



**SUNSHINE COAST REGIONAL HOSPITAL DISTRICT  
BOARD MEETING**



**HELD ELECTRONICALLY AND TRANSMITTED VIA THE  
SUNSHINE COAST REGIONAL DISTRICT BOARDROOM,  
1975 FIELD ROAD, SECHELT, B.C.  
Thursday, January 27, 2022**

**AGENDA**

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**CALL TO ORDER** 1:00 p.m.  
*(Corporate Officer Presiding)*

**I ELECTION OF THE CHAIR FOR 2022**

**II ELECTION OF THE VICE-CHAIR FOR 2022** *(Newly Elected Chair  
Presiding)*

**AGENDA**

1. Adoption of Agenda

**MINUTES**

2. Sunshine Coast Regional Hospital District Board Meeting  
Minutes of October 28, 2021

Annex A  
Page 1-2

**BUSINESS ARISING FROM MINUTES AND UNFINISHED  
BUSINESS**

**PRESENTATIONS and DELEGATIONS**

3. TJ Sheehan, Emily Gee and Dana Caple Directors of Coastal  
Recovery Community  
Regarding: Coastal Recovery Community Addiction  
Treatment Centre - Gibsons

**REPORTS**

4. MNP LLP - 2021 Audit Service Plan  
*General Manager, Corporate Services / Chief Financial Officer*

Annex B  
pp. 3-18

5. 2022 Meeting Calendar  
*General Manager, Corporate Services / Chief Financial Officer*

Annex C  
pp. 19-23

**COMMUNICATIONS**

**MOTIONS**

**BYLAWS**

**NEW BUSINESS**

**IN CAMERA**

**ADJOURNMENT**



## SUNSHINE COAST REGIONAL HOSPITAL DISTRICT

October 28, 2021

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

<b>PRESENT*:</b>	Chair	District of Sechelt	D. Siegers
	Directors	Town of Gibsons	B. Beamish
		Electoral Area A	L. Lee
		Electoral Area B	L. Pratt
		Electoral Area D	A. Tize
		Electoral Area E	D. McMahon
		Electoral Area F	M. Hiltz
	District of Sechelt	A. Toth	
<b>ALSO PRESENT*:</b>	Chief Administrative Officer	D. McKinley	
	G.M., Corporate Services / Chief Financial Officer	T. Perreault	
	Corporate Officer	S. Reid	
	Administrative Assistant / Recorder	T. Crosby	
	Media	0	
<b>VCH*:</b>	Public	0	
	Reg. Dir., Capital Asset Management and Planning Director, Sunshine Coast	J. Marais M. Duperreault	

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

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

24/21 THAT the agenda for the meeting be adopted as presented.

**CARRIED**

### MINUTES

Minutes **It was moved and seconded**

25/21 THAT the Sunshine Coast Regional Hospital District Board meeting minutes of July 22, 2021 be adopted as circulated.

**CARRIED**

### REPORTS

Provisional Budget **It was moved and seconded**

26/21 THAT the report titled 2022 Provisional Budget be received for information;

AND THAT the 2022 Sunshine Coast Regional Hospital District Provisional Budget be adopted as presented.

**CARRIED**

**ADJOURNMENT It was moved and seconded**

27/21 THAT the Sunshine Coast Regional Hospital District Board meeting be adjourned.

**CARRIED**

The meeting adjourned at 1:07 p.m.

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

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

\_\_\_\_\_  
Chair

## SUNSHINE COAST REGIONAL HOSPITAL DISTRICT STAFF REPORT

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**TO:** Sunshine Coast Regional Hospital District Board – January 27, 2022

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

**SUBJECT:** MNP LLP - 2021 AUDIT SERVICE PLAN

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### RECOMMENDATION

**THAT** the report titled MNP LLP - 2021 Audit Service Plan be received for information;

**AND THAT** the Audit Service Plan from MNP LLP with respect to the Audit of the Financial Statements of the Sunshine Coast Regional Hospital District (SCRHD) for the year ended December 31, 2021 be approved as presented.

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### BACKGROUND

The purpose of MNP LLP's (MNP) "2021 Audit Service Plan" is to communicate key issues, responsibilities and audit strategy which will be undertaken for the Sunshine Coast Regional Hospital District's (SCRHD) annual financial audit. The audit conducted by MNP is in accordance with Canadian Generally Accepted Auditing Standards (GAAS), which require the explicit communication of roles and responsibilities by both parties.

The SCRHD Board has the responsibility of providing oversight of the financial reporting process. As part of the two-way communication with the auditors the Board may highlight any areas of specific concerns or questions it may have for the auditors prior to the final audit.

