



The High Prairie School Division

2025 Audit Findings

Report to the Board of Trustees

August 31, 2025

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November 25, 2025



Members of the Board of Trustees of The High Prairie School Division

Dear the Board of Trustees:

We are pleased to submit to you this report for discussion of our audit of the financial statements of The High Prairie School Division (the "School Division") as at August 31, 2025 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Board of Trustees.

We have completed our audit of the financial statements of the School Division which has been carried out in accordance with Canadian generally accepted auditing standards.

Unless unforeseen complications arise, our Independent Auditor's Report will provide an unmodified opinion to the Trustees of the School Division. A draft copy of our proposed Independent Auditor's Report is attached at the end of this report.

This report is intended solely for the information and use of the Board of Trustees and management and should not be distributed to or used by any other parties than these specified parties.

The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising, and in particular we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

We would like to express our appreciation for the excellent cooperation we have received from management and employees with whom we worked.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Sincerely,

MNP LLP

Chartered Professional Accountants

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Introduction

As auditors, we report to the Trustees on the results of our examination of the financial statements of The High Prairie School Division (the "School Division") as at and for the year ended August 31, 2025. The purpose of this Audit Findings Report is to assist you, as members of the Board of Trustees, in your review of the results of our audit. To facilitate in your understanding of our findings, Appendix A to this report summarizes our audit process.

Our report will discuss the status of our engagement, as well as communicate to you significant audit, accounting and reporting matters arising from our procedures. A summary of required communications with those charged with governance, as outlined by Canadian Auditing Standards (CAS), is included in Appendix B.

We hope that this report is of assistance to you, and we look forward to discussing our findings and answering your questions.

Engagement Status

We have completed our audit of the financial statements of the School Division and are prepared to sign our Independent Auditor's Report subsequent to completion of the following procedure:

- Discussion of fraud, including how fraud could occur, the risk of fraud and misstatement, and any actual or suspected fraud;
- Discussion of laws and regulations, including any instances of actual or suspected non-compliance;
- the Board of Trustees review and approval of the financial statements.

Independent Auditor's Report

We expect to have the above procedure completed and to release our Independent Auditor's Report on November 25, 2025.

Unless unforeseen complications arise, our Independent Auditor's Report will provide an unmodified opinion to the Trustees of the School Division. A draft copy of our proposed Independent Auditor's Report has been included with this report.

Significant Audit, Accounting and Reporting Matters

Audit and Reporting Matters

The following significant matters arose during the course of audit that we wish to bring to your attention.

| Area | Comments |
|---|---|
| Changes from Audit Service Plan | There were no deviations from the Audit Service Plan previously presented to you. Please refer to Appendix C for the significant areas and our audit responses. |
| Difficulties Encountered | No significant limitations were placed on the scope or timing of our audit. |
| Identified or Suspected Fraud | <p>Due to the inherent limitations of an audit and the nature of fraud, including attempts at concealment through forgery or collusion, an audit conducted in accordance with Canadian generally accepted auditing standards cannot be relied upon to detect fraud.</p> <p>While our audit cannot be relied upon to detect all instances of fraud, no incidents of fraud, or suspected fraud, came to our attention in the course of our audit.</p> |
| Identified or Suspected Non-Compliance with Laws And Regulations | Nothing has come to our attention that would suggest any non-compliance with laws and regulations that would have a material effect on the financial statements. |
| Matters Arising in Connection With Related Parties | No significant matters arose during the course of our audit in connection with related parties of the School Division. |

| Area | Comments |
|---|--|
| Significant Deficiencies in Internal Control | <p>Our audit process focuses on understanding the controls utilized in management's reporting systems, including for estimates, to the extent necessary to identify overall and specific financial reporting risks. This risk assessment allows us to concentrate our audit procedures on high risk areas and, where possible, place reliance on controls within the financial reporting system to reduce the extent of our testing.</p> <p>It is important to note that our assessment was not, nor was it intended to be, sufficient to comment or conclude on the sufficiency of internal controls.</p> <p>We are required under Canadian generally accepted auditing standards to communicate all significant deficiencies identified during an audit to the Board of Trustees on a timely basis. However, we may not be aware of all significant deficiencies that do, in fact, exist.</p> <p>While our review of controls was not sufficient to express an opinion as to their effectiveness or efficiency, no significant deficiencies in internal control have come to our attention</p> |
| Matters Arising from Discussions With Management | <p>We would like to formally acknowledge the cooperation and assistance we received from the management and staff of the School Division.</p> <p>There were no significant matters discussed, or subject to correspondence, with management that in our judgment need be brought to your attention.</p> |
| Significant Differences | <p>No significant adjustments were proposed to management with respect to the August 31, 2025 financial statements.</p> |
| Final Materiality | <p>Materiality is a concept used to assess the significance of misstatements or omissions that are identified during the audit and is used to determine the level of audit testing that is carried out. The scope of our audit work is tailored to reflect the relative size of operations of the School Division, and is affected by our assessment of materiality and audit risk.</p> <p>Final materiality used for our audit was \$2,000,000 for August 31, 2025 and \$2,000,000 for August 31, 2024.</p> |
| Asset Retirement Obligation Estimate | <p>We recommend that the Division implements a formal process to follow annually for the estimate of the asset retirement obligations. This process would involve evaluating the asset retirement obligation estimated rate every year based on any new information that becomes available.</p> |

