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**College of Dental Surgeons of Saskatchewan  
Report to the Council and Finance Committee**

*For the Year Ending December 31, 2018*

For presentation at the Council and Finance Committee meeting September 14, 2019

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September 11, 2019

Members of the Council and Finance Committee  
College of Dental Surgeons of Saskatchewan  
201-1st Avenue South, 1202 The Tower at Midtown  
Saskatoon, Saskatchewan  
S7K 1J5

Dear Council and Finance Committee:

We are pleased to submit to you this report for discussion of our audit of the financial statements of College of Dental Surgeons of Saskatchewan (the "Organization") as at December 31, 2018 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 Council and Finance Committee.

## THE AUDIT

Our responsibility, as auditor of the Organization, is to report to the members on the fair presentation of the December 31, 2018 financial statements, in accordance with Canadian accounting standards for not-for-profit organizations. To properly discharge this responsibility, we designed our audit process to assess the risk of material misstatement within the statements by examining and assessing the effectiveness of the Organization's controls and accounting systems, and the evidence supporting the amounts and disclosures in the statements, including the appropriateness of accounting principles and significant estimates made by management.

We have considered the Organization's internal controls as part of the financial statement audit. This included obtaining an understanding of the internal controls (regardless of whether we intended to rely on them for the purpose of our audit); evaluating the design of these controls; and determining whether they have been implemented. This understanding was sufficient to allow us to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures. We have not determined whether relevant controls are operating effectively, as such, our understanding of internal controls should not be relied upon for any other purposes.

Our audit procedures, consisting of separate examination of each material year-end balance, key transaction, and other event considered significant to the financial statements, were concentrated in areas where risks were identified, and therefore, differences were most likely to arise.

Management has provided us with written representations, acknowledging, among other things, their responsibility for the implementation and maintenance of appropriate reporting systems and controls, including those designed to detect and prevent fraud, and to ensure the appropriateness of the amounts recorded in the accounting records, and the amounts and disclosures in the financial statements. Our annual management representation letter is attached to this report.

## AUDITOR INDEPENDENCE

We confirm to the Council and Finance Committee that we are independent of the Organization. Our letter to the Council and Finance Committee discussing our independence is attached to this report.

## AUDIT RESULTS

We have satisfactorily completed our audit and are prepared to sign our Auditor's Report after the Council and Finance Committee's review and approval of the financial statements. A substantive approach was used in auditing the Organization's financial statements; thus, the Organization's controls were not relied upon.

**Final materiality calculated and used to assess the significance of misstatements or omissions identified during the audit and determine the level of audit testing performed was \$94,000.**

The Auditor's Report will provide an unqualified opinion to the members. Key matters noted during our audit are summarized in the table below.

Subjects	December 31, 2018	December 31, 2017
<ul style="list-style-type: none"> <li>Material uncertainties related to events or conditions that may cast significant doubt on entity's ability to continue as a going concern</li> </ul>	None	None
<ul style="list-style-type: none"> <li>Illegal or fraudulent acts</li> </ul>	None noted	None noted
<ul style="list-style-type: none"> <li>Non-compliance with laws and regulations</li> </ul>	None noted	None noted
<ul style="list-style-type: none"> <li>Fraud by employees/management with key roles in control activities</li> </ul>	None noted	None noted
<ul style="list-style-type: none"> <li>Differences that may:                             <ul style="list-style-type: none"> <li>Have a material effect on comparative information and the current period financial statements</li> <li>Cause future statements to be materially misstated</li> <li>Indicate significant deficiencies in controls</li> </ul> </li> </ul>	None None None	None None None
<ul style="list-style-type: none"> <li>Irregularities having a material financial statement effect</li> </ul>	None	None
<ul style="list-style-type: none"> <li>Limitations placed on the scope of our audit</li> </ul>	None	None
<ul style="list-style-type: none"> <li>Significant transactions not in the ordinary course of business, or other unusual related party transactions</li> </ul>	None noted	Payments of \$153,000 to other dental associations to maintain relations after cessation of combined conference. These were found to be appropriately recorded as an expense in the current year.
<ul style="list-style-type: none"> <li>Unusual significant transactions given the entity and its environment</li> </ul>	None	None
<ul style="list-style-type: none"> <li>Non-monetary transactions</li> </ul>	None noted	None noted
<ul style="list-style-type: none"> <li>Transactions that increase risk</li> </ul>	None	None

Subjects	December 31, 2018	December 31, 2017
• Concerns with management breach of corporate conduct	None	None
• Conflicts of interest	None	None
• Disagreements with management	None	None
• Emphasis of matter or other matter paragraph included in the Auditor's Report	None	None
• Matters influencing audit appointment	None	None
• Difficulties encountered during the audit	None	None
• Disagreements with management's accounting estimates	None	None
• Disagreements with management's adoption of accounting policies or emphasis on the need for a particular accounting treatment	None	None
• Significant deficiencies in the entity's risk assessment process within the design and/or implementation of controls	None	None
• Significant deficiencies in controls resulting from inappropriate response by management regarding implementing controls over significant risks	None	None
• Matters giving rise to questions regarding the honesty and integrity of management	None	None

All significant management estimates were reviewed and no material differences were noted. The methodologies and processes used by management were consistent with prior periods. We will issue a letter to management containing our comments with respect to accounting matters and enhancement of controls.