The purpose of this report is to approve the Report and allow the SCRHD Board to relay any communication back to the Auditors.

### DISCUSSION

MNP's "Audit Service Plan," summarizing the plans and other matters pertinent to the 2021 audit for the SCRHD, which is attached for reference. SCRHD's engagement will include: Audit Risk Areas and Planned Responses; Changes in Accounting Standards potentially impacting the SCRHD.

The 2021 interim audit was conducted in early December 2021 with the final audit scheduled for the March 2022. The draft financial statements and audit report is scheduled for presentation at the April 2022 SCRHD Board in preparation for the final adoption.

As part of the final Report to the Board from BDO Canada (SCRHD's previous Auditors) for the 2020 audit (presented at the [April 22, 2021 SCRHD Board](#)), there were no audit differences or significant audit findings reported for the SCRHD.

**STRATEGIC PLAN AND RELATED POLICIES**

The annual financial audit is a statutory requirement for the SCRHD Board.

**CONCLUSION**

The purpose of this report is to provide information to the SCRHD Board related to their fiduciary responsibilities for the financial oversight of the SCRHD.

It is recommended that MNP’s “*Audit Service Plan*” be approved as presented or amended by the Board, subject to any additional items arising. The Board may at any time communicate items with MNP prior to the final audit.

Attachment:

A - MNP LLP - SCRHD 2021 Audit Service Plan to the Board of Directors

Reviewed by:			
Manager		Finance	
GM		Legislative	
CAO	X – D. McKinley	Other	



## Sunshine Coast Regional Hospital District

2021 Audit Service Plan

Report to the Board of Directors

December 31, 2021

Cory Vanderhorst, CPA, CA  
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November 9, 2021

Members of the Board of Directors of Sunshine Coast Regional Hospital District

Dear Directors:

We are pleased to present our Audit Service Plan for the Sunshine Coast Regional Hospital District (the "Hospital District"). In this plan we describe MNP's audit approach, our engagement team, the scope of our audit and a timeline of anticipated deliverables. We are providing this Audit Service Plan to the Board of Directors on a confidential basis. It is intended solely for the use of the Board of Directors and is not intended for any other purpose. Accordingly, we disclaim any responsibility to any other party who may rely on this report.

Our audit will include an audit of the Hospital District's financial statements for the year ended December 31, 2021, prepared in accordance with Canadian public sector accounting standards. Our audit will be conducted in accordance with Canadian generally accepted auditing standards.

At MNP, our objective is to perform an efficient, high quality audit which focuses on those areas that are considered higher risk. We adhere to the highest level of integrity and professionalism. We are dedicated to maintaining open channels of communication throughout this engagement and will work with management to coordinate the effective performance of the engagement. Our goal is to exceed the Board of Directors's expectations and ensure you receive outstanding service.

Additional material provided along with this report includes our Engagement Letter, which is the formal written agreement of the terms of our audit engagement as negotiated with management and outlines our responsibilities under Canadian generally accepted auditing standards.

We look forward to discussing our Audit Service Plan with you and look forward to responding to any questions you may have.

Sincerely,

A handwritten signature in black ink that reads "MNP LLP". The letters are stylized and slanted to the right.

**MNP LLP**  
**Chartered Professional Accountants**





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## AUDIT SERVICE PLAN OVERVIEW

To make strategic business decisions with confidence, your stakeholders and the Board of Directors of the Hospital District need relevant, reliable and independently audited financial information. But that’s not all. You need an audit team that can deliver insight beyond the numbers and enhance the Hospital District’s strategic planning and implementation processes so you can embrace new opportunities while effectively managing risk. Our audit strategy is risk based, and considers the limitations and opportunities you encounter each day, allowing our recommendations to be implemented with greater ease. Committed to your success, MNP delivers meaningful, reliable financial information to not only help you fulfill your compliance obligations, but also to achieve your key strategic goals.

Our Audit Service Plan outlines the strategy we will follow to provide the Hospital District’s Board of Directors with our Independent Auditor’s Report on the December 31, 2021 financial statements.



### TOPICS FOR DISCUSSION

We are committed to providing superior client service by maintaining effective two-way communication. Topics for discussion include, but are not limited to:

- Changes to your business operations and developments in the financial reporting and regulatory environment
- Business plans and strategies
- Any other issues and/or concerns
- Fraud, including how fraud could occur, the risk of fraud and misstatement, and any actual, suspected or alleged fraud
- The management oversight process
- Your specific needs and expectations

### KEY CHANGES AND DEVELOPMENTS

Based on our knowledge of the Hospital District and our discussions with management, we have noted the recent developments set out below. Our audit strategy has been developed considering these factors.