| Area | Comments |
|------------------------------------|--|
| Negative Operating Reserves | Currently the Division has several operating reserve accounts with negative balances. These operating reserve accounts should be examined further to determine why there are negative balances. There should also be a plan to examine reserve accounts each year to ensure the balances are appropriate and align with the Division's long term planning. |

Auditor's Views of Significant Accounting Practices

The application of Canadian public sector accounting standards allows and requires the School Division to make accounting estimates and judgments regarding accounting policies and financial statement disclosures.

As auditors, we are uniquely positioned to provide open and objective feedback regarding your School Division's accounting practices, and have noted the following items during the course of our audit that we wish to bring to your attention.

| Area | Comments |
|--|--|
| Accounting Policies | The accounting policies used by the School Division are appropriate and have been consistently applied. |
| Accounting Estimates | Asset retirement obligation Management estimates asset retirement obligations using the guidelines provided in PSAS. Management reviewed the capital assets to determine which buildings would have the asset retirement obligations applicable to them and then determined an estimate for the liability. The liability is reviewed every year to determine if it is still accurate. |
| Financial Statement Disclosures | The disclosures made in the notes to the financial statements appear clear, neutral and consistent with our understanding of the entity and the amounts presented in the financial statements. |

Other Matters

Management Representations

We have requested certain written representations from management, which represent a confirmation of certain oral representations given to us during the course of our audit. This letter, provided by management, has been included as additional material to this report.

Auditor Independence

We confirm to the Board of Trustees that we are independent of the School Division. Our letter to the Board of Trustees discussing our independence is included as part of the additional materials attached to this report.

Appendix A - MNP Audit Process

Our audit was carried out in accordance with Canadian generally accepted auditing standards, and included a review of all significant accounting and management reporting systems, with each material year end balance, key transaction and other events considered significant to the financial statements considered separately.

Our audit process focused on understanding the controls utilized in management's reporting systems to the extent necessary to identify overall and specific financial reporting risks. This risk assessment enabled us to concentrate our audit procedures on the areas where differences were most likely to arise. Where possible, reliance was placed on the controls within these systems to reduce the extent of our testing of transactions and year-end balances. Our assessment was not, nor was it intended to be, sufficient to conclude on the effectiveness or efficiency of internal controls.

During the course of our audit, we have:

- Examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessed the accounting principles used and significant estimates made by management;
- Obtained an understanding of the School Division and its environment, the applicable financial reporting framework and the School Division's system of internal control (regardless of whether we relied on them for the purpose of the audit), sufficient to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures;
- Reviewed and assessed those accounting systems deemed necessary to support our audit opinion;
- Evaluated the overall financial statement presentation;
- Performed a subsequent events review with management;
- Reviewed and assessed the status of contingencies, commitments and guarantees; and
- Reviewed and assessed exposure to environmental liabilities.

We have obtained written representations from management, included as additional materials following this report, in order to confirm oral representations given to us and reduce the possibility of misunderstanding. Specifically, we have obtained written confirmation of significant representations provided on matters that are:

- Directly related to items that are material, either individually or in the aggregate, to the financial statements;
- Not directly related to items that are material to the financial statements, but are significant, either individually or in the aggregate, to the engagement; and
- Matters relevant to management judgments or estimates that are material, either individually or in the aggregate, to the financial statements.

Appendix B - Communication Requirements

Required Communication with Those Charged with Governance

Recognizing the importance of effective two-way communication in an audit of financial statements, we wish to highlight the following areas of required communication between our audit team and those charged with governance.

