



## SUNSHINE COAST REGIONAL HOSPITAL DISTRICT



### BOARD MEETING TO BE HELD IN THE BOARDROOM OF THE REGIONAL DISTRICT OFFICES AT 1975 FIELD ROAD, SECHELT, BC

Thursday, April 26, 2018

## AGENDA

**CALL TO ORDER** 9:00 a.m.

### AGENDA

1. Adoption of Agenda

### PETITIONS and DELEGATIONS

2. Bill Cox, BDO Canada LLP  
Regarding: i) Audit Results and Communications Report to the Members of the Board  
Annex A  
Pages 1-25  
ii) Independent Auditor's Report  
p. 26  
iii) SCRHD Draft Audited Financial Statements  
Year Ended December 31, 2017  
pp. 27-35

### MINUTES

3. Sunshine Coast Regional Hospital District Board Meeting Minutes of March 22, 2018  
Annex B  
pp. 36-38

### BUSINESS ARISING FROM MINUTES AND UNFINISHED BUSINESS

### REPORTS

4. General Manager, Corporate Services / Chief Financial Officer – Sunshine Coast Regional Hospital District 2017 Draft Audited Financial Statements  
Annex C  
p. 39  
i) Audit Results and Communications Report to the Members of the Board  
See pp. 1-25  
ii) Independent Auditor's Report  
See p. 26  
iii) SCRHD Draft Audited Financial Statements Year Ended December 31, 2017  
See pp. 27-35

### COMMUNICATIONS

### MOTIONS

### BYLAWS

### NEW BUSINESS

### IN CAMERA

### ADJOURNMENT



**Sunshine Coast Regional District and  
Sunshine Coast Regional Hospital District**

Audit Results and Communications  
Report to the Members of the Board

For the fiscal year ended December 31, 2017





Tel: 604 688 5421  
Fax: 604 688 5132  
vancouver@bdo.ca  
www.bdo.ca

BDO Canada LLP  
600 Cathedral Place  
925 West Georgia Street  
Vancouver BC V6C 3L2 Canada

Direct Line: 604-443-4716  
E-mail: bcox@bdo.ca

April 20, 2018

Members of the Board  
Sunshine Coast Regional District and Sunshine Coast Regional Hospital District  
1975 Field Road  
Sechelt, BC V0N 3A1

Dear Members of the Board:

We are pleased to present the results of our audits of the financial statements of the Sunshine Coast Regional District ("SCRD") and Sunshine Coast Regional Hospital District ("SCRHD") for the year ended December 31, 2017. The purpose of our report is to summarize certain aspects of the audits that we believe to be of interest to the Board members and should be read in conjunction with the draft financial statements.

We would like to bring to your attention that our audits and therefore this report will not necessarily identify all matters that may be of interest to the Board in fulfilling its responsibilities.

This report has been prepared solely for the use of the Board members and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

We wish to express our appreciation for the co-operation we received during the audit from SCR D's management and staff that assisted us in carrying out our work. We look forward to discussing the contents of this report and any other matters that you consider appropriate.

Yours truly,

Bill Cox, FCPA, FCA  
Partner through a corporation  
BDO Canada LLP  
Chartered Professional Accountants

BC/mkn



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## EXECUTIVE SUMMARY

<b>Audit Results</b>	<p>Our audits of the financial statements was designed to obtain reasonable, rather than absolute, assurance as to whether the financial statements are free of material misstatement.</p> <p>A detailed description of our audit results has been included on page 7.</p>
<b>Status of Audits</b>	<p>As of the date of this final report, we have substantially completed our audits of the December 31, 2017 SCR and SCRHD financial statements pending the completion of the items highlighted below. These items will need to be completed prior to issuance of our audit report on the financial statements:</p> <ul style="list-style-type: none"><li>• Receipt of the signed management representation letters</li><li>• Subsequent events review through to financial statement approval date</li><li>• Approval of financial statements by the Board</li></ul>
<b>Key Audit Areas</b>	<p>In accordance with our audit plan, our procedures focused on the following areas that we identified as key areas:</p> <ul style="list-style-type: none"><li>• Risk of Management Override</li><li>• Revenue Recognition</li><li>• System Conversion January 1, 2017</li><li>• Cash and Investments</li><li>• Staff Salaries</li><li>• Tangible Capital Assets and Accumulated Amortization</li><li>• Liability for Landfill Closure</li></ul> <p>We have summarized the results of our audit procedures for each of these areas, beginning on page 6 of this report.</p>
<b>Internal Control Over Financial Reporting</b>	<p>A weakness in the control over access to the accounting information system was identified during the course of our audit. This issue is discussed further on page 12 and in Appendix C, and has been addressed by management.</p>
<b>Fraud and Illegal Activities</b>	<p>We developed procedures within our audit plan as recommended by CAS 240 - The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements. Based on these procedures, we have not encountered any illegal activities or fraudulent events with respect to SCR and SCRHD.</p>
<b>Significant Events</b>	<p>As of the date of this letter, we have not identified any significant events which we believe should be brought to your attention.</p>
<b>Significant Accounting Policies</b>	<p>SCR and SCRHD's significant accounting policies are listed in the financial statements. We believe management's selection of accounting policies is appropriate under Canadian public sector accounting standards.</p>



