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5 AUDITS

An audit is an impartial examination of the financial information of any entity, regardless of its profit orientation, size, or legal structure. This examination aims to form an opinion on the accuracy and compliance of the entity's financial records with legal requirements. As Secretary-Treasurers (or those holding equivalent positions), your role is instrumental in upholding financial integrity and ensuring that your organization operates with transparency and accountability.

An audit should be conducted by a qualified professional, such as a Chartered Professional Accountant (CPA), Chartered Accountant (CA), or Certified Management Accountant (CMA). These auditors are trained to assess and verify the financial information of an organization with a high degree of accuracy and independence. When selecting an auditor, it's crucial to choose someone with relevant experience and a strong reputation for integrity and thoroughness. The auditor's role involves reviewing accounting records, internal controls, and financial reporting processes to ensure that the financial statements are free from material misstatements, whether caused by error or fraud. A competent auditor not only provides an objective opinion on the financial health of the organization but also offers insights that can help improve financial practices, reinforcing the organization's commitment to transparency and accountability.

5.1 LEGISLATION

- *The Conservation and Development Act (C&D Act)*
- *The Watershed Association Act (WA Act)*

5.2 FORMS

5.1.1 Conservation and Development Area Authority (CAA)

- AC 100A - Annual Return
- AC 100B - Balance Sheet
- AC 100C - Supporting Statements
- AC 100D - Revenue & Expenses Administration Account
- AC 100F - Revenue & Expenses Project Account
- AC 102 - Bank Reconciliation Statement
- AC 288C - Copy of Relative Portion of the Assessment Roll
- AC 286 - Tax Account Statement(s)
- AC 288E - Area Authority's claim to Lands Branch in lieu of taxation on vacant crown lands
- AC 37 & 38 - Maintenance & Construction Costs
- AC 111 - Local Share of Project Construction Costs
- AC 100-1 – Bank Confirmation

5.1.2 Watershed Association (WA)

- AC 100P - Annual Return
- AC 100Q - Balance Sheet
- AC 100R - Supporting Statements
- AC 100S - Revenue & Expenses Administration Account
- AC 100T - Revenue & Expenses Project Account
- AC 102 - Bank Reconciliation Statement
- AC 288C - Copy of Relative Portion of the Assessment Roll
- AC 286 - Tax Account Statement(s)
- AC 37 & 38 - Maintenance & Construction Costs

5.3 AUDIT PREPARATION

The purpose of the following is to acquaint you with the audit preparations and what you can anticipate.

It is imperative to be aware that:

1. The fiscal year of the CAA/WA ends on December 31st (*C&D Act*, Section 29(1); *WA Act*, Section 7).
2. The CAA/WA is responsible for arranging an annual audit of its books and records at its own expense (*C&D Act*, Section 29(2); *WA Act*, Section 20(1)).
3. The Auditor must be approved by the Minister (*C&D Act*, Section 29(2); *WA Act*, Section 20(1)).

In this section, we will guide you through the necessary steps for a comprehensive audit preparation process in adherence to both the *C&D Act* and the *WA Act*.

5.3.1. Summary of the Audit Process

5.3.1.1 Initiation of the Audit

1. *Board Approval and Auditor Appointment*

- Pass a motion in a board meeting to appoint an external auditor (*C&D Act*, Section 25(2)).
- Document the motion and selection criteria.

2. *Engagement and Planning*

- Auditor meets with CAA/WA to discuss audit scope, objectives, and timeline.
- Review background information, including past audit reports.

5.3.1.2 Pre-Audit Planning

1. *Gather Necessary Materials*

- Collect all documentation and materials needed for the audit as listed in Section 5.4 of the Secretary-Treasurer Handbook.
- Send all necessary documentation to the auditor.

5.3.1.3 Sharing of Audit Results

1. Presentation at Annual General Meeting (AGM)

- The audit results of a CAA must be presented by the Secretary-Treasurer at the AGM of the year following the audit period (*C&D Act*, Section 33(3)).

2. Annual Report Submission

- Send a copy of the completed audit/annual report to the SCDA once completed.
- A CAA must also be prepared to forward a copy of the audit report to the Minister upon request (*C&D Act*, Section 29(2)).
- A copy of the audit report for a WA must be forwarded by the auditor to the Minister prior to June 1st of each year (*WA Act*, Section 20(2)).

5.3.1.4 Record Retention

- Follow the internal filing protocol as outlined in the Secretary-Treasurer handbook (Section 7) for documenting and archiving audit-related records and reports.