| Required Communication | Reference |
|---|------------------|
| AUDIT SERVICE PLAN | |
| <ul style="list-style-type: none">Our responsibilities in relation to the financial statement audit, including forming and expressing an opinion on the financial statements. | CAS 260.14 |
| <ul style="list-style-type: none">An overview of the planned scope and timing of the audit, including communication of significant risks identified by the audit team. | CAS 260.15 |
| INQUIRY IN THE COURSE OF THE AUDIT | |
| <ul style="list-style-type: none">How those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud and the controls that management has established to mitigate these risks. | CAS 240.21 |
| <ul style="list-style-type: none">Knowledge of any actual, suspected or alleged fraud affecting the School Division. | CAS 240.22 |
| <ul style="list-style-type: none">Whether the School Division is in compliance with laws and regulations. | CAS 250.15 |
| <ul style="list-style-type: none">Whether any subsequent events have occurred which might affect the financial statements. | CAS 560.7(b) |
| AUDIT FINDINGS AND FINALIZATION | |
| <ul style="list-style-type: none">Any modification to our audit plan and strategy. | CAS 260.A26 |
| <ul style="list-style-type: none">Fraud or suspected fraud identified through the audit process. | CAS 240.40 - .42 |
| <ul style="list-style-type: none">Matters involving non-compliance with laws and regulations identified through the audit process, unless prohibited by law or regulation. | CAS 250.23 |

Appendix B - Communication Requirements (continued from previous page)

| Required Communication | Reference |
|--|---|
| <ul style="list-style-type: none"> Our views about significant qualitative aspects of the School Division's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. When applicable, an explanation of why we consider a significant accounting practice that is acceptable under the applicable financial reporting framework, not to be most appropriate in the particular circumstances of your School Division. | CAS 260.16(a), CAS 260 Appendix 2 |
| <ul style="list-style-type: none"> Significant difficulties, if any, encountered during the audit. | CAS 260.16(b) |
| <ul style="list-style-type: none"> Significant matters arising during the audit that were discussed or subject to correspondence, with management and the associated written representations requested of management. | CAS 260.16(c) |
| <ul style="list-style-type: none"> Circumstances that affect the form and content of the auditor's report. This includes: | CAS 260.16(d) |
| <ul style="list-style-type: none"> Any other significant matters arising during the audit that, in our professional judgment, are relevant to the oversight of the financial reporting process. | CAS 260.16(e) |
| <ul style="list-style-type: none"> Significant deficiencies in internal control identified during the audit. | CAS 265.9 |
| <ul style="list-style-type: none"> Uncorrected misstatements and the effect that they, individually or in aggregate, may have on the opinion in the auditor's report. | CAS 450.12 - .13 |
| <ul style="list-style-type: none"> Significant matters arising during the audit in connection with the School Division's related parties. | CAS 550.27 |
| <ul style="list-style-type: none"> Events or conditions that may cast significant doubt on the School Division's ability to continue as a going concern. | CAS 570.25 |

This list is not exhaustive. In addition to the communication requirements discussed above, other requirements exist which are contingent on specific circumstances arising in the course of an audit. The audit team applies professional judgment in determining areas of additional communication with those charged with governance outside of the requirements identified above.

Appendix C - Significant Risk Areas and Responses

Significant Risk Areas and Responses

| Significant Risk Area | Response and Conclusion |
|---|--|
| Revenue Revenue transactions occurred close to the end of the period. | Perform detail tests for revenue for non Alberta Education revenue. |
| Expenses Disbursements are susceptible to misappropriation. | Perform detail tests for operating expenses. |
| Payroll Payroll disbursements are susceptible to misappropriation. | Review payroll summaries for unusual overtime claims. Scan payroll ledgers for new/unknown names and ask to see personnel file to prove employee exists. |
| Cash Cash is susceptible to misappropriation by the client staff. | When examining postings to A/R, ensure names on deposits agrees to accounts applied to, as there is a risk of kiting. |
| Accounts payable and accrued liabilities Disbursements are susceptible to misappropriation. | Select sample of payables to supporting documentation, keeping close attention to unusual amounts or vendors. |
| Accounts receivable Cash receipts are susceptible to misappropriation by the client staff. | When examining postings to A/R, ensure names on deposits agrees to accounts applied to, as there is a risk of kiting. |



November 25, 2025

The Board of Trustees
The High Prairie School Division
Box 870
High Prairie, AB T0G 1E0

Dear Sirs/Mesdames:

We have been engaged to audit the financial statements of The High Prairie School Division (the "School Division") as at August 31, 2025 and for the year then ended.

CAS 260 *Communication With Those Charged With Governance* requires that we communicate with you matters that are significant to our engagement. One such matter is relationships between the School Division and its related entities or persons in financial reporting oversight roles at the School Division and MNP LLP and any affiliates ("MNP") that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate professional accounting body and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client or a related entity;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or a related entity;
- (d) Economic dependence on a client; and
- (e) Provision of non-assurance services in addition to the audit engagement.

We are not aware of any relationship between the School Division and MNP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from September 1, 2024 to November 25, 2025.

We hereby confirm that MNP is independent with respect to the School Division within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta as of November 25, 2025.

This report is intended solely for the use of The Board of Trustees, management and others within the School Division and should not be used for any other purposes.

MNP LLP

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We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Sincerely,

MNP LLP

Chartered Professional Accountants

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MNP