<b>Estimates</b>	<p>Accounting estimates are an integral part of the financial statements and are based on management’s current judgments. These judgments are based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards.</p> <p>Our comments on the significant estimates included in the ‘Audit Findings’ section, beginning on page 7.</p>
<b>Materiality, Audit Adjustments and Unadjusted Differences</b>	<p>Our final materiality level for SCRCD of \$890,000 changed somewhat from the planning materiality figure of \$800,000 that was communicated in our audit planning letter sent to the Board on November 16, 2017.</p> <p>Our final materiality level for SCRHD of \$43,000 was unchanged from the figure communicated in our audit planning letter.</p> <p>For the SCRCD audit, the effect on annual surplus for unadjusted misstatements for the year ended December 31, 2017 totaled \$27,200. A summary of this item is included in Appendix D.</p> <p>There were no unadjusted misstatements noted in SCRHD.</p> <p>There were no year end audit adjustments in SCRCD and SCRHD.</p>
<b>Disclosures</b>	<p>There are no material omissions with respect to the disclosures in the financial statements for the year ended December 31, 2017 that we have noted.</p>
<b>Independence</b>	<p>We confirm that we are still independent as of the date of this letter.</p>
<b>Representation Letter</b>	<p>A draft version of the representation letter to be signed by management is included in Appendix B.</p>
<b>Conclusion</b>	<p>We intend to issue an unmodified audit report on the financial statements of the SCRCD and SCRHD for the year ended December 31, 2017 prepared in accordance with the Canadian public sector accounting standards once the outstanding items referred to above are satisfactorily resolved and the financial statements are approved by the Board.</p>



## MATERIALITY

Misstatements, including omitted financial statement disclosures, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We communicated to you our planning materiality levels in our Planning Report to the Board dated November 16, 2017. Our materiality levels for SCRD has changed from the previously communicated figure of \$800,000 to \$890,000. The basis of materiality, 2% of anticipated/actual revenues, was unchanged. This increase resulted from differences between estimated and actual annual results for SCRD's year ended December 31, 2017.

Our materiality level for SCRHD remained unchanged from the \$43,000 previously communicated in our Planning Report to the Board. The basis upon which we calculated materiality, 2% of revenues, was unchanged.



## 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 SCR and SCRHD's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.

Based on our knowledge of SCR and SCRHD's operations, our past experience in this area, and knowledge gained from management and the Board, we have identified the following significant risks; those risks of material misstatement that, in our judgment, require special audit consideration.

Significant risks arise mainly because of the complexity of the accounting rules, the extent of estimation and judgment involved in the valuation of these financial statement areas, and the existence of new accounting pronouncements that affect them.

In order to have a frank and open discussion, these matters will be discussed verbally with you. A summary of the key discussion points are as follows:

### KEY AUDIT AREAS

#### Management Override of Controls

Key Audit Area	Approach	Results
<p>Management is in a unique position to perpetrate fraud because of management's ability to directly or indirectly manipulate accounting records, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>This risk is required for all audits pursuant to Canadian audit standards.</p>	<p>We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.</p>	<p>All audit testing in this area was executed as planned and no issues were noted.</p>



## Revenue Recognition

Key Audit Area	Approach	Results
<p>Accounting standards in this area, specifically relating to grants and government transfers, are complex and open to interpretation. There is a risk that revenue may be incorrectly deferred into future periods.</p>	<p>We reviewed grant agreements to ensure that revenue is being recognized in accordance with the latest revenue recognition standards.</p> <p>We verified grant expenditures to ensure that they meet the requirements per the grant agreement.</p> <p>Other revenues streams were tested through a combination of controls based and substantive procedures.</p>	<p>All audit testing in this area was executed as planned and no issues were noted.</p>

## System Conversion January 1, 2017

Key Audit Area	Approach	Results
<p>There is a risk that data may have been transferred incorrectly from the old system to the new system.</p>	<p>Comparison of closing balances in the old system to opening balances in the new system.</p> <p>Due to the expectation that this implementation would result in significant changes to the controls and processes within SCRD, we therefore placed a particular emphasis on updating our understanding of processes and controls and redesigning all audit procedures accordingly.</p>	<p>The specific audit testing in this area was executed as planned and no issues were noted.</p> <p>As expected, the implementation of this new system resulted in significant changes to the controls and processes within SCRD. We updated our audit approach accordingly and tested both manual and system controls. Throughout our extensive inquiry and analysis over the conversion, we identified one area of concern which we have addressed on page 12.</p>

## Cash and Investments

Key Audit Area	Approach	Results
<p>Due to its nature, cash and investments are almost always considered to be a risk area in any audit.</p>	<p>We reviewed the year end reconciliations and obtained third party confirmations.</p>	<p>All audit testing in this area was executed as planned and no issues were noted.</p>



### Staff Salaries

Key Audit Area	Approach	Results
A significant single type of expenditure that cover many employees and departments. As a regional district, this figure is often of particular interest to financial statement users (taxpayers).	We applied computer audit testing to analyze all payroll transactions in the year. We performed system testing, tests of controls and analytical review of staff salaries.	All audit testing in this area was executed as planned and no issues were noted.

### Tangible Capital Assets and Accumulated Amortization

Key Audit Area	Approach	Results
Useful life estimates need to be continually re-evaluated to determine if they are still accurate. This involves a high level of estimation and coordination of the finance department with other departments.	We performed tests of control for appropriate authorization of purchases combined with substantive testing of additions and disposals. In relation to the accumulation of amortization, we verified that the systematic calculations utilized the approved estimates for each asset's useful life, and that these estimates are reasonable in the context of the District's operations.	All audit testing in this area was executed as planned and no issues were noted.