5.3.2. Incorporating Digital Forms

The automation of data entry and retrieval processes significantly reduces the time traditionally spent on manual paperwork.

Digital forms are highly advantageous, as they:

- facilitate real-time data access and updates,
- minimize the risk of errors associated with manual input,
- often include validation checks, auto-calculations, and prompts, ensuring that the information collected meets predefined criteria.

This contributes to higher accuracy and consistency in audit data, reducing the likelihood of misinterpretations or oversights. Embracing technology in this manner not only enhances the auditor's toolkit but also contributes to the overall agility and effectiveness of the organization's governance and risk management processes.

If you're interested in integrating digital forms into your record-keeping and audit preparations, feel free to contact the SCDA. The organization is consistently developing user-friendly templates to streamline traditional processes.

5.4 ITEMS TO SEND TO THE AUDITOR

Use the checklist below to help you collect the necessary documents for year-end audits. Excel versions of the Checklist are available on the SCDA website or can be requested from the Saskatoon office.

Submit the following items to the Auditor by January 31, along with other documents you feel will assist the Audit.

	✓	CAA FORM	WAB FORM		Auditor Notes:
1		BANK CONF (May 2023)	BANK CONF (May 2023)	Bank Confirmation - Sec/Treas to complete & deliver to the Bank. Bank sends to Auditor. Must be inclusive of all assets (membership, term deposits, etc.) and liabilities (loans, etc.) <u>DO NOT USE THE OLD FORM AC 100-1</u> as some banks have declined it due to lack of information.	
2		AC 100A	AC 100P	Annual Return - Sec/Treas to complete & sign.	
3		AC 100B	AC 100Q	Balance Sheet - Sec/Treas to complete if possible.	
4		AC 100C	AC 100R	Supporting Statements - Sec/Treas to complete if possible.	
5		AC 100D	AC 100S	Revenue & Expenses Administration Account - Sec/Treas to complete and balance with ledgers.	
6		AC 100F	AC 100T	Revenue & Expenses Project Account - Sec/Treas to complete and balance with ledgers.	
7		AC 102	AC 102	Bank Reconciliation Statement - Sec/Treas to complete if possible.	
8				All bank deposit books, chequebooks, cancelled cheques, and list of cancelled cheques with reasons for X.	
9				All bank statements for December of the previous year, J-D's current year, & January of the following year.	
10				Revenue (Receipts) Ledger for the current year with accurate totals. If there is a new auditor, also send the previous year. (Smaller mailing package if removed from synoptic binder.)	
11				Supporting vouchers and receipts for each transaction.	
12				List of Accounts Receivable - current year revenue not received until after January of the following year.	
13				Expense (Payments) Ledger for current year with accurate totals. Separate columns for GST-ADM & GST PROJECT. If new auditor, send previous year's as well.	
14				Supporting invoices for each transaction.	
15				List of Accounts Payable (expenses incurred in current year but not paid yet)	
16				MINUTES for the current year & first meeting of the following year. Ensure levies & payments were duly authorized by the Board & Minutes approved/signed by Chair & Sec/Treas.	

17			RESOLUTIONS for everything financial, appointments, etc. should be in the minutes.
18	AC 288C	AC 288C	Copy of Relative Portion of the Assessment Roll (tax requisition, levy, total levies), resolution, forwarded to the RM, signed/sealed.
19			Summary of audit year' taxed acres with levies per acre for administration, the various projects and debentures. Sometimes this information is reported in the Copy of Relative Portion of Assessment Roll.
20	AC 286	AC 286	Tax Account Statement(s) as completed by the RM Administrator's and sent to CAA/WAB.
21	AC 37 & 38	AC 37 & 38	All copies of Maintenance (AC 37) & Construction (AC 38) submitted this year.
22	AC 288E	n/a	If applicable: Area Authority's claim to Lands Branch in lieu of taxation on vacant crown lands.
23			ALL documents pertaining to WCB.
24	GST66E(21)		All documents pertaining to GST, REVENUE CANADA, other applicable and including GST Applications.
25	AC 111		Local Share of Project Construction Costs: Audit year's claims from Saskatchewan Watershed Authority of local share in the construction cost of a project, if applicable.
26			SCDA documentation showing Insurance, Liability, Bond coverage, premiums paid, & matching AC 100A.
27			Copy of previous year financial statement - fully signed/sealed.

HOW TO SUBMIT YOUR YEAR END AUDIT PACKAGE:

Option 1: By mail but to save money on postage, remove documents from binders.

Option 2: By mail & email: Minutes, cheque book & deposit book by mail. Scanned invoices, receipts, statements, Excel ledgers & reports by email.