

# Seebach & Company

Chartered Professional Accountants

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October 21, 2024

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, 2023. 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	Reporting of investments and investment income	- Confirmation of year end balances and transactions - Reconciliation of investment income
2	Reporting of capital assets	- Review of capital additions and dispositions - Review of capitalization and amortization policies
3	Government funding	- Obtain funding agreements and confirm funding received - Agree to expenses incurred where applicable
4	Completeness of accounts payable	- Examination of payments subsequent to year end
5	Recording of payroll and other operating expenses	- Substantive testing of payroll hours, rates, deductions etc. - Inspection of purchases and payments (examine cheques, vouch payments to approved invoices, agree distributions to general ledgers) - Evaluate the design and implementation of controls over purchases and payments
6	Revenue recognition	- Review of revenue recognition policies and related internal controls - Review of revenue cut-off
7	Management overrides	- Inquiries of management - Review of journal entries - Review of management estimates

## **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 other than the adoption of PS 3280 - Asset Retirement Obligations. The new standard resulted in the withdrawal of the existing accounting standard PS 3270 Solid Waste Landfill Closure and Post - Closure Liability. As a result of the adoption, the presentation of the financial statements has changed from the prior year.
- 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 accounting estimates/judgments are contained in the financial statements:

- a. Asset retirement obligations
- b. Amortization of tangible capital assets
- c. Accrued liabilities;
- d. Deferred revenue;

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.

### **Fraud**

We did not identify any fraud or suspected fraud involving management, employees who have significant roles in the entity's system of internal control or others when the fraud resulted in a material misstatement of the financial statements.

### **Uncorrected Misstatements**

We accumulated uncorrected misstatements that we identified during our audit and communicated them to management. We then requested that management correct these misstatements. All uncorrected misstatements for the current period have been corrected.

### **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 those charged with governance 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,

A handwritten signature in cursive script that reads "Seebach & Company".

Seebach & Company