



October 21, 2019

Craig Manley, Chief Administration Officer

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

Dear: Mr. Manley

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, 2018.

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 recommended on last year's audit findings letter that another actuary evaluation should be completed to obtain a more current actuarial estimate for the WSIB liability. We are pleased to hear from staff that the WSIB actuarial study is slated as an initiative for 2020. 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.

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 \$7,800,000 (2017 had a net debit adjustment of approximately \$4,900,000). 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.

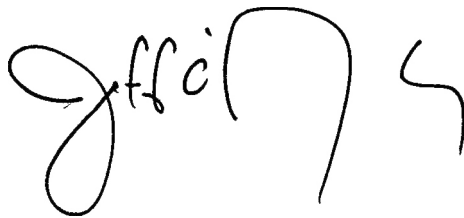
We would like to thank management and staff for the assistance they provided to us during the audit.

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. Mark Merritt, General Manager of Financial and Data Services - Chief Financial Officer, and Charmaine Corlis, Treasurer



October 21, 2019

Craig Manley, Chief Administration Officer

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

Dear: Mr. Manley

Audit Findings

This letter has been prepared to assist you with your review of the financial statements of the Trust Funds of The Corporation of Haldimand County for the period ending December 31, 2018.

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 1 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

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

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.

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.

We did not identify any control deficiencies that, in our judgment, would be considered significant deficiencies. However, we did discover the following deficiency in internal control:

During the testing of controls surrounding disbursements from resident trust accounts at Grandview Lodge, it came to our attention that proper documentation is not being provided to the accounting department for any changes to the various services. Services are provided to residents and paid through the resident trust account, therefore, there is a risk that the resident may not be charged the correct fees, potentially overstating their trust account balance. We recommend that any changes to services provided to a resident after admission are communicated by nursing services to the accounting department in a timely manner using a service change request form to ensure the appropriate fees are being charged to the resident.

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.

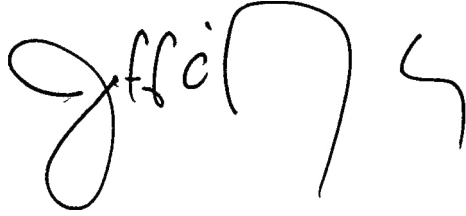
We would like to thank management and staff for the assistance they provided to us during the audit.

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". The signature is stylized with a large, looped "J" and "O".

Jeff O'Donnell, CPA, CA
Partner

c.c. Mark Merritt, General Manager of Financial and Data Services - Chief Financial Officer, and Charmaine Corlis,
Treasurer