### Liability for Landfill Closure

Key Audit Area	Approach	Results
A significant liability that is calculated based on management assumptions and engineering reports. Due to the nature of the high level of estimates required and the possibility of new information becoming available this liability calculation is considered a risk area.	We reviewed calculations related to the liability recorded, as well as reviewed engineering reports. We also performed an audit of the significant assumptions used for the calculation.	All audit testing in this area was executed as planned. Our procedures focused on assessing management's expectation for future inflation rates and borrowing costs, corroborating the expected future expenditures and reviewing the execution of the calculation itself. No issues were noted as a result of these procedures.



## **ADJUSTED AND UNADJUSTED DIFFERENCES**

For the SCRCD audit, the effect on annual surplus for unadjusted misstatements for the year ended December 31, 2017 totaled \$27,200. A summary of this item is included in Appendix D.

There were no unadjusted misstatements noted in SCRHD.

There were no year end audit adjustments in SCRCD and SCRHD.

## **MANAGEMENT REPRESENTATIONS**

During the course of our audit, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base our audit opinion. These representations were documented by including in the audit working papers memoranda of discussions with management and written representations received from management.

A summary of the representation we have requested from management is set out in the management representation letter included in Appendix B to the report.



## FRAUD DISCUSSION

Canadian generally accepted auditing standards require us to discuss fraud risk with the Board on an annual basis. Further to our enquiry in our Planning Report to the Board dated November 16, 2017, we have prepared the following comments:

Required Discussion	BDO Response	Question to Board
Details of existing oversight processes with regards to fraud.	Based on our discussions during the planning of our audit, the Board's oversight processes include: <ul style="list-style-type: none"> <li>• Board charters;</li> <li>• Discussions at Board meetings;</li> <li>• Review of related party transactions; and</li> <li>• Consideration of tone at the top.</li> </ul>	Are there any new processes or changes in existing processes relating to fraud since the date of our previous discussions, that we should be aware of?
Knowledge of actual, suspected or alleged fraud.	Currently, we are not aware of any actual, suspected or alleged fraud.	Are you aware of any instances of actual, suspected or alleged fraud affecting the SCR and SCRHD?

Currently, we are not aware of any actual, suspected or alleged fraud. If you are aware of any instances of actual, suspected or alleged fraud affecting SCR or SCRHD since the date of our previous discussion, please advise us at [bcox@bdo.ca](mailto:bcox@bdo.ca).

### AUDITOR'S RESPONSIBILITIES FOR DETECTING FRAUD

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error, because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

The scope of the work performed was substantially the same as that described in our Planning Report to the Board dated November 16, 2017.



## INTERNAL CONTROL MATTERS

During the course of our audit, we performed the following procedures with respect to SCR D and SCRHD’s internal control environment:

- Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- Tested certain controls for their operating effectiveness.
- Discussed and considered potential audit risks.

The results of these procedures were considered in determining the extent and nature of substantive audit testing required.

We are required to report to you in writing, 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, in the auditor’s professional judgment, is of sufficient importance to merit the attention of those charged with governance.

As the purpose of the audit is for us to express an opinion on SCR D and SCRHD’s financial statements, our audit cannot be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be exhaustive. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

### DEFICIENCIES IN INTERNAL CONTROL

Deficiency	Issue and Impact
The unilateral ability to assign different ‘positions’ to personnel was granted to a significant number of individuals.	A user’s ultimate access to the system, as well as their authorization to approve certain actions within the system, is determined by the ‘positions’ they are assigned. As a formal Human Resources workflow has not been implemented, a significant number of personnel were initially granted the access to assign positions without any system enforced review and approval. This left the door open for unauthorized and unapproved manipulation of data, including accounting records.  As further detailed in the Management Letter (Appendix C), this issue was addressed by management and our testing did not identify any actual instances of unauthorized manipulation of accounting records.



## 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 table below summarizes these additional required communications.

Required Communication	Audit Planning Presentation	Audit Results Presentation	Auditor Comments
1. Our responsibilities under Canadian Auditing Standards (CAS)	✓		Included in our engagement letter dated November 22, 2017.
2. Our audit strategy and audit scope	✓		Included in our Planning Report which was presented to the Board of Directors on November 16, 2017.
3. Fraud risk factors	✓		Included in our Planning Report which was presented to the Board of Directors on November 16, 2017.
4. Going concern matters		✓	None.
5. Significant estimates or judgments		✓	Audit Findings section.
6. Audit adjustments		✓	None.
7. Unadjusted differences		✓	See Appendix D.
8. Omitted disclosures		✓	None noted.
9. Disagreements with management		✓	There were no disagreements with management.
10. Consultations with other accountants or experts		✓	No external experts were consulted during this engagement.
11. Major issues discussed with management in regards to retention		✓	None.
12. Significant difficulties encountered during the audit		✓	No significant difficulties were encountered during our audit.
13. Significant deficiencies in internal control		✓	One deficiency noted. See page 12.

14. Material written communication between BDO and management		✓	No material written communications about issues not otherwise addressed in this report were noted.
15. Any relationships which may affect our independence	✓	✓	No independence issues noted.
16. Any illegal acts identified during the audit		✓	No illegal activities identified through the audit process.
17. Any fraud or possible fraudulent acts identified during the audit	✓	✓	No fraud identified through the audit process.
18. Significant transactions with related parties not consistent with ordinary business operations		✓	None noted.
19. Non-compliance with laws or regulations identified during the audit		✓	No legal or regulatory non-compliance matters were noted as part of our audit.
20. Limitations of scope over our audit, if any		✓	None.
21. Written representations made by management		✓	See Appendix B.
22. Any modifications to our opinion, if required		✓	None noted.



## BDO RESOURCES

BDO is one of Canada's largest accounting services firms providing assurance and accounting, taxation, financial advisory, risk advisory, financial recovery and consulting services to a variety of publicly traded and privately held companies.

