



Lake Simcoe Region Conservation Authority

Audit final report to the Board of Directors for
the year ended December 31, 2022



START



To the Board of Directors of Lake Simcoe Region Conservation Authority

We are pleased to provide you with the results of our audit of Lake Simcoe Region Conservation Authority (the “Authority”) financial statements for the year ended December 31, 2022.

The enclosed final report includes our approach to your audit, including: significant risks identified and the nature, extent, and results of our audit work. We will also report any significant internal control deficiencies identified during our audit and reconfirm our independence.

During our audit, management made certain representations to us—in discussions and in writing. We documented these representations in the audit working papers.

The business environment has changed for us all during the time of COVID-19. Cash flow, strategy, operations: each has received a rethink. As your auditors, we have relied on our digital audit suite to stay connected—among ourselves, with management, and with you.

We look forward to discussing our audit conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP

April 28, 2023



Table of contents

1	Audit at a glance	4
2	Status of the audit	5
3	Audit findings	6
4	Internal control matters	7
5	Adjusted and unadjusted differences	8
6	Other required communications	9
7	Appendices	10

For the year ended December 31, 2022



BDO'S DIGITAL AUDIT SUITE

APT Next Gen

We use our APT Next Gen software and documentation tool to save time, streamline processes, and go paperless with your audit.

[LEARN MORE](#)

DISCOVER THE
DIGITAL DIFFERENCE





Audit at a glance

Preliminary materiality was \$500,000. Final materiality remained unchanged from our preliminary assessment.

We are not aware of any fraud affecting the Authority. If you have become aware of changes to processes or are aware of any instances of actual, suspected, or alleged fraud since our discussions held at planning, please let us know.

We have complied with relevant ethical requirements and are not aware of any relationships between Lake Simcoe Region Conservation Authority and our Firm that may reasonably be thought to bear on our independence.

LEAD PARTNER ON YOUR AUDIT	Adam Delle Cese, CPA, CA
	Email: adellecese@bdo.ca
	Direct: (289) 279-0030

START DATE	March 6, 2023
-------------------	---------------

END DATE	March 30, 2023
-----------------	----------------

Status of the audit

We have substantially completed our audit of the year ended December 31, 2022 financial statements, pending completion of the following items:

- ▶ Receipt of signed management representation letter
- ▶ Subsequent events review through to the financial statements approval date
- ▶ Approval of financial statements by the Board of Directors

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. See [Appendix A](#) for our draft independent auditor's report.

The scope of the work performed was substantially the same as that described in our Planning Report to the Board of Directors dated November 1, 2022.



Audit findings

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Authority’s accounting practices, including accounting policies, accounting estimates and financial statements disclosures. We look forward to exploring these topics in depth and answering your questions. A summary of the key discussion points are below:

Financial statement areas	Risks noted	Audit findings
Management override of controls	Management is in a unique position to perpetrate fraud because of management’s ability to directly or indirectly manipulate accounting records or prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	<p>In accordance with auditing standards, BDO has performed specific procedures that include testing journal entries, reviewing accounting estimates for biases, and obtaining and evaluating the business rationale for transactions that are outside the normal course of business for the Authority, if any.</p> <p>No significant issues were noted as a result of the above procedures.</p>
Grant revenue recognition	There is a risk that the timing of grant revenue recognition is incorrect based on restrictions placed on the grant funding.	<p>BDO reviewed deferred revenue to ensure the balance was complete and accurate. BDO examined related income statement accounts and revenue recognition policies.</p> <p>Grant agreements were reviewed, and revenue recognition was analyzed based on restrictions included in the grant agreements. Controls surrounding purchases approval and expense coding was tested.</p> <p>No significant issues were noted as a result of the above procedures.</p>



BDO’S DIGITAL AUDIT SUITE BDO Portal

We use BDO Portal to help you collaborate with your audit team in a seamless way—placing everything you need in one accessible, secure place.

[LEARN MORE](#)

DISCOVER THE DIGITAL DIFFERENCE





Internal control matters

- ▶ During the audit, we performed the following procedures regarding the Other Authority's internal control environment:
- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.

We considered the results of these procedures in determining the extent and nature of audit testing required.



We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.

A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that merits the attention of those charged with governance.

The audit expresses an opinion on the Other (please specify)'s financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No control deficiencies were noted that, in our opinion, are of significant importance to discuss.



Adjusted and unadjusted differences

Summary of unadjusted differences

There were no unadjusted differences noted during the course of our audit engagement.

