



Tel: 705-945-0990
Fax: 705-942-7979
Toll-Free: 800-520-3005
0190
www.bdo.ca

BDO Canada LLP
747 Queen Street E
PO Box 1109
Sault Ste. Marie ON P6A 5N7 Canada

Mr James Cada, Director of Operations
Mississauga First Nation
64 Park Rd
Blind River, ON P0R 1B0

July 24, 2019

Dear Sir

During the course of our audit of the consolidated financial statements ("financial statements") of Mississauga First Nation for the year ended March 31, 2019, we identified matters which may be of interest to management. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of any material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly an audit would not usually identify all such matters.

The responsibility for producing financial statements and ensuring adequate internal controls and sound business practices is the responsibility of the Board of Directors through management and is a part of management's overall responsibility for the ongoing activities of the First Nation. Policies and procedures developed by the First Nation to safeguard its assets and to provide reasonable assurance that errors and irregularities or illegal acts are promptly identified, must be properly monitored to ensure that all staff are complying with the guidelines provided. Where we determined, from our testing, that there exists a need for improvement in existing systems of internal control or if we detected that the First Nation's staff are not complying with the critical accounting policies and procedures provided by management, we increased our year-end testing of account balances to ensure that audit risk was kept to an appropriately low level.

The comments and concerns expressed herein did not have a material effect on the First Nation's financial statements and, as such, our opinion thereon was without reservation. However, in order for the First Nation to ensure the safeguarding of its assets and the accuracy of its records, we believe our comments and concerns should be taken into consideration by management. Our comments are not intended to reflect upon the honesty or competence of the First Nation's employees.

The matters we have identified are discussed in Appendix 1.

This communication is prepared solely for the information of management and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

Yours sincerely

BDO Canada LLP
Chartered Professional Accountants, Licensed Public Accountants

Jennifer Archambault, CPA, CA
Partner

Appendix 1

Housing Program

As in prior years, during the performance of audit procedures relating to housing revenue and receivables, there were still errors identified:

1. Rent revenue spreadsheets did not contain any of the opening arrears balances, and also did not calculate the accumulated arrears at March 31, 2019.
2. Rent revenue spreadsheets contained formula errors which made it difficult to tie-in totals to the general ledger balances. In order to achieve consistency, care should be taken to not only ensure payments are recorded correctly, but also that formulas are correct so that checks can be completed on the totals at the end of the year to ensure any mispostings are identified and corrected prior to the audit.
3. Rent was still being charged on the spreadsheets to residents whose contracts had expired. These residents should only be paying off their previous arrears balances.

If residents are expected to make regular payments, it is vital that their arrears balance is correct. It is suggested that the revised housing spreadsheets be used in order to avoid any errors going forward.

Payroll Liability Accounts

At year-end the payroll payable accounts (i.e. group insurance, pension, CRA, WSIB) did not agree to the remittances outstanding for March. This results in inaccurate information in the financial statements that are used for decision making.

We recommend that these general ledger accounts be balanced on a monthly basis to the remittances, or at a minimum reconciled prior to the year-end audit.

Segregation of Duties - Online Banking

One of the core aspects of internal control is a separation of duties so no one person controls all phases of an operation. Finance staff have access to online banking, including the ability to transfer funds and create new payees. They are also responsible for recording transactions in the general ledger, and preparing bank reconciliations. The risk is that unauthorized payments could occur. If staff require this access, we recommend that bank statements be reviewed monthly by someone without online access, specifically any electronic funds transfers or withdrawals. We do note that in the March 31, 2019 year it appears this access wasn't being used, but the ability still existed.