BDO serves its clients through 105 offices across Canada. As a member firm of BDO International Limited, BDO serves its multinational clients through a global network of over 1,100 offices in more than 100 countries. Commitment to knowledge and best practice sharing ensures that expertise is easily shared across our global network and common methodologies and information technology ensures efficient and effective service delivery to our clients.

Outlined below is a summary of certain BDO resources which may be of interest to the Audit Committee.

### PUBLICATIONS

[Local and Municipal Governments - BDO Insights](#)

### TAX BULLETINS, ALERTS AND NEWSLETTERS

BDO's national tax department issues a number of bulletins, alerts and newsletters relating to corporate federal, personal, commodity, transfer pricing and international tax matters.

For additional information on tax matters and links to archived tax publications, please refer to the following link: [Tax Library | BDO Canada](#).



## APPENDIX A - Draft Independent Auditor's Report (SCRD and SCRHD)

### INDEPENDENT AUDITOR'S REPORT

#### To the Chairperson and Directors of the Sunshine Coast Regional District

We have audited the accompanying financial statements of the Sunshine Coast Regional District, which comprise the Statement of Financial Position as at December 31, 2017, and the Statements of Operations, Change in Net Financial Assets and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of the Sunshine Coast Regional District as at December 31, 2017 and its results of operations, changes in net financial assets and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

Vancouver, British Columbia  
April 26, 2018



## INDEPENDENT AUDITOR'S REPORT

### To the Chairperson and Directors of the Sunshine Coast Regional Hospital District

We have audited the accompanying financial statements of Sunshine Coast Regional Hospital District, which comprise the Statement of Financial Position as at December 31, 2017, and the Statements of Operations, Change in Net Debt and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of the Sunshine Coast Regional Hospital District as at December 31, 2017 and the results of its operations, changes in net debt and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

Vancouver, British Columbia  
April 26, 2018

## APPENDIX B - Representation Letter

April 26, 2018

BDO Canada LLP  
Chartered Professional Accountants  
600 Cathedral Place  
925 West Georgia Street  
Vancouver, BC V6C 3L2

This representation letter is provided in connection with your audit of the financial statements of the Sunshine Coast Regional District for the year ended December 31, 2017, 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 November 22, 2017, 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.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
- All events subsequent to the date of the financial statements and for which Canadian public sector accounting standards 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.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.

### 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.

#### **Existence, Completeness and Valuation of Specific Financial Statement Balances**

- All financial instruments have been appropriately recognized and measured in accordance with Canadian public sector accounting standards.
- The inventories as set out in the financial statements represent all of the inventories to which the entity held title as at the balance sheet date. Inventories do not include any goods consigned to the entity, merchandise billed to customers or any items for which the liability has not been provided in the books.
- Tangible capital assets has been appropriately recognized and measured in accordance with Canadian public sector accounting standards.
- The entity has complied with all provisions in its agreements related to debt and there were no defaults in principal or interest, or in the covenants and conditions contained in such agreement.
- The employee future benefit costs, assets and obligation have been determined, accounted for and disclosed in accordance with Canadian public sector accounting standards. The source data and plan provisions provided are complete and accurate. The plans included in the valuation are complete. The determination of the discount rate and the use of specific actuarial assumptions are our best estimate assumptions. We feel that the extrapolations are accurate and have properly reflected the effects of changes and events occurring subsequent to the most recent valuation that had a material effect on the extrapolation.
- 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.



**General Representations**

- We are aware of the environmental laws and regulations that impact our organization and we are in compliance. There are no known environmental liabilities or contingencies that have not been accrued for or disclosed in the financial statements.
- We confirm that operating segments are appropriately identified and disclosed in accordance with Canadian public sector accounting standards.
- There have been no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 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.
- Due to the nature, materiality and extent of estimation uncertainty, we make the following representations regarding the accounting estimates relating to the provision for landfill closure and post closure costs recognized and disclosed in the financial statements:
  - The measurement processes used were appropriate and applied consistently, including the related assumptions and models, in determining the accounting estimates in the context of Canadian public sector accounting standards.
    - o The assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity.
  - The disclosures related to accounting estimates are complete and appropriate under Canadian public sector accounting standards.
  - No subsequent event requires adjustment to the accounting estimates and disclosures included 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. When applicable, these litigation and claims have been accounted for and disclosed in the financial statements.

Yours truly,

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Position



## APPENDIX C - Management Letter

Direct Line: 604-443-4716  
E-mail: bcox@bdo.ca

April 20, 2018

Ms. Tina Perreault, General Manager Corporate Services/Chief Financial Officer  
Sunshine Coast Regional District  
1975 Field Road  
Sechelt, BC V0N 3A1

Dear Ms. Perreault:

**RE: Auditor's Management Letter**

As your external auditors, we are engaged to provide an audit opinion on your year-end financial statements. An external audit requires testing of transactions and balances and review of those internal control systems upon which we may place reliance. A positive opinion on the financial statements does not necessarily mean that your internal control systems are all operating effectively. This is because we review only those internal control systems where we feel that failure in those systems could result in a material error on the financial statements. With those systems that we do review, our focus is on the assertions necessary to meet our financial statement audit objectives.

Our review of systems, transactions and balances as well as discussions with staff at various levels gives us a unique insight into your operations. While conducting this work we make note of items that come to our attention where we feel that improvement could be made or alternatives could be considered. We are fortunate in that we work with a great number of clients and observe a wide variety of processes. We see firsthand any procedures that are emerging as best practices.

