

June 8, 2024

Jaime Korczak, Executive Director
College of Dental Surgeons of Saskatchewan
201-1st Avenue South
1202 The Tower at Midtown
Saskatoon, Saskatchewan
S7K 1J5

Dear Jaime:

Management letter for the year ended December 31, 2023

We have recently completed our audit of College of Dental Surgeons of Saskatchewan in accordance with Canadian generally accepted auditing standards ("GAAS"). The objective of our audit was to express an opinion on the financial statements, which have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Included in our audit was the consideration of internal control relevant to the preparation and fair presentation of the financial statements. This consideration of internal control was for the purpose of designing audit procedures that were appropriate in the circumstances. It was not for the purpose of expressing an opinion on the effectiveness of internal control or for identifying all significant control deficiencies that might exist.

An audit is not specifically designed to identify all matters that may be of interest to management in discharging its responsibilities, however, during the course of our audit, we did, identify some areas for improvement that we are bringing to your attention with this letter. It is our responsibility to communicate any significant deficiencies identified to those charged with governance. A significant deficiency in internal control 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.

Lease inducement

Observation:

It was noted during the audit that the lease inducement payment was recorded as a reduction to the leasehold improvement balance. Accounting standards require this to be shown as a liability on your financial statements.

Impact:

The way this was originally recorded is understating the tangible capital asset cost and understating liabilities in the year. The proper treatment is to amortize the tenant inducement over the life of the asset, in this case 10 years, and recognize the contra-expense evenly over the life of the asset.

Recommendation:

We recommend creating a GL account for the tenant inducement liability and amortizing such as a reduction to lease expenses over the term of the lease. Adjusting entries have been made during our audit work to accurately reflect this in the current year's financial statements.

Other donations

Observation:

It was noted during the audit that an invoice from Hub City Display for a booth package delivery and dismantling during Tradeshow 2023 event at TCU Place was recorded to Other Donations.

Impact:

While it has no impact in the overall operating results, this resulted to an overstatement of the Other Donation expense while understating another expense account that it relates to.

Recommendation:

We recommend reviewing expenses to ensure that they are recorded to appropriate accounts.

GST on contract work

Observation:

It was observed that two of the seven monthly contract payments to the registrar did not include GST.

Impact:

As the registrar is a contractor and submits invoices including GST, the full amount should be paid.

Recommendation:

We recommend ensuring consistency in recording GST on transactions that require it.

Contract work expense

Observation:

The registrar's contract pay was being put into the Professional Services Reg - Legal/PCC account and the Professional Services Council Honorariums/Chair account.

Impact:

These accounts become inflated for expenses that would be best classified elsewhere.

Recommendation:

We recommend that the registrar's contract pay amounts are recorded consistently in the appropriate account.

We have discussed the matters in this letter with Jaime and received her comments thereon.

We would like to express our appreciation for the co-operation and assistance we have received during the course of our audit from Jaime and the rest of your team.

We would be pleased to discuss with you further any matters mentioned in this letter at your convenience. This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to any third party who uses this communication.

Sincerely,

Chartered Professional Accountants

DRAFT