



# Regional District of East Kootenay

Audit final communication to the Board of  
Directors for the year ended December 31, 2024

START



# To the Board of Directors of Regional District of East Kootenay

We are pleased to provide you with the results of our audit of Regional District of East Kootenay (the “Regional District”) financial statements for the year ended December 31, 2024.

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

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

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

Yours truly,

BDO Canada LLP  
May 9, 2025



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For the year ended December 31, 2024



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# Audit at a glance

Preliminary materiality was \$1,100,000. Final materiality was increased to \$1,600,000 upon receipt of the final trial balance, as revenue increased from our preliminary assessment.

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

We have complied with relevant ethical requirements and are not aware of any relationships between Regional District of East Kootenay and our Firm that may reasonably be thought to bear on our independence.



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March 2025



May 2025



# Status of the audit

We have substantially completed our audit of the year ended December 31, 2024 financial statements, pending completion of the following items:

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

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

The scope of the work performed was substantially the same as that described in our Planning Communication to the Board of Directors dated February 26, 2025.







# 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 Regional District's accounting practices, including accounting policies, accounting estimates and financial statements disclosures. We look forward to exploring these topics in depth and answering your questions. A summary of the key discussion points are below:

Financial statement areas	Risks noted	Audit findings
Management Override of Internal Controls	Per Canadian Audit Standard 240.32, irrespective of our assessment of the risk of management override of controls, audit procedures must be performed to address this risk.	Reviewed transactions recorded in various ledgers for unusual or non-recurring adjustments not addressed by other audit procedures. No issues were noted, and procedure was completed successfully.
Adoption of new or changed Public Sector Accounting Standards (PSAS) in the financial statements	BDO notes that there is a risk that new or changed PSAS standards have not been appropriately adopted for the year ended. For the current year financial statements, the following new PSAS standards are applicable to the Regional District:  PSAS 3160 Public Private Partnerships PSAS 3400 Revenue PSG-8 Purchased Intangibles	Reviewed management's assessment of these new standards, including the transitional adjustments and additional disclosures required related to these new standards. Management assessments were appropriate, and no issues were noted.
Accumulated Surplus	Risk that opening accumulated surplus does not agree to prior year ending accumulated surplus.	Reviewed transactions directly recorded to accumulated surplus accounts and examine support. Opening accumulated surplus agreed to prior year ending accumulated surplus.
Revenue Recognition	Accounting standards relating to grant and government transfer revenue recognition are complex and open to interpretation. There is a risk that grants or revenue derived from other government transfers may be incorrectly deferred into future periods or recognized prior to stipulations being met.	Planned procedures were carried out with no instances of incorrect recognition of government transfers.



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## Internal control matters

- ▶ During the audit, we performed the following procedures regarding the Regional District's internal control environment:
- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.
- ▶ We considered the results of these procedures in determining the extent and nature of audit testing required.



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

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

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

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



# Adjusted and unadjusted differences

## Summary of unadjusted differences

There were three unadjusted differences noted during the course of our audit engagement.

## Summary of adjusted differences

Copies of adjusting journal entries recorded during the course of the audit can be made available by management upon request.





# Other required communications

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

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