As matters come to our attention, we make note of these for subsequent follow-up. For minor matters we discuss directly with the staff involved. More important matters are brought forward in this letter (known as a "management letter").

It is worth noting that we have management letter comments for virtually all audits of all clients. The existence of points does not mean that there are significant problems with your systems or staff. They are just recommendations to make good systems better.



## Follow-up on Prior Year Observation

### 1. *Grant-in-Aid Policy and Usage*

#### Prior Year Observation & Management's Response

At the request of the Board we performed a review of the District's grant-in-aid usage and the related internal policies. The result was a recommendation for SCRD to develop an updated comprehensive policy that clearly outlines funding items and sources, and applicable usages.

#### 2017 Update

Administration have started the process of reviewing the policy and procedures. A draft policy will be provided to the new Board (election in 2018) for review and approval. Administration is guiding the process to align with current policy and legislation for 2018.

## Current Year Observations

### 1. *Controls Over System Access*

During the year the District launched a new enterprise resource planning (ERP) platform, known as Agresso. During the course of our audit we identified two notable areas of concern/weakness which we wish to communicate:

#### Observation #1 - Human Resources Workflow Structure

The Human Resources module in Agresso does not have electronic approval workflow yet. The controls in place surrounding actions such as creating a new 'resource' (employee), creating a new 'position', and modifying attributes of existing resources exist only outside of the Agresso environment.

While a combination of various offline-controls have been effective in the past, neglecting to include approval processes for these actions in the new system may result in a weakened control environment.

#### Observation #2 - System User Access Rights

During our assessment of IT general controls relating to the Agresso implementation, we identified that all personnel in both the payroll and human resources departments had access to assign different 'positions' to any system user - including themselves. As system user access rights are inherited from the positions that each user is assigned, this enabled all payroll and human resources personnel to assign themselves unlimited system access and authorization via the assigning of IT positions containing 'super user' access.

#### Our Recommendation & Management's Response

Upon discussion with management in November 2017 we were pleased to note that management had identified the control deficiency described under observation #2 as a high priority item. Further, when following up on this issue during our year-end audit procedures we were also pleased to see that the ability to assign 'super user' access had been locked down and a basic electronic approval workflow had been implemented.

Our understanding is that management is currently working to implement a more complex workflow structure for the Human Resources function in the near-term future. Doing so would address the remainder of both issues that we have identified above. Therefore, we wish to recommend simply that this project continue to receive a high level of priority.



## **2. Employee Benefits Administration**

In recent years there has been an increasing level of scrutiny on organizations operating in the public eye with respect to matters of privacy and the security of confidential information. Given this, and the ever-changing nature of the employment landscape, a general recommendation we make is for Human Resources policies to be reviewed and optimized on a regular basis.

### Observation & Recommendation

The District's Human Resources Policy on employee benefits administration was released in January of 2008 - ten years ago - and we recommend this policy document be reviewed and updated with an eye towards the recent implementation of Agresso and clearly defining roles and responsibilities.

Generally, the function of a payroll department is one of transaction processing and reconciliation. The function of a human resources department is to manage sensitive employee information and be ultimately responsible for the District's relationship with each employee.

### Management's Response

The above recommendations have been noted and will be assessed in the context of the District's operation as the implementation of various HR processes in Agresso progresses.

## **3. Joint Use Agreement with School District #46**

In conjunction with our audit, we were asked to comment on the proposed accounting treatment for transactions with School District 46 ("SD46") occurring under the Joint Use Agreement (the "Agreement"). While the Agreement provides for the District and SD46 to use each other's facilities at a (cash) cost of \$nil, both the accounting standards and public transparency norms generally require such transactions to be reported at fair market value.

### Observation & Recommendation

During our preliminary assessment of the situation we were provided with procedural documentation that meets accounting standards (PSAS).

We recommend that the Bylaw (and any other relevant bylaws) be reviewed in the context of this Joint Use Agreement to ensure that the agreement does not contravene the Bylaw or accounting standards.

## **4. Code of Conduct - Members of the Board & Senior Management**

### Observation & Recommendation

For organizations such as the District, the generally accepted best practice is for there to exist a formal, written Code of Conduct applying to both the senior management team and members of the Board.

It has come to our attention that while the District has a wide variety of disaggregated policies in place, there is no formal Code of Conduct. Our recommendation is for an official Code of Conduct be effected which further empowers existing policies while also ensuring any identified gaps are filled. We further recommend that this be a living document which is updated periodically as necessary, and that all members of senior management and the Board review and sign a copy on an annual basis.

### Management's Response

Any Code of Conduct has been recognized as a past practice for elected officials and management in local government. Management is working toward bringing it forward for Board consideration in 2018/2019 and working toward drafting a policy code of conduct for management in 2018.



This communication is prepared solely for the information of management and those charged with governance and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

We would like to express our appreciation for the co-operation and assistance which we received from you, Sara Zacharias and the rest of the Finance Department during the course of the audit.

We shall be pleased to discuss with you further any matters mentioned in this letter at your convenience.

Yours truly,

A handwritten signature in black ink that reads "Bill Cox". The signature is written in a cursive, flowing style.

