

May 12, 2017

Ms. Ivonne Martinez  
Alberta Liquor Store Association  
2707 Ellwood Drive  
Edmonton, AB T6X 0P7

Dear Ms. Martinez:

**Management letter for the year ended December 31, 2016**

We have recently completed our audit of Alberta Liquor Store Association 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.

**Review and Approval of Executive Director's Expense Claims**

It was identified over the course of our audit that the expense claims submitted by the Executive Director, Ivonne Martinez, were not being reviewed in a timely manner.

This creates the possibility for errors in expense claims not being discovered until after the reimbursement has been issued.

Our recommendation is for the review to occur prior to payment being made. Approval can be executed in many forms, such as physically signing the forms or via email showing confirmation by the appropriate individual. It is important to note that the emails will need to be maintained for future audits as they are proof the expense claim was sent for approval and a response was provided signifying it had been reviewed and approved.

### **Management response**

Process has been instituted to have timely approvals of expenses by Board Chair. All expenses are indeed checked by the accounting personnel and any errors immediately flagged and discussed with management. The ALSA Board approves the annual budget at the beginning of the year and management ensures all expenditures and expenses are kept within the guidelines set up by the Board.

### **Approval of Executive Director's Salary**

During payroll testing, it was identified that there were no salary letters or approved wages identified in the board minutes approving the Executive Director, Ivonne Martinez's salary.

Approval of the Executive Director's annual salary by the board is a key control as it engages the board in discussing her performance as well as providing documentation for her annual salary to ensure she is being paid the correct amount.

Our recommendation is for the Board to approve the Executive Director's salary annually and either record it in the signed board minutes or provide a letter or similar document outlining the approved compensation. The document should be provided to payroll and included in the employee's personnel folder as support.

### **Management response**

Agreed. Will ensure better documentation takes place moving forward.

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

We would like to express our appreciation for the co-operation and assistance we have received during our audit from 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,

A handwritten signature in black ink that reads "MNP LLP". The letters are stylized and cursive.

**Chartered Professional Accountants**

/BF  
encls.