data visualization
- Risk analysis
- Benchmarking
- System implementation

Advisory

Across our advisory service lines, we get to the essence of value drivers, so clients can realize optimal value and achieve their business objectives.

- Organizational Effectiveness & Productivity
- Operational Performance Reviews
- Business Development
- Social Enterprise Development
- Project Management
- Corporate and Organizational Governance
- Human Resources
- Financial and Risk Management
- Government
- Funding Applications
- Succession Planning
- Marketing and Client Strategy

BT Advantage

As a business owner, you need information that's timely and relevant to drive daily decisions. Baker Tilly Advantage addresses that need by leveraging best-in-class technologies to deliver customized accounting, finance and operational assistance. Traditional accounting solutions focus on where you have been. Baker Tilly Advantage transforms this approach into proactive solutions that focus on where you are going. The difference is a powerful combination of innovative cloud technology, financial expertise and industry insight delivered by experienced advisors, who are committed to helping you gain a competitive advantage.

4 offices | 15 partners | 90 professionals



THANK YOU