

August 15, 2018

Don Boyle, Chief Administration Officer

The Corporation of Haldimand County  
PO Box 400  
45 Munsee St. North  
Cayuga Ontario N0A 1E0

Dear: Mr. Boyle

### **Audit Findings**

This letter has been prepared to assist you with your review of the financial statements of The Corporation of Haldimand County for the period ending December 31, 2017.

### **Significant Matters Arising**

#### ***Changes to Audit Plan***

There were no changes to the audit plan (as previously presented to you).

#### ***Other Matters***

We have not identified any other significant matters that we wish to bring to your attention at this time.

### **Significant Difficulties Encountered**

There were no significant difficulties encountered during our audit.

### **Comments on Accounting Practices**

#### ***Accounting Policies***

The significant accounting policies used by the entity are outlined in Note 2 to the financial statements.

- There were no significant changes in accounting policies.
- We did not identify any alternative accounting policies that would have been more appropriate in the circumstances.
- We did not identify any significant accounting policies in controversial or emerging areas.

### ***Significant Accounting Estimates***

The following significant estimates/judgments are contained in the financial statements:

- Allowance for doubtful accounts
- Value of inventory
- Accrued liabilities
- Deferred revenue
- Book value of tangible capital assets
- Employee benefits liability
- Solid waste landfill closure and post-closure liability

Certain accounting estimates are particularly sensitive because they involve a significant degree of judgment and may have a range of possible outcomes. Significant accounting estimates exist for the County in the determination of the employment benefits liability. Four areas of employment benefits where estimates are involved are worker's compensation (WSIB), post employment benefits (i.e. health, dental and life insurance), vested sick leave and unvested sick leave. In 2013 Haldimand County hired an actuary to conduct an actuarial evaluation to calculate an estimate for the WSIB liability. Subsequent to this actuarial report there has been significant changes to WSIB legislation, WSIB's board administration, and as a result claims activity and administrative costs. We recommend another actuary evaluation to be completed to obtain a more current actuarial estimate for the WSIB liability. In 2016, the County hired an actuary to conduct an actuarial evaluation to calculate an estimate for the post employment benefits, vested and unvested sick leave liabilities and these estimates have been reflected in the financial statements.

The solid waste landfill closure and post-closure liability, that relates to the shared Tom Howe landfill site and Canborough landfill site, is a significant estimate. Haldimand County hired an actuary in 2009 to perform an actuarial evaluation of the landfill closure and post-closure costs. Since then, a Haldimand County employee performs periodic evaluations and estimates the landfill closure and post-closure costs based on the 2009 actuarial evaluation. Due to the significance of the estimate and the dependence of that estimate from the county that shares the landfill site, we recommend that another actuarial evaluation is performed.

### ***Significant Financial Statement Disclosures***

We did not identify any financial statement disclosures that are particularly significant, sensitive or require significant judgments, that we believe should be specifically drawn to your attention.

### ***Significant Deficiencies in Internal Control***

A deficiency in internal control exists when a control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis, or when a control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.

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.

To identify and assess the risks of material misstatement in the financial statements, we are required to obtain an understanding of internal control relevant to the audit. This understanding is used for the limited purpose of designing appropriate audit procedures. It is not used for the purpose of expressing an opinion on the effectiveness of internal control and, as a result, we do not express any such opinion. The limited purpose also means that there can be no assurance that all significant deficiencies in internal control, or any other control deficiencies, will be identified during our audit.

A portion of the TCA subledger and general ledger are not being reconciled which caused a year end net debit adjustment of approximately \$4,900,000 (2016 had a net credit adjustment of approximately \$4,500,000). This adjustment is required to record costs and revenue accounted for within the TCA subledger but not yet recorded in the general ledger. We recommend that the TCA subledger and general ledger become interfaced, this would eliminate the need for any reconciling adjustment. In the mean time, we recommend that the TCA subledger and general ledger are reviewed quarterly at minimum and this reconciling adjustment is made on a quarterly basis to reduce the impact at year end. We urge this recommendation to be implemented as soon as possible as reconciliation's are important controls as well as affecting key performance indicators.

## **Written Representations**

In a separate communication, we have requested a number of written representations from management in respect to their responsibility for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards.

## **Other Audit Matters of Governance Interest**

We did not identify any other matters to bring to your attention at this time.

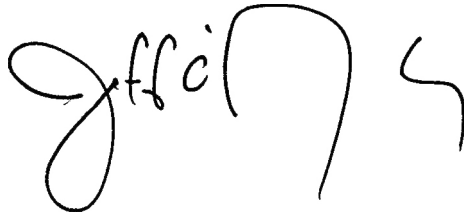
We would like to thank management and staff for the assistance they provided to us during the audit.

We hope the information in this audit findings letter will be useful. We would be pleased to discuss them with you and respond to any questions you may have.

This letter was prepared for the sole use of those charged with governance of The Corporation of Haldimand County to carry out and discharge their responsibilities. The content should not be disclosed to any third party without our prior written consent, and we assume no responsibility to any other person.

Yours truly,

**Millard, Rouse & Rosebrugh LLP**  
*Chartered Professional Accountants*

A handwritten signature in black ink, appearing to read 'Jeff O'Donnell', followed by a stylized flourish.

Jeff O'Donnell, CPA, CA  
Partner

c.c. Karen General, Chief Financial Officer, General Manager of Corporate Services and Mark Merritt, Treasurer



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PO Box 400  
45 Munsee St. North  
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**RE: Audit Findings Letter - Trust Funds**

Dear Mr. Boyle:

We have been engaged to audit the financial statements of the Trust Funds of The Corporation of Haldimand County for the year ending December 31, 2017. Canadian generally accepted auditing standards for audit engagements require that we communicate the following information with you in relation to our audit.

**Evaluation of Internal Controls**

Audits include a review and evaluation of the system of internal controls to assist in determining the level of reliance that may or should be placed on the system in assessing the nature and extent of audit procedures to be undertaken. During the course of our audit, we did not encounter any specific internal control matters that we wish to bring to your attention.

**Significant Accounting Principles**

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The accounting policies used by The Corporation of Haldimand County are described in the notes to the financial statements.

There were no new accounting policies adopted or changes to the application of accounting policies of the Trust Funds of The Corporation of Haldimand County during the year.

**Significant Unusual Transactions**

We are not aware of any significant or unusual transactions entered into by The Corporation of Haldimand County that you should be informed about.

**Millard, Rouse & Rosebrugh LLP**

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### **Accounting Estimates**

Management is responsible for the accounting estimates included in financial statements. Estimates and the related judgments and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditors is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analyzing of key factors such as underlying management assumptions;
- Materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- Estimate's sensitivity to variation and deviation from historical patterns;
- Estimate's consistency with the entity's business plans; and
- Other audit evidence.

We did not encounter any problems with management's estimates during the course of our audit.

### **Disagreements with Management**

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the trust funds' financial statements or auditor's report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgments for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the auditor's report.

We are pleased to inform you that we had no disagreements with management during the course of our audit.

### **Difficulties Encountered During the Audit**

We encountered no significant difficulties during our audit that should be brought to the attention of Council.


We shall be pleased to discuss with you further any matters mentioned above, at your convenience.

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

Yours truly,

**Millard, Rouse and Rosebrugh LLP**

*Chartered Professional Accountants*



Jeff O'Donnell, CA, CPA  
Partner