ISSUES AND DEVELOPMENTS	SUMMARY
 <b>NEW REPORTING DEVELOPMENTS</b>	<ul style="list-style-type: none"> <li>• PS 3280 Asset Retirement Obligations (New)</li> <li>• PS 3400 Revenue (New)</li> <li>• PS 3450 Financial Instruments (New and Amendment)</li> <li>• PS 3450 Financial Instruments (Amendment)</li> </ul>
 <b>IMPACT OF COVID-19 ON OUR AUDIT</b>	COVID protocols

Detailed information on Key Changes and Developments are included as Appendix A.

## THE MNP AUDIT APPROACH

The Board of Directors is responsible for approval of the financial statements and Hospital District policies, and for monitoring management's performance. The Board of Directors should consider the potential for management override of controls or other inappropriate influences, such as earnings management, over the financial reporting process. The Board of Directors, together with management, is also responsible for the integrity of the accounting and financial reporting systems, including controls to prevent and detect fraud and misstatement, and to monitor compliance with relevant laws and regulations.

Effective discharge of these respective responsibilities is directed toward a common duty to provide appropriate and adequate financial accountability, and quality financial disclosure.

Key responsibilities of MNP and management are outlined in the Engagement Letter (see attached). More detailed discussion about MNP's audit process is provided in Appendix B.

### AUDIT MATERIALITY

Materiality is an important audit concept. It is used to assess the significance of misstatements or omissions that are identified during the audit and is used to determine the level of audit testing that is carried out. Specifically, a misstatement or the aggregate of all misstatements in financial statements as a whole (and, if applicable, for particular classes of transactions, account balances or disclosures) is considered to be material if it is probable that the decision of the party relying on the financial statements, who has reasonable understanding of business and economic activities, will be changed or influenced by such a misstatement or the aggregate of all misstatements.

The scope of our audit work is tailored to reflect the relative size of operations of the Hospital District and our assessment of the potential for material misstatements in the Hospital District's financial statements as a whole (and, if applicable, for particular classes of transactions, account balances or disclosures). In determining the scope, we emphasize relative audit risk and materiality, and consider a number of factors, including:

- The size, complexity, and growth of the Hospital District;
- Changes within the organization, management or accounting systems; and
- Concerns expressed by management.

The scope of our audit work is tailored to reflect the relative size of operations of the Hospital District and our assessment of the potential for material misstatements in the Hospital District's financial statements as a whole

Judgment is applied separately to the determination of materiality in the audit of each set of financial statements (and, if applicable, for particular classes of transactions, account balances or disclosures) and is affected by our perception of the financial information needs of users of the financial statements. In this context, it is reasonable to assume that users understand that financial statements are prepared, presented and audited to levels of materiality; recognize uncertainties inherent in the measurement of amounts based on the use of estimates, judgment and consideration of future events; and make reasonable economic decisions based on the financial statements. The foregoing factors are taken into account in establishing the materiality level.

We propose to use \$65,000 as overall materiality for audit planning purposes.

### RISK ASSESSMENT

Our audit process focuses on significant risks identified during the pre-planning and planning and risk assessment stage, ensuring that audit procedures are **tailored to your specific circumstances** and appropriately address those risks.

## TIMING OF THE AUDIT

Based on the audit planning performed and areas of audit risks identified, the following timelines for key deliverables have been discussed and agreed upon with management:

KEY DELIVERABLE	EXPECTED DATE
Delivery of December 31, 2021 Audit Service Plan to the Board of Directors	November 2021
Draft year-end financial statements to be discussed with management	April 2022
Presentation of December 31, 2021 Audit Findings Report to the Board of Directors	April 2022
Presentation of Management Letter to the Board of Directors	April 2022
Issuance of Independent Auditor's Report	April 2022

## AUDIT TEAM

In order to ensure effective communication between the Board of Directors and MNP, we outline below the key members of our audit team that will be responsible for the audit of the Hospital District and the role they will play:

TEAM MEMBERS	CONTACT INFORMATION
Cory Vanderhorst, CPA, CA, Engagement Partner	E: Cory.Vanderhorst@mnp.ca
Graham Roberts, CPA, CA, Senior Manager	E: Graham.Roberts@mnp.ca
James Kungel, CPA, CA, Tax Specialist	E: James.Kungel@mnp.ca
Jane Lumb, CPA, Engagement Manager	E: Jane.Lumb@mnp.ca

In order to serve you better and meet our professional responsibilities, we may find it necessary to expand our audit team to include other MNP professionals whose consultation will assist us to evaluate and resolve complex, difficult and/or contentious matters identified during the course of our audit.

