

Seebach & Company

Chartered Professional Accountants

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Management and Council Members
Corporation of the Municipality of South Huron
322 Main Street South, PO Box 759
Exeter, Ontario
N0M 1S6

Dear Management and Council Members:

Re: Audit Findings

This letter has been prepared to assist you with your review of the financial statements of Corporation of the Municipality of South Huron for the period ending December 31, 2019. We look forward to meeting with you and discussing the matters outlined below.

Audit Status

We have completed the audit of the financial statements, with the exception of the following items:

1. Receipt of a signed representation letter by management;
 2. Obtaining evidence of Council's approval of the financial statements;
- Once these items have been completed, we will date and sign our auditor's report.

Significant Risks

The following is a list of the significant risks that we identified during the engagement as well as our audit responses:

#	Description of each significant risk	Audit response
1	Recording of investments and investment income	Investments on hand reconciled and agreed to broker statements Investment income verified
2	Recording of tangible capital assets	Reviewed items capitalized Confirmed capital assets followed capitalization policies
3	Revenue recognition: government funding	Confirmed funding received Agreed to expenses incurred where applicable
4	Completeness of accounts payable	Search for unrecorded liabilities completed
5	Expensing of payroll and other expenses	Confirmed pay rates approved Verified approval of disbursements Confirmed expenses were incurred for the municipality
6	Revenue recognition	Confirmed revenues have been properly recognized and revenue recognition policies have been followed in accordance with the financial reporting framework
7	Management overrides	No indicators of management overrides were noted

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.

- a. There were no significant changes in accounting policies.
- b. We did not identify any alternative accounting policies that would have been more appropriate in the circumstances.
- c. 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:

- a. Landfill closure and post closure cost liability
- b. Amortization of tangible capital assets

Based on audit work performed, we are satisfied with the estimates made by management.

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.

Uncorrected Misstatements

There are no uncorrected misstatements outstanding for the current period.

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.

We did not identify any control deficiencies that, in our judgment, would be considered significant deficiencies.

Written Representations

In a separate communication, as attached, 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 TCWG of Corporation of the Municipality of South Huron 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,

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