Summary of adjusted differences

There were no differences that were corrected by management during the course of our audit engagement.



Other required communications

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. In addition to the points communicated within this letter, the attached table summarizes these additional required communications.

Issue	BDO response
Potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements.	No such items to note.
Material uncertainties related to events and conditions that may cast significant doubt on the Authority's ability to continue as a going concern.	No such items to note.
Disagreements with management about matters that, individually or in the aggregate, could be significant to the Authority's financial statements or our audit report.	No such items to note.
Matters involving non-compliance with laws and regulations.	No such items to note.
Significant related party transactions that are not in the normal course of operations and which involve significant judgments made by management concerning measurement or disclosure.	No such items to note.
Management consultation with other accountants about significant auditing and accounting matters.	No such items have come to our attention.



Appendices

- ▶ Appendix A: Independent auditor's report
- ▶ Appendix B: Independence letter
- ▶ Appendix C: Representation letter



Appendix A: Independent auditor's report



Tel: 705 726 6331
Fax: 705 722 6588
www.bdo.ca

BDO Canada LLP
300 Lakeshore Drive, Suite 300
Barrie, ON L4N 0B4
Canada

Independent Auditor's Report

To the Members of Lake Simcoe Region Conservation Authority

Opinion

We have audited the financial statements of Lake Simcoe Region Conservation Authority, which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lake Simcoe Region Conservation Authority as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Lake Simcoe Region Conservation Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Lake Simcoe Region Conservation Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Lake Simcoe Region Conservation Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Lake Simcoe Region Conservation Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lake Simcoe Region Conservation Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Lake Simcoe Region Conservation Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Lake Simcoe Region Conservation Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
April 28, 2023



Appendix B: Independence letter

April 28, 2023

Members of the Board of Directors
Lake Simcoe Region Conservation Authority

Dear Members of the Board of Directors:

We have been engaged to audit the financial statements of Lake Simcoe Region Conservation Authority (the "Authority") for the year ended December 31, 2022.

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the Authority) and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, the standards require us to consider independence rules and interpretations of the CPA profession and relevant legislation.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since November 1, 2022, the date of our last letter.

We are aware of the following relationships between the Authority and us that, in our professional judgment, may reasonably be thought to have influenced our independence. The following relationships represent matters that have occurred from November 1, 2022 to April 28, 2023.

- We have provided assistance in the preparation of the financial statements, including adjusting journal entries and/or bookkeeping services. These services created a self-review threat to our independence since we subsequently expressed an opinion on whether the financial statements presented fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian Public Sector Accounting Standards.
- We, therefore, required that the following safeguards be put in place related to the above:
 - Management provided us with a trial balance and draft financial statements, including notes, prior to completion of our audit.
 - Management created the source data for all the accounting entries.
 - Management developed any underlying assumptions required with respect to the accounting treatment and measurement of the entries.
 - Management reviewed advice and comments provided and undertook their own analysis considering the Authority's circumstances and generally accepted accounting principles.
 - Management reviewed and approved all journal entries prepared by us, as well as changes to financial statement presentation and disclosure.
 - Someone other than the preparer reviewed the proposed journal entries and financial statements.

This letter is intended solely for the use of the Board of Directors, management and those charged with governance of the Authority and should not be used for any other purpose.



Yours truly,

Chartered Professional Accountants, Licensed Public Accountants

For Draft Purposes Only



Appendix C: Representation letter

Lake Simcoe Region Conservation Authority
120 Bayview Parkway, Box 282
Newmarket, Ontario
L3Y 4X1

April 28, 2023

BDO Canada LLP
Chartered Professional Accountants
300 Lakeshore Drive, Suite 300
Barrie, Ontario
L4N 0B4

This representation letter is provided in connection with your audit of the financial statements of Lake Simcoe Region Conservation Authority for the year ended December 31, 2022, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards. We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated September 15, 2020 for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian Accounting Standards for Private Enterprises.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Accounting Standards for Private Enterprises.
- All events subsequent to the date of the financial statements and for which Canadian Accounting Standards for Private Enterprises require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- We confirm that there are no derivatives or off-balance sheet financial instruments held at year end that have not been properly recorded or disclosed in the financial statements.
- Except as disclosed in the financial statements, there have been no changes to title, control over assets, liens or assets pledged as security for liabilities or collateral.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.

Yours truly,

Signature

Position

Signature

Position

For Draft Purposes Only