Any changes to the audit team will be discussed with you to ensure a seamless process and that all concerned parties' needs are met.



**FEES AND ASSUMPTIONS**

DESCRIPTION	2021 ESTIMATE
Base audit fee	\$ 5,000
Disbursements	\$ 250
<b>Total</b>	<b>\$ 5,250</b>

If any significant issues arise during the course of our audit work which indicate a possibility of increased procedures or a change in the audit timetable, these will be discussed with management by the engagement partner, so a mutually agreeable solution can be reached.

Invoices will be rendered as work progresses in accordance with the following schedule:

DESCRIPTION	AMOUNT
On delivery of the independent auditors' opinion	\$ 5,000

## APPENDIX A – KEY CHANGES AND DEVELOPMENTS

We would like to bring to your attention the following accounting and auditing developments, which may have some impact on your financial reporting.

### ISSUES AND DEVELOPMENTS SUMMARY

#### NEW REPORTING DEVELOPMENTS

##### **PS 3280 Asset Retirement Obligations (New)**

In August 2018, new PS 3280 *Asset Retirement Obligations* was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new PS 3280 establishes standards on how to account for and report a liability for asset retirement obligations (ARO). As asset retirement obligations associated with landfills are included in the scope of new PS 3280, PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability* will be withdrawn.

The main features of this standard are as follows:

- An ARO represents a legal obligation associated with the retirement of a tangible capital asset.
- Asset retirement costs increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner.
- When an asset is no longer in productive use, the associated asset retirement costs are expensed.
- Measurement of the ARO liability should result in the best estimate of the amount required to retire a tangible capital asset at the financial statement date.
- Subsequent measurement of the ARO liability results in either a change in the carrying amount of the related tangible capital asset or an expense. The accounting treatment depends on the nature of the remeasurement and whether the asset remains in productive use.
- The best method to estimate the liability is often a present value technique.

This standard was to be effective for fiscal years beginning on or after April 1, 2021. On June 25, 2020, the PSAB made the decision to defer the effective date by one year due to the impact of the COVID-19 pandemic. The new Section is now effective for annual financial statements relating to fiscal years beginning on or after April 1, 2022. Early application continues to be permitted.

##### **PS 3400 Revenue (New)**

In November 2018, new PS 3400 *Revenue* was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new PS 3400 establishes standards on how to account for and report on revenue by distinguishing between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. The main features of this Section are as follows:

- Performance obligations are enforceable promises to provide specific goods or services to a specific payor.
- Performance obligations can be satisfied at a point in time or over a period of time.
- The new standard outlines five indicators to determine if the revenue would be recognized over a period of time.
- Revenue from a transaction with a performance obligation(s) is recognized when, or as, the entity has satisfied the performance obligation(s).
- Revenue from transactions with no performance obligation is recognized when a public sector entity has the authority to claim or retain an inflow of economic resources and a past event that gives rise to a claim of economic resources has occurred.

Further editorial changes have also been made to other standards as a result of the issuance of PS 3400.

This Section was to be effective for fiscal years beginning on or after April 1, 2022. On June 25, 2020, the PSAB made the decision to defer the effective date by one year due to the impact of the COVID-19 pandemic. The new Section is now effective for annual financial statements relating to fiscal years beginning on or after April 1, 2023. Early application continues to be permitted.

## APPENDIX A – KEY CHANGES AND DEVELOPMENTS (continued from previous page)

### PS 3450 Financial Instruments (New and Amendment)

In June 2011, the Public Sector Accounting Board (PSAB) issued new PS 3450 *Financial Instruments*. The new standard establishes requirements for recognition, measurement, derecognition, presentation and disclosure of financial assets and financial liabilities, including derivatives. The main features of the new standard are:

- Financial instruments are classified into two measurement categories: fair value, or cost or amortized cost.
  - Almost all derivatives, including embedded derivatives not closely related to the host contract, are measured at fair value.
  - Portfolio investments in equity instruments quoted in an active market are measured at fair value.
  - Other financial assets and financial liabilities are generally measured at cost or amortized cost.
  - An entity may elect to measure any group of financial assets or financial liabilities (or both) at fair value when the entity has a risk management or investment strategy to manage those items on a fair value basis.
- Remeasurement gains and losses on financial instruments measured at fair value are reported in the statement of remeasurement gains and losses until the financial instrument is derecognized.
- Budget to actual comparisons are not required within the statement of remeasurement gains and losses;
- Financial liabilities are derecognized when, and only when, they are extinguished.
- Financial assets and financial liabilities are only offset and reported on a net basis if a legally enforceable right to set off the recognized amounts exists, and the entity intends to settle on a net basis or realize/settle the amounts simultaneously.

