



Chartered Professional
Accountants LLP

March 2, 2024

Grain and General Services Union (ILWU. Canada)
2334 McIntyre Street
Regina SK S4P 2S2

Attention: Steve Torgerson
General Secretary

Re: Audit Findings Letter

Good Day,

We have completed our yearend audit of Grain and General Services Union (ILWU. Canada) for the year ended December 31, 2023, in accordance with Canadian generally accepted auditing standards. In addition to providing our Independent Auditor's Report we are to communicate with management, and those charged with governance of the financial statements, our audit findings which include; the audit opinion, significant deficiencies in internal controls, materiality and summary of unadjusted differences for the engagement.

Financial Statement Audit Engagement

Our objectives, under a financial statement audit engagement, are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Under a financial statement audit engagement, we are obliged to report any significant audit findings, including any significant deficiencies in internal control that we identify, under the limitation of a general purpose financial statement audit.

Independent Auditor's Report

The Independent Auditor's Report is a standardized report provided by Canadian generally accepted auditing standards and must always include the following: i) the Auditor's Opinion, ii) the responsibilities of management and those charged with governance for the financial statements, and iii) the Auditor's responsibilities for the audit of the financial statements. The Independent Auditor's Report provides information on these items but we would like to draw your attention to some key items included in the report for the current year.

Audit Opinion

Our Auditor's Opinion provides a few significant items: i) a listing of the reported financial statements (which typically include the statement of financial position, statement of operations, net assets, cash flow, and the notes to the financial statements), ii) the year end date, iii) the financial statement standards used to prepare the statements, and iv) the specific Auditor's Opinion which is normally an unqualified opinion or may, in certain circumstances, be qualified based on a specific item or issues noted during the audit.

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Unmodified Opinion

After conducting our audit in accordance with Canadian generally accepted auditing standards we have provided an unmodified audit opinion. This means the summation of unadjusted differences noted during our testing did not result in a material misstatement to the financial statements, nor were we limited in the scope of our testing. An unmodified opinion is commonly referred to as a "clean audit opinion".

Significant Audit Findings - including significant deficiencies in internal controls

Canadian generally accepted auditing standards require the Auditor to assess the risks present in an organization which could lead to a material misstatement occurring in the financial statement, whether due to fraud or error.

The Auditor must develop an understanding of the practices and controls an organization has in place to process transactions and report the financial results. The Auditor assesses whether these practices can be relied on to ensure the reported financial statements are free from material misstatement. If these are assessed as not being sufficient then the Auditor looks to obtain additional audit evidence from independent sources to support the reported figures.

Based on our audit testing we have identified the following significant audit findings:

Significant year end audit adjustments impacting excess of revenues (expenses)

As auditors we are obliged, under Canadian auditing standards, to inform those charged with governance of significant adjustments made as a result of our audit examination. Prior to commencement of the audit excess of revenues (expenses) was \$7,214 and post-audit was \$458,351 which is an overall change of \$451,137 which represents a significant change over materiality of \$30,000.

Included in the draft audit package provided for approval was the adjusting entries per the audit. You will note the largest adjustment is related to recording investment activity for the year which resulted in an increase of \$447,329. The remaining adjustments were not individually material.

Because the accounting for GSU's investments is at market value it is easiest to simply adjust the total investment accounts to the fair market value per the investment statements. This could be done monthly but we feel a quarterly adjustment for investments is sufficient for information purposes.

Materiality and the Summary of Unadjusted Differences

As stated, the objective of the Auditor is to provide an opinion on whether the financial statements presented are free from "material" misstatement, whether due to fraud or error. Materiality is based on the Auditor's determination of a dollar amount that would impact the decision of a user of the financial statement. We have chosen materiality for the current year to be \$30,000 (2022 - \$30,000).

The Summary of Unadjusted Differences (SUD) gathers the dollar amount of items noted during our testing that have not been adjusted as they have been determined to not have a material impact on the financial statements. The SUD has three sections 1) estimated differences based on analytical testing, 2) specific identified items noted in current year testing, and 3) specific identified items from the prior year that impact the current year.

Based on our findings, we have reported that your financial statements are presented free from material misstatement, whether due to fraud or error.

Constructive Service Items

Per our mission statement MWC strives to be "an asset to our clients, not an expense". One way we accomplish this is by providing additional insight into items which we noted while conducting the audit engagement. Below are items that we have determined to not be a significant issue at this point in time, but could lead to significant issues if not addressed. Alternatively, they may be our commentary on current practices that we can provide a recommendation for improvement.

Prior year issues

Financial Statements Presented to Council (partially resolved)

In general, the meeting minutes were very informative and well structured and the prior year recommendation of generating the financial statements directly from the accounting records was implemented.

In the current year we have the following recommendations for improvement:

1. Presented Financial Reports: The current reporting of the statement of operations for year-to-date actual and budget is great, but a statement of financial position as at the reporting date should also be included in order to have full picture of the Unions activities.
2. Council Meeting Frequency: We noted that no Joint Executive Council meetings, and only two Executive Committee meetings were held during the year. We recommend that Council conduct meetings regularly, in order to ensure that the activity of the Union is current and being managed correctly. Quarterly meetings would be sufficient, in addition to the biennial convention.

Taxable Employee Benefits Not on T4 Information Slips (resolved)

In the prior year we noted that car allowances, health spending allowances, and bonuses were not processed through the payroll module in Sage. We are happy to note that Rebecca implemented our recommendation to include these in the payroll module and this issue is no longer outstanding.

Current year issues

We are happy to report that we did not find any issues of note during the current year audit.

Conclusion

The audit findings report is prepared for the Board of Directors based on the operations of the organization up to the audit report date. Should a change to the operations occur subsequently, we encourage you to contact our office so we can provide timely input on the impact the changes may have on your next audit engagement.

It is recommended that management provide a response to the board of directors with an action plan to address the issues that we have identified in this letter if applicable. We recommend setting dates of implementation to changes in processes that may occur as part of the action plan. This not only establishes when a risk has been dealt with, but it also establishes when corrective action took place when assessing the processes in the subsequent audit.

We would like to thank Rebecca and Steve for their assistance during the audit and we would be happy to discuss these and any other issues or concerns you may have. And, as always, please contact our office if there are questions that arise during the year.

Thank you,



Clint Ceholski, CPA CA
Partner