Differences identified during our audit were discussed with management. The cumulative net effect of all unadjusted differences has not resulted in material misstatement, and therefore does not affect our Independent Audit Report. A summary of significant differences has been included as Appendix A to this report.

We would like to take this opportunity to formally acknowledge the excellent cooperation and assistance we received from the management and staff of the Organization.

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

Sincerely,

Chartered Professional Accountants

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## APPENDIX A – Summary of Significant Differences

<b>SIGNIFICANT UNADJUSTED DIFFERENCES</b>			
<b>Differences Noted</b>	<b>Financial Statement Item(s) Affected</b>	<b>Adjustment to Statement of Financial Position</b>	<b>Adjustment to Excess (Deficiency) of Revenues over Expenses</b>
Possible overstatement of deferred revenue and understatement of revenue from penalty for late payments	Deferred revenue overstated, Revenue understated	8,739	(8,739)
Possible understatement of deferred revenue and overstatement of Dentist annual license fee and Corp permit fee	Deferred revenue understated, Revenue overstated	(5,000)	5,000
Unrecorded accounts payable	Accounts payable understated, Expenses understated	(12,129)	12,129
Possible expense classification error of \$13,402	Telephone expense overstated, Sponsorship understated	-	-
Opening cut-off error for December 2017 credit card charges charged Jan. 2, 2018.	Credit card charges overstated, retained earnings overstated	30,913	(30,913)
Uncorrected opening differences carried forward from prior year		-	(23,465)
<b>Total Unadjusted Differences (Decrease Income)</b>			<b>(45,988)</b>

Canadian generally accepted auditing standards require that we request of management and the Council and Finance 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 auditor's report.

September 14, 2019

Council and Finance Committee  
College of Dental Surgeons of Saskatchewan  
201-1st Avenue South, 1202 The Tower at Midtown  
Saskatoon, Saskatchewan  
S7K 1J5

Dear Council and Finance Committee:

We have been engaged to audit the financial statements of College of Dental Surgeons of Saskatchewan ("the Organization") as at December 31, 2018 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 Organization and its related entities or persons in financial reporting oversight roles at the Organization 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 aware of the following relationships between the Organization and MNP that, in our professional judgment, may reasonably be thought to bear on our independence. The following relationships represent matters that have occurred from January 1, 2018 to the date of this letter.

An employee of MNP is contracted to complete the bookkeeping for the Organization for the 2018 fiscal year. Appropriate safeguards were in place to protect our independence including the following:

- The bookkeeping employees had no management decision making authority;
- All work prepared by the bookkeeping employees was reviewed and approved by the Organization and conducted under the direction of the Organization;
- The audit team was completely separate from the bookkeeping team; and
- An independent peer review of the audit engagement was completed by a Risk Partner.

We hereby confirm that MNP is independent with respect to the Organization within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Saskatchewan as of the date of this letter.

This report is intended solely for the use of Council and Finance Committee, management and others within the Organization 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, if so requested. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Sincerely,

Chartered Professional Accountants

DRAFT

September 14, 2019

MNP LLP  
119 4th Ave South  
Suite 800  
Saskatoon, Saskatchewan  
S7K 5X2

To Whom It May Concern:

In connection with your audit of the financial statements of College of Dental Surgeons of Saskatchewan ("the Organization") as at December 31, 2018 and for the year then ended, we hereby confirm to the best of our knowledge and belief, the following representations made to you during the course of your audit.

We understand that your audit was made in accordance with Canadian generally accepted auditing standards. Accordingly, the audit included an examination of the accounting system, controls and related data, and tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances, for the purpose of expressing an opinion on the financial statements. We also understand that such an audit is not designed to identify, nor can it necessarily be expected to disclose, misstatements, non-compliance with laws and regulations, fraud or other irregularities, should there be any.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 26, 2019, for the preparation and fair presentation of the Organization's financial statement in accordance with Canadian accounting standards for not-for-profit organizations. We believe these financial statements are complete and present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and the results of its operations and its cash flows, in accordance with Canadian accounting standards for not-for-profit organizations.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements, and are reported in the appropriate period.
3. We acknowledge that we are responsible for the accounting policies followed in the preparation of the Organization's financial statements. Significant accounting policies, and any related changes to significant accounting policies, are disclosed in the financial statements. The selection of accounting policies is appropriate in accordance with the requirements of Canadian accounting standards for not-for-profit organizations, and are applied consistently throughout the financial statements.
4. We have disclosed to you all significant assumptions used in making accounting estimates and judgments, and believe they are reasonable.
5. We are aware of and concur with the contents and results of the attached journal entries prepared by you, and accept responsibility for the financial statement effects of the entries.
6. We believe the effects of those uncorrected financial statement differences aggregated by you during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these differences has been attached to this written representation.

7. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian accounting standards for not-for-profit organizations.
8. All events or transactions that have occurred subsequent to the statement of financial position and for which Canadian accounting standards for not-for-profit organizations require adjustment or disclosure have been adjusted or disclosed appropriately in the financial statements.
9. All plans or intentions that may affect the carrying value or classification of assets and liabilities are appropriately reflected in the financial statements in accordance with Canadian accounting standards for not-for-profit organizations.
10. All liabilities, both known and contingent, requiring recognition or disclosure in the financial statements in accordance with the requirements of Canadian accounting standards for not-for-profit organizations have been adjusted or disclosed as appropriate.
11. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.
12. All assets, wherever located, to which the Organization had satisfactory title at the year-end, have been fairly stated and recorded in the financial statements. We have disclosed the nature and carrying amounts of any assets pledged as collateral.
13. All aspects of laws, regulations or contractual agreements, including non-compliance, are appropriately reflected in the financial statements.
14. Investments in marketable securities are appropriately recorded in the financial statements in accordance with the requirements of Canadian accounting standards for not-for-profit organizations. All events or circumstances giving rise to impairments are reflected in the financial statements.
15. Accounts and contributions receivable are correctly described in the records and represent valid claims as at December 31, 2018. An appropriate allowance has been made for losses from uncollectible accounts and for costs or expenses that may be incurred with respect to sales made or services rendered.
16. All charges to capital assets represent capital expenditures. No expenditures of a capital nature were charged to operations of the Organization. Depreciation of property, plant and equipment has been recorded according to our best estimates of their useful lives. All events or circumstances giving rise to impairments are appropriately reflected in the financial statements.
17. Revenue has been recognized only where sales have been made and items delivered, or services rendered, and the amounts have been collected or are collectible. Revenues do not include any amounts arising from consignment sales or from any other transaction from which the Organization is not entitled to the proceeds.
18. We have identified all financial instruments. These have been appropriately recorded and disclosed in the financial statements in accordance with the requirements of Canadian accounting standards for not-for-profit organizations.

## Information provided

1. We have responded fully to all inquiries made to us and have made available to you:
  - A complete record of all financial records that are relevant to the preparation and presentation of the financial statements, related data and minutes of the meetings of council and board of directors held throughout the year to the present date as well as summaries of recent meetings for which minutes have not yet been prepared;
  - Additional information that you have requested from us for the purpose of your audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. We acknowledge management's responsibility for the design, implementation and operation of controls that have been designed to prevent and detect fraud.
3. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low.
4. Where the impact of any frauds or suspected frauds, and non-compliance or possible non-compliance with laws and regulations, has a material effect on the financial statements, we have disclosed to you all known significant facts relating thereto, including circumstances involving management, employees having significant roles over controls, and others. We have made known to you any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators and others. The effects of such events, if any, are properly presented in the financial statements.
5. We have disclosed to you all deficiencies in the design or operation of internal controls over financial reporting of which we are aware.
6. We have disclosed to you all aspects of laws, regulations or contractual agreements that may affect the financial statements, including non-compliance.
7. We have disclosed to you the identities of all related parties to the Organization and all related party relationships and transactions of which we are aware.
8. We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.
9. The previous year's representation letter dated September 7, 2018 is still applicable to the prior year's financial statements, and no matters have arisen that require restatement of those financial statements.
10. There are no discussions with your firm's personnel regarding employment with the Organization.

## Other Information

11. We have informed you of all the documents containing other information that comprise our annual report. Further, the financial statements and the other information provided to you prior to the date of your audit report are consistent with one another, and the other information does not contain any material misstatements.
12. We have informed you of all the documents containing other information that comprise our annual report. The final version(s) of [describe documents that comprise the annual report that have not been provided prior to the date of the audit report] will be provided to you when they are available, prior to their issuance, with sufficient time to complete the necessary procedures to satisfy your responsibilities in relation to other information.

**Professional Services**

1. We acknowledge the engagement letter dated August 26, 2019, which states the terms of reference regarding your professional services.
2. We are not aware of any reason why MNP LLP would not be considered independent for purposes of the Organization's audit.

Sincerely,  
College of Dental Surgeons of Saskatchewan

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

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