In May 2012, the transitional provisions for this Section were amended, effective at the time the standard is initially applied, to clarify that the measurement provisions are applied prospectively. Adjustments to previous carrying amounts are recognized in opening accumulated remeasurement gains or losses. Additionally, a new transitional provision has been added that applies to government organizations transitioning from the standards in Part V of the CPA Canada Handbook – Accounting with items classified as available for sale. Accumulated other comprehensive income (OCI) from items classified as available for sale is recognized in accumulated remeasurement gains or losses on transition.

PS 3450 was to be effective for fiscal years beginning on or after April 1, 2019. In March 2018, the Public Sector Accounting Board (PSAB) approved an extension of the effective date to fiscal years beginning on or after April 1, 2021. On June 25, 2020, the PSAB made the decision to defer the effective date by one year due to the impact of the COVID-19 pandemic. The new Section and amendments are now effective for annual financial statements relating to fiscal years beginning on or after April 1, 2022. Early application continues to be permitted. In the period that a public sector entity applies PS 3450, it also applies PS 1201 and PS 2601.

### PS 3450 Financial Instruments (Amendment)

In April 2020, the Public Sector Accounting Board (PSAB) issued amendments to PS 3450 *Financial Instruments*. The main features of the amendments include:

#### *Bond Repurchase Transactions*

- Bond repurchase transactions are only to be treated as extinguishments when they are either:
  - Legally discharged;
  - An exchange of debt instruments with substantially different terms; or
  - A substantial modification of the terms of an existing financial liability or part of it.

#### *Section Application*

- Clarification that PS 3450 does not apply unless a contractual right or a contractual obligation underlies a receivable or payable. By definition, there must be a contract for there to be a financial instrument.
- Clarification for how to account for a transfer of collateral pursuant to a credit risk management mechanism in a derivative contract.
- Addition of application guidance explaining that derecognition of a financial asset does not occur if the transferor of a financial asset retains substantially all the risks and benefits of ownership.

#### *Transitional Provisions*

- Clarification that a controlling government should use carrying values of the financial assets and liabilities in the records of its government organizations when consolidating a government organization.
- For financial assets or financial liabilities in the cost or amortized cost category which have an associated unamortized discount, premium or transaction costs, the unamortized discount, premium or transaction costs should be included in the item's opening carrying value.

## APPENDIX A – KEY CHANGES AND DEVELOPMENTS (continued from previous page)

- For derivatives which may not have been recognized or may not have been measured at fair value prior to the adoption of PS 3450, any difference between the previous carrying value and fair value should be recognized in the opening balance of accumulated remeasurement gains and losses.

The amendments were to be effective for fiscal years beginning on or after April 1, 2021. On June 25, 2020, the PSAB made the decision to defer the effective date by one year due to the impact of the COVID-19 pandemic. The new Section and amendments are now effective for annual financial statements relating to fiscal years beginning on or after April 1, 2022. Early application continues to be permitted.

### IMPACT OF COVID-19 ON OUR AUDIT

MNP's COVID protocols are based on recommendations by the Province of British Columbia. At the date of this Audit Service Plan we are adhering to the following:

Social Distancing;  
No Non-Essential Attendance at External Business Development, Conferences or Training;  
No Non-Essential Business Travel and;  
International Travel - Self-Isolation for 14 days.

Wherever possible, we use our Client Portal website to facilitate transfer of documents and requests for information. This allows for ease of sharing documents without a file size restriction, while maintaining security and confidentiality over your documents and information. During the height of COVID, we performed our audits remotely, using email, phone, and the Client Portal to share information. Meetings were held virtually on a variety of platforms, including Teams and Zoom, and we were able to complete and deliver our usual high-quality audits.

In the current "reopening" scenario, we have started doing fieldwork visits again. Before our team members attend field work, we will be sending out a questionnaire to ascertain if it is safe for our team to be onsite as well as to learn your current COVID protocols. The safety of your team and ours is paramount at all times. All team members will be apprised of the Hospital District's protocols before we arrive onsite. If the Province increases restrictions related to COVID we are prepared to perform field work remotely.



## APPENDIX B – THE AUDIT PROCESS

### OUR PLAN

Our overall audit strategy is risk-based and controls-oriented. Assessment and identification of risk is performed continuously throughout the audit process. We focus on the risks that have a potential impact on the financial accounting systems and subsequent financial reporting.