Bill Cox, FCPA, FCA  
Partner through a corporation  
BDO Canada LLP  
Chartered Professional Accountants

BC/mkn

## APPENDIX D - Unadjusted Differences and Disclosure Omissions

### SUMMARY OF UNADJUSTED DIFFERENCES

The following is a summary of uncorrected misstatements noted during the course of our audit engagement:

	Increase (Decrease)			
	Assets	Liabilities	Accumulated Surplus	Annual Surplus
To adjust for 'ActiveNet' issues - the District's recreation services bookings and transaction processing software. Certain transactions were being recorded before any service or activity had occurred.	\$ (108,000)	\$ (80,800)	\$ -	\$ (27,200)
Total	-	-	-	-
Effect of Prior Year's Reversing Errors	-	-	-	-
<b>Total Unadjusted Differences</b>	<b>\$ (108,800)</b>	<b>\$ (80,800)</b>	<b>\$ -</b>	<b>\$ (27,200)</b>

### SUMMARY OF DISCLOSURE OMISSIONS (SCRD and SCRHD)

The following is a summary of disclosures that have not been made within the financial statements:

Disclosure Omission	Management's Response
None to note	None to note



Tel: 604 688 5421  
Fax: 604 688 5132  
vancouver@bdo.ca  
www.bdo.ca

BDO Canada LLP  
600 Cathedral Place  
925 West Georgia Street  
Vancouver BC V6C 3L2 Canada

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## INDEPENDENT AUDITOR'S REPORT

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### To the Chairperson and Directors of the Sunshine Coast Regional Hospital District

We have audited the accompanying financial statements of Sunshine Coast Regional Hospital District, which comprise the Statement of Financial Position as at December 31, 2017, and the Statements of Operations, Changes in Net Debt and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of the Sunshine Coast Regional Hospital District as at December 31, 2017 and the results of its operations, changes in net debt and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

Vancouver, British Columbia  
April 26, 2018

# Sunshine Coast Regional Hospital District

## Statement Of Financial Position

As at December 31, 2017 and 2016

	2017	2016
<b>Financial Assets</b>		
Cash and equivalents	\$ 1,548,741	\$ 1,299,935
Portfolio investments (Note 5)	1,799,321	4,370,252
Accounts receivable	3,291	21,263
	<b>3,351,353</b>	<b>5,691,450</b>
<b>Liabilities</b>		
Accounts payable	66,990	59,685
Long-term debt (Note 6)	8,964,445	9,695,960
	<b>9,031,435</b>	<b>9,755,645</b>
<b>Net Debt and Accumulated Deficit (Note 7)</b>	<b>\$ (5,680,082)</b>	<b>\$ (4,064,195)</b>

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Tina Perreault  
Chief Financial Officer

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Frank Mauro  
Chair

The accompanying "Notes to the Financial Statements" form an integral part of these financial statements.

# Sunshine Coast Regional Hospital District

## Statement Of Change In Net Debt

For the Years Ended December 31, 2017 and 2016

	Fiscal Plan 2017 (Note 8)	2017	2016
Annual surplus (deficit)	\$ (3,150,435)	\$ (1,615,887)	\$ 1,004,373
Net debt, beginning	(4,064,195)	(4,064,195)	(5,068,568)
<b>Net debt, ending</b>	<b>\$ (7,214,630)</b>	<b>\$ (5,680,082)</b>	<b>\$ (4,064,195)</b>

The accompanying "Notes to the Financial Statements" form an integral part of these financial statements.

# Sunshine Coast Regional Hospital District

## Statement Of Operations

For the Years Ended December 31, 2017 and 2016

	Fiscal Plan 2017 (Note 8)	Actual 2017	Actual 2016
<b>Revenue</b>			
Grants in lieu of taxes	\$ 1,300	\$ 234	\$ 110
Tax requisitions	1,802,876	<b>1,802,876</b>	1,861,386
Investment income	15,000	<b>66,267</b>	76,730
Other revenue	-	<b>221,161</b>	177,147
	1,819,176	<b>2,090,538</b>	2,115,373
<b>Expenses</b>			
Administration (Note 4)	54,153	<b>54,153</b>	112,663
Debt charges - interest	726,170	<b>694,566</b>	726,170
Minor capital	1,527,519	<b>295,804</b>	651
Bank charges and interest	-	<b>133</b>	157
Funded grants to hospital	2,661,769	<b>2,661,769</b>	271,359
	4,969,611	<b>3,706,425</b>	1,111,000
<b>Annual Surplus (Deficit)</b>	(3,150,435)	<b>(1,615,887)</b>	1,004,373
Accumulated Deficit, beginning of year	(4,064,195)	<b>(4,064,195)</b>	(5,068,568)
<b>Accumulated Deficit, end of year</b>	\$ (7,214,630)	\$ <b>(5,680,082)</b>	\$ (4,064,195)

The accompanying "Notes to the Financial Statements" form an integral part of these financial statements.

# Sunshine Coast Regional Hospital District

## Statement Of Cash Flows

For the Years Ended December 31, 2017 and 2016

	2017	2016
<b>Operating Transactions:</b>		
Annual Surplus (Deficit)	\$ (1,615,887)	\$ 1,004,373
<b>Items not involving cash included in annual surplus:</b>		
(Increase) Decrease in accounts receivable	17,972	9,473
Increase (Decrease) in accounts payable	7,305	(92,617)
Increase (Decrease) in deferred revenue	-	(273,992)
Total Operating Transactions	(1,590,610)	647,237
<b>Investing Transactions:</b>		
(Increase) Decrease in portfolio investments	2,570,931	775,092
<b>Financing Transactions:</b>		
Repayment of long-term debt	(731,515)	(687,500)
Net increase in cash and equivalents	248,806	734,829
Cash and equivalents, beginning of year	1,299,935	565,106
Cash and equivalents, end of year	\$ 1,548,741	\$ 1,299,935

The accompanying "Notes to the Financial Statements" form an integral part of these financial statements.