Our overall audit strategy does not, and is not intended to involve the authentication of documents, nor are our team members trained or expected to be experts in such authentication. Unless we have reason to believe otherwise, we accept records and documents as genuine. The subsequent discovery of a material misstatement resulting from fraud does not, in and of itself, indicate a failure to comply with Canadian generally accepted auditing standards.

### AUDIT PROCEDURES


To meet our responsibilities in accordance with Canadian generally accepted auditing standards, our audit examination includes:

- Obtaining an understanding of the entity and its environment, including its controls, in order to identify and assess the risk that the financial statements contain material misstatements due to fraud or misstatement;
- Assessing the adequacy of and examining, on a test basis, the key controls over significant transaction streams and over the general organizational and computer environments;
- Assessing the systems used to ensure compliance with applicable legislative and related authorities pertaining to financial reporting, revenue raising, borrowing, and investing activities;
- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the appropriateness and consistency of accounting principles used and their application;
- Assessing the significant estimates used by management; and,
- Assessing the entity's use of the going concern basis of accounting in the preparation of the financial statements.

As part of our planning process, we will also undertake to inform the Board of Directors of concerns relating to management's implementation and maintenance of controls, and the effects of any such concerns on the overall strategy and scope of the audit. These concerns might arise from the nature, extent and frequency of management's assessments of controls in place to detect fraud and misstatement, and of the risk that the financial statements may be misstated; from a failure by management to appropriately address significant deficiencies in controls identified in prior audits; and, from our evaluation of the Hospital District's control environment, and management's competence and integrity.

**APPENDIX B – THE AUDIT PROCESS (continued from previous page)**

**OVERALL RELIANCE**

<b>CONTROL RELIANCE LEVEL</b>	<b>LOW/NONE</b>	<b>MODERATE</b>	<b>HIGH</b>
<b>DESCRIPTION</b>	Where we cannot rely on controls because they are weak or absent, or where it is deemed to be more efficient to carry out a high level of direct substantive tests of details. Audit evidence is primarily obtained through detailed verification procedures and sufficient substantive tests of details.	Where there are some deficiencies in systems application or procedural controls, or where it is deemed to be inefficient to test systems application controls, but where we can test and rely on the management monitoring systems in place to detect and correct material misstatements in the financial reporting systems. Testing of controls is supplemented with a moderate level of substantive tests of details.	Where a high degree of control is in place in the areas of management monitoring controls AND systems application and procedural controls. Our audit work focuses on testing both management monitoring and systems application and procedural controls, and is supplemented with a low level of substantive tests of details.
<b>PLANNED RELIANCE</b>		—	—

For the December 31, 2021 audit, we are planning to place low reliance on the Hospital District's accounting systems. This level of reliance will involve mainly substantive tests of details.

The amount of substantive work will be reduced for cycles where there are controls in place that MNP can test and rely on.

As part of our audit work we will update our understanding of the entity and its environment, including the controls relevant to our audit of the principal transaction cycles, sufficient to identify and assess the risks of material misstatement of the financial statements resulting from fraud or misstatement. This will be accomplished through inquiries with management and others within the entity, analytical procedures and observation and inspection. Furthermore, we will consider whether effective controls have been established to adequately respond to the risks arising from the use of IT or manual systems and test the operation of those controls to an extent sufficient to enable us to reduce our substantive work. Our review of the Hospital District's controls will not be sufficient to express an opinion as to their effectiveness or efficiency.



Although we will provide the Board of Directors with any information about significant deficiencies in internal control that have come to our attention, we may not be aware of all the significant deficiencies in internal control that do, in fact, exist.

## APPENDIX B – THE AUDIT PROCESS (continued from previous page)

### INHERENT LIMITATIONS IN THE AUDITING PROCESS

An auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected due to factors such as the use of significant judgment regarding the gathering of evidence and the drawing of conclusions based on the audit evidence acquired; the use of testing of the data underlying the financial statements; inherent limitations of controls; and, the fact that much of the audit evidence available to the auditor is persuasive, rather than conclusive in nature.

Because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. While effective controls reduce the likelihood that misstatements will occur and remain undetected, they do not eliminate that possibility. Therefore, the auditor cannot guarantee that fraud, misstatements and non-compliance with laws and regulations, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards.

The likelihood of not detecting material misstatements resulting from management fraud is greater than for employee fraud, because management is in a position to manipulate records, present fraudulent information or override controls.

We will inform the appropriate level of management or the Board of Directors with respect to identified:

- Misstatements resulting from errors, other than clearly trivial misstatements;
- Fraud, or any information obtained that indicates that fraud may exist;
- Evidence obtained that indicates non-compliance or possible non-compliance with laws and regulations, other than that considered inconsequential;
- Significant deficiencies in the design or implementation of controls to prevent and detect fraud or misstatement; and
- Related party transactions that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure.

Our concern as auditors is with material misstatements, and thus, we are not responsible for the detection of misstatements that are not material to the financial statements taken as a whole.

# MNP LLP – Wherever Business Takes You

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## About MNP LLP

MNP is a leading national accounting, tax and business consulting firm in Canada. We proudly serve and respond to the needs of our clients in the public, private and not-for-profit sectors. Through partner-led engagements, we provide a collaborative, cost-effective approach to doing business and personalized strategies to help organizations succeed across the country and around the world.



**SUNSHINE COAST REGIONAL HOSPITAL DISTRICT STAFF REPORT**

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**TO:** Sunshine Coast Regional Hospital District Board – January 27, 2022  
**AUTHOR:** Tina Perreault, General Manager, Corporate Services / Chief Financial Officer  
**SUBJECT:** SUNSHINE COAST REGIONAL HOSPITAL DISTRICT 2022 MEETING SCHEDULE

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**RECOMMENDATION(S)**

**THAT the report titled Sunshine Coast Regional Hospital District 2022 Meeting Schedule be received for information;**

**AND THAT the 2022 Meeting Schedule be considered for adoption as presented.**

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**BACKGROUND**

The joint Memorandum of Understanding (MOU) with Vancouver Coastal Health outlines the process to be followed by the parties in coming to an agreement on voluntary capital cost share funding requests to the Sunshine Coast Regional Hospital District (SCRHD) on an annual basis (Attachment A). Within the MOU are dates that are required for the SCRHD to schedule a Board meeting.

In addition to the dates outlined in the MOU, there is other statutory business to be addressed such as the annual financial audit findings and adoption of the annual Budget which are required annually. Changes to the meeting schedule can be made throughout the year.

Typically, meetings have been scheduled on an ad hoc basis and for 2022 it is recommended that the key meeting dates be formalized as outlined below.

**DISCUSSION**

This report, for information only, outlines the Board meetings required throughout the year for the SCRHD and suggested dates for 2022.

Date	Proposed Time	General Business Covered:
January 27, 2022	1:00 pm	Inaugural Meeting of the SCRHD to elect a new Chair and Vice-Chair  Audit Planning Letter
March 24, 2022	1:00 pm	Adopt Final Budget and Budget Bylaw

April 28, 2022	9:00 am	Audit Results presented to the Board with draft audited financial statements for the year ended December 31.
July 28, 2022	1:00 pm	VCH presents a mid-cycle update and proposed capital expenditures. VCH also reviews the three year capital plan and necessary amendments due to changes in funding, unanticipated capital needs or priority changes.  SCRHD provides a Reserves and Capital Funds Update.
October 27, 2022	1:00 pm	SCRHD provides a draft Provisional Budget for approval.  VCH provides updated capital requests.

Meetings are scheduled in the Board calendar and VCH is invited to attend for information and / or presentation where required. Additional meetings are scheduled as required to discuss major capital project progress, etc.

**CONCLUSION**

Within the MOU are dates that are required for the SCRHD to schedule a Board meeting and there are other dates required for SCRHD business. This report is establish the 2022 meeting schedule for the SCRHD.

Reviewed by:			
Manager		CFO / Finance	
GM		Legislative	
CAO	X – D. McKinley	Other	

Attachment A – Memorandum of Understanding dated March 31, 2014

MEMORANDUM OF UNDERSTANDING

THIS UNDERSTANDING made as at March 31, 2014

BETWEEN:

VANCOUVER COASTAL HEALTH  
(Hereafter called the "VCH")

OF THE FIRST PART

AND:

POWELL RIVER REGIONAL HOSPITAL DISTRICT  
SEA TO SKY REGIONAL HOSPITAL DISTRICT  
SUNSHINE COAST REGIONAL HOSPITAL DISTRICT  
(Hereafter call the "RHDs")

OF THE SECOND PART

WHEREAS:

- a) The VCH is responsible for all health care services within the Coastal Community of Care (CoC), which includes the RHD's, and
- b) The RHD's are responsible, on a voluntary basis, for providing funding based on a cost shared formula to VCH for capital expenditures, defined hereinafter to include capital facility maintenance, construction, the minor/major equipment, and clinical information technology projects within their respective boundaries in accordance with the *Hospital District Act*
- c) All parties recognize the benefits of coordinating their activities through formal and informal processes within the boundaries of their respective legislative and regulatory obligations.