# Sunshine Coast Regional Hospital District

## Notes To The Financial Statements

For the Years Ended December 31, 2017 and 2016

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### 1. Operations:

The Sunshine Coast Regional Hospital District is responsible for financing and funding of capital activities relating to Sechelt Hospital.

### 2. Significant Accounting Policies

The preparation of the Financial Statements is the responsibility of the management of the Sunshine Coast Regional Hospital District. The accounting policies used within these statements conform to Canadian public sector accounting standards. They have been prepared in accordance with current recommendations issued by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada

#### (a) Revenue recognition:

Sources of revenue are recorded on an accrual basis and recognized in the period in which they are earned.

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. Annual tax requisitions are recorded as taxes for Hospital District services in the year they are requisitioned.

Taxes received in the current year prior to being requisitioned are reported on the Statement Of Financial Position as deferred revenue.

#### (b) Expense recognition:

Operating expenses are recognized on an accrual basis in the period in which they are incurred.

#### (c) Cash and equivalents:

Cash consists of cash on hand, cash in transit, and cash on deposit. Cash equivalents are short-term investments made to obtain a return on a temporary basis and are carried at cost.

#### (d) Portfolio investments:

Investments consist of marketable securities which are carried at cost but written down when there has been a permanent decline in value.

#### (e) Government Transfers

Grants and transfers are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

### 3. Change in Prior Year Presentaion:

During the year a restatement of prior year comparitives was required to conform to current year presentation standards.

# Sunshine Coast Regional Hospital District

## Notes To The Financial Statements

For the Years Ended December 31, 2017 and 2016

#### 4. Related Party Transactions:

The Sunshine Coast Regional Hospital District is related to the Sunshine Coast Regional District since the same individuals are members of the Board of Directors of both organizations. As legislated by the Hospital District Act, the officers and employees of the Sunshine Coast Regional Hospital District are the corresponding officers and employees of the Sunshine Coast Regional District. Each of the Hospital District and Regional District are separate legal entities as defined by separate Letters Patent and authorized by separate legislation. In 2017, the Hospital District paid, at cost, to the Sunshine Coast Regional District an amount of \$54,153 (2016 - \$112,663) for general accounting and administration services provided to the Hospital District. These transactions are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

#### 5. Portfolio Investments:

	2017	2016
Municipal Finance Authority <sup>1</sup>	\$ 1,439,268	\$ 878,438
Raymond James	-	726,177
Sunshine Coast Credit Union <sup>2</sup>	360,026	1,950,989
BlueShore Financial	27	814,648
	<b>\$ 1,799,321</b>	<b>\$ 4,370,252</b>

<sup>1</sup> Municipal Finance Authority investments are held in a CIBC Mellon Money Market Fund with an average yield of 0.97% in 2017.

<sup>2</sup> Sunshine Coast Credit Union investments are held in term deposits with interest rates of 2.00% to maturity in 2018

# Sunshine Coast Regional Hospital District

## Notes To The Financial Statements

For the Years Ended December 31, 2017 and 2016

### 6. Long Term Debt:

All long term debt is issued through the Municipal Finance Authority of British Columbia. The Authority is the borrowing agent for municipalities and regional districts in the province of British Columbia. All debenture debt issued by the Municipal Finance Authority is sinking fund debt.

#### (a) Sinking fund debentures issued through the Municipal Finance Authority:

Issue	Interest Rate	2017	2016
71	Issued in 1999, maturing in 2019	2.10 % \$ 35,016	\$ 51,395
102	Issued in 2007, maturing in 2027	2.25 % 8,929,429	9,644,565
		0 \$ 8,964,445	\$ 9,695,960

#### Future principal repayments on existing long-term debt:

2018	\$ 760,861
2019	791,386
2020	804,430
2021	836,607
2022	870,071
Thereafter	4,901,090
	<b>\$ 8,964,445</b>

#### (b) Actuarial earnings:

Long term debt is recorded net of any sinking fund balances. Actuarial sinking fund earnings recognized in 2017 totalled \$221,161 (2016 - \$177,147).

# Sunshine Coast Regional Hospital District

## Notes To The Financial Statements

For the Years Ended December 31, 2017 and 2016

### 7. Accumulated Deficit:

	2017	2016
<b>Fund Balances:</b>		
Current fund <sup>1</sup>	\$ 571,740	\$ 799,678
Reserve fund <sup>2</sup>	1,658,199	1,153,438
Capital fund <sup>3</sup>	(7,910,021)	(6,017,311)
<b>Accumulated Deficit, end of year</b>	<b>\$ (5,680,082)</b>	<b>\$ (4,064,195)</b>

<sup>1</sup> Consists of surplus funds requisitioned to fund capital improvement projects and equipment with a value less than \$100,000.

<sup>2</sup> Consists of surplus funds requisitioned to fund capital improvement projects and equipment with a value greater than \$100,000.

<sup>3</sup> Consists of surplus funds borrowed and/or requisitioned to fund major capital projects, less outstanding long-term debt repayable in future years. Surplus funds available to fund projects as at December 31, 2017 total \$1,054,424 (2016 - \$3,678,649) of which \$152,713 (2016 - \$2,681,769) is committed to the Sechelt Hospital Expansion project.