THEREFORE BE IT RESOLVED THAT

In order for the effective, efficient and accountable planning and funding of capital expenditures, the parties agree as follows:

- 1. There shall be established an RHD Capital Planning Group (RHD CPG) comprised of the respective RHD Chairs (or their designate) and senior staff of the VCH Capital Planning, the Coastal CoC and the RHD's.
- 2. The RHD CPG shall meet a minimum of once yearly, in the fall of each calendar year.
- 3. The purpose of this meeting shall be to share information and have input into the VCH capital plan and capital planning processes and to discuss local priorities with the VCH. This information sharing and consultation shall include:


- a) A review of the VCH Three Year Capital Plan, which includes all of the capital expenditures for the Coastal CoC
  - b) Information from the VCH on its strategic direction for the Coastal CoC,
  - c) Information from the VCH for the Coastal CoC on:
    - i. total capital funding
    - ii. distribution of capital expenditure funding to Facilities, Clinical Equipment, and Information Management Information Technology Systems (IMITS) within the RHD's
    - iii. provide preliminary information on major projects and major equipment acquisitions to facilitate RHD consideration and approval-in-principle of cost shared projects for inclusion in RHD provisional budgets before December 15 of each year, if available
  - d) Information on how capital expenditures were prioritized within the Coastal CoC.
  - e) An overview of major operational and health care issues.
4. Before the end of February of each year VCH shall meet individually with each RHD to present the VCH's recommendations for current year capital funding thus enabling the RHD's to consider and approve their current year's budget in accordance with the requirements of the Hospital District Act.
  5. The RHD's agree in principle to making decisions to support proposed projects.
  6. Upon receipt of capital budget allocations (funding envelopes) from the Province of British Columbia, the VCH shall meet with each RHD to do a mid-cycle "reality check" on proposed capital expenditures. In addition, the VCH will review the three-year capital plan and discuss any necessary amendments due to changes in funding, unanticipated capital needs or priority changes.
  7. The scope of projects that are cost shared with the RHD's will not be expanded or otherwise altered without prior approval with the funding RHD.
  8. For cost shared capital projects, an RHD may request the establishment of a Project Review Committee with RHD representation. The mandate of the committee will be to provide general direction during project planning and implementation and to review and approve capital expenditures.
  9. When requesting reimbursement for capital expenditures, the VCH will submit a detailed summary of the costs being claimed. The VCH will, provide copies of invoices and other detail in support of the VCH reimbursement request.
  10. The VCH and RHD's will jointly prepare and issue press releases for any capital projects that are jointly funded.
  11. The VCH will recognize RHD contributions to capital projects within their annual financial statements.
  12. The VCH will, prior to March 31<sup>st</sup> in each year, provide a reconciliation of capital expenditures and outstanding costs for RHD financial statement purposes.



13. Subject to property taxation limits and other RHD considerations, RHD's will:
  - a) reserve the right on whether to fund capital projects.
  - b) consider funding for Information Management Information Technology Systems (IMITS) and other projects similar in nature outside their boundaries that provide a service to their residents and for which cost sharing with other benefiting parties is possible.
14. This agreement may be reviewed upon written notice by any party to the agreement.
15. Any party may terminate their participation by giving ninety (90) days written notice to all other parties of their intent to do so.

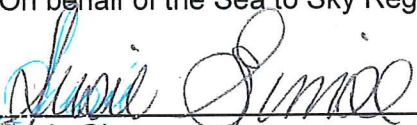
As evidence of their agreement to be bound by the above terms and conditions, the parties have executed this agreement below on the 31<sup>st</sup> of March, 2014.

On behalf of the Powell River Regional Hospital District by its authorized signatories:

  
 \_\_\_\_\_  
 Colin Palmer  
 Chair


  
 \_\_\_\_\_  
 Al Radke  
 Chief Administrative Officer


On behalf of the Sea to Sky Regional Hospital District by its authorized signatories:

  
 \_\_\_\_\_  
 Susie Gimse  
 Chair

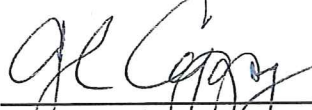
  
 \_\_\_\_\_  
 Lynda Flynn  
 Chief Administrative Officer

On behalf of the Sunshine Coast Regional Hospital District by its authorized signatories:

  
 \_\_\_\_\_  
 Donna Shugar  
 Chair

  
 \_\_\_\_\_  
 John France *Angie Legault*  
 Chief Administrative Officer  
*Corporate*

On behalf of the Vancouver Coastal Health Authority by its authorized signatories:

  
 \_\_\_\_\_  
 Glen Copping  
 Chief Financial Officer & VP Systems  
 Development & Performance

  
 \_\_\_\_\_  
 Dr. David N. Ostrow  
 President & CEO