# Sunshine Coast Regional Hospital District

## Notes To The Financial Statements

For the Years Ended December 31, 2017 and 2016

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### 8. Fiscal Plan:

The 2017 Fiscal Plan was approved by the Board through the adoption of By-Law No. 86 on March 23, 2017. The Fiscal Plan includes items not shown on the Statement Of Operations as identified below:

	2017
	Fiscal Plan
Fiscal Plan surplus for the year:	\$ -
<b>Fiscal Plan funding sources that are not revenues for accounting purposes:</b>	
Surplus - operating carryover	(652,125)
Transfer from Section 20 reserves-carry over	(631,894)
Funded grants to hospital	(2,661,769)
<b>Fiscal Plan expenditures that are not expenses for accounting purposes:</b>	
Principal debt payments	510,353
Transfer to reserves	275,000
Transfer to appropriated capital surplus	10,000
<b>Fiscal Plan Deficit</b>	<b>\$ (3,150,435)</b>



SUNSHINE COAST REGIONAL HOSPITAL DISTRICT

March 22, 2018

MINUTES OF THE MEETING OF THE BOARD OF THE SUNSHINE COAST REGIONAL HOSPITAL DISTRICT HELD IN THE BOARDROOM AT 1975 FIELD ROAD, SECHELT, B.C.

<b>PRESENT:</b>	Chair	F. Mauro
	Directors	I. Winn G. Nohr M. Lebbell J. Valeriotte L. Lewis D. Wright A. Lutes (Alt.)
<b>ALSO PRESENT:</b>	Chief Administrative Officer	J. Loveys
	GM, Corporate Services / Chief Financial Officer	T. Perreault
	Sr. Mgr., Administration and Legislative Services	A. Legault
	Administrative Assistant / Recorder	T. Crosby
	Media	0
	Public	0

**CALL TO ORDER** 1:00 p.m.

**AGENDA** **It was moved and seconded**

05/18 THAT the agenda for the meeting be adopted as presented.

**CARRIED**

**MINUTES**

Minutes **It was moved and seconded**

06/18 THAT the Sunshine Coast Regional Hospital District Board meeting minutes of January 11, 2018 be adopted as circulated.

**CARRIED**

**REPORTS**

Annual Budget **It was moved and seconded**

07/18 THAT the General Manager, Corporate Services / Chief Financial Officer's report titled 2018 Sunshine Coast Regional Hospital District (SCRHD) Final Budget be received;

AND THAT the 2018 SCRHD Budget be adopted as presented.

**CARRIED**

**BYLAWS**

Bylaw 87 **It was moved and seconded**

08/18 THAT *Sunshine Coast Regional Hospital District Annual Budget Bylaw No. 87, 2018* be read a first time.

**CARRIED**

Bylaw 87 **It was moved and seconded**

09/18 THAT *Sunshine Coast Regional Hospital District Annual Budget Bylaw No. 87, 2018* be read a second time.

**CARRIED**

Bylaw 87 **It was moved and seconded**

10/18 THAT *Sunshine Coast Regional Hospital District Annual Budget Bylaw No. 87, 2018* be read a third time.

**CARRIED**

Bylaw 87 **It was moved and seconded**

11/18 THAT *Sunshine Coast Regional Hospital District Annual Budget Bylaw No. 87, 2018* be adopted.

**CARRIED**

*The Board moved In-Camera at 1:04 p.m.*

**IN CAMERA It was moved and seconded**

12/18 THAT the public be excluded from attendance at the meeting in accordance with Section 90(1) (k) of the *Community Charter* - "negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in the view of the council, could reasonably be expected to harm the interests of the municipality if they were held in public.

**CARRIED**

*The Board moved out of In-Camera at 1:06 p.m.*

**ADJOURNMENT It was moved and seconded**

13/18 THAT the Sunshine Coast Regional Hospital District Board meeting be adjourned.

**CARRIED**

The meeting adjourned at 1:06 p.m.

Certified correct \_\_\_\_\_  
Secretary

Confirmed this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
Chair

## SUNSHINE COAST REGIONAL HOSPITAL DISTRICT STAFF REPORT

**TO:** Sunshine Coast Regional Hospital District Board - April 26, 2018

**AUTHOR:** Tina Perreault, General Manager, Corporate Services / Chief Financial Officer

**SUBJECT:** SUNSHINE COAST REGIONAL HOSPITAL DISTRICT DRAFT AUDITED FINANCIAL STATEMENTS – YEAR ENDED DECEMBER 31, 2017

### RECOMMENDATION(S)

**THAT the report titled Sunshine Coast Regional Hospital District Draft Audited Financial Statements – Year Ended December 31, 2017 and the following documents be received:**

- **Audit Results and Communications Report**
- **Independent Auditor’s Report**
- **Draft Audited Financial Statements;**

**AND THAT the SCRHD Draft Audited Financial Statements for Year Ended December 31, 2017 be approved as presented.**

### BACKGROUND

At the November 29, 2017 Sunshine Coast Regional Hospital District Board Meeting, the Board received BDO’s “Audit Planning Communication,” summarizing the plans and other matters pertaining to the 2017 audit for the Sunshine Coast Regional Hospital District (SCRHD), excerpt below:

43/17            AND THAT the Audit Planning Communication from BDO Canada LLP for the Audit of the Financial Statements of the Sunshine Coast Regional Hospital District (SCRHD) for the year ended December 31, 2017 be received.

### DISCUSSION

Canadian Public Sector Accounting and Auditing Standards require the Financial Statements to be presented as soon as possible after the March audit, as draft statements. Once approved, this date will become the date of the Independent Auditor’s Report and Final Audited Financial Statements for Year Ended December 31, 2017.

### CONCLUSION

Staff recommend that the Draft Audited Statements for Year Ended December 31, 2017, being presented by BDO with Independent Auditor’s Report be received and approved by the Sunshine Coast Regional Hospital Board for approval.

Reviewed by:			
Manager		Finance	X - S. Zacharias
GM		Legislative	
CAO	X – J. Loveys	Other	