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**Date** December 14, 2022 **Report No.** 2022-704

**To** Chair and Members  
Finance Committee

**From** Joelle Daniels  
Director of Finance and City Treasurer

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## 1.0 Type of Report

Consent Item ☐  
Item For Consideration ☒

**2.0 Topic** External Auditor Annual Independence Letter,  
Engagement Letter, and Audit Plan [Financial Impact - none]

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## 3.0 Recommendation

THAT Report 2022-704 regarding the independence of the City's external auditor, the Engagement Letter and the Audit Plan, BE RECEIVED.

## 4.0 Executive Summary

This report provides the Finance Committee with the External Auditor Independence Letter, Engagement Letter, and Audit Plan for the 2022 year-end audit.

## 5.0 Purpose and Overview

The purpose of this report is to provide the Finance Committee with a copy of correspondence received from Millards LLP, Chartered Accountants regarding the year end process, and to allow Millards to present their audit plan to the Committee.

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## **6.0 Background**

In previous years, external auditors were required under Section 5751 of the Canadian Institute of Chartered Accountants (CICA) Handbook to communicate, at least annually, matters relating to the auditor's independence in a letter to the audit committee. This is no longer a requirement but staff believes that the information was still relevant to make available to the Finance Committee, whose mandate includes acting as the City's Audit Committee. Additionally, staff has also included the Auditor's Engagement Letter and Audit Plan for Finance Committee review.

## **7.0 Corporate Policy Context**

Desired Outcome #4 of Council's Priorities is "There is high trust in the City through demonstrated progress in taxpayer affordability and value for money". A Tier 1 priority to achieve this outcome is to "Enhance communication to residents demonstrating evidence of high value for tax dollars".

## **8.0 Input From Other Sources**

Documents provided by Millards LLP, Chartered Accountants.

## **9.0 Analysis**

Millards has commented on and confirmed their independence in their letter dated November 17, 2022. This letter (Appendix A) provides the following comments with regards to independence:

"We are not aware of any relationships between the City and us that, in our professional judgment, may reasonably be thought to bear on our independence that have occurred from January 1, 2022 to November 17, 2022."

"We hereby confirm that we:

- have complied with the requirements regarding independence in the Code of Professional Conduct of Chartered Professional Accountants of Ontario; and
- have disclosed all relationships and other matters between the Firm, network firm and the entity that in our opinion may reasonably be thought to bear on independence."

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The engagement letter (Appendix B) defines the specifics of the business relationship between the City of Brantford and Millards, for the year-end audit and serves as a contract between the two parties.

The Audit Plan (Appendix C) is a step-by-step, methodical approach that the Auditor uses to focus on important areas under review. The Audit plan serves as a blueprint to ensure that tasks are completed in accordance with regulations that govern the audit process.

Any specific concerns with regards to these documents can be discussed with the auditor.

## **10.0 Financial Implications**

In addition to commenting on and confirming independence, the auditor has disclosed the total fees charged for audit and non-audit services during the past year. These charges are also disclosed in Appendix A. The fees for audit services are consistent with those provided in the fee proposal for 2022. Charges for additional services have been managed within departmental operating budgets.

## **11.0 Climate and Environmental Implications**

N/A

## **12.0 Conclusion**

Millards LLP, the external auditor for the City, has provided the Finance Committee with the attached letters regarding independence which includes disclosure of the total fees charged for audit and non-audit services, the Engagement Letter and the Audit Plan for the 2022 audit process.



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Joelle Daniels  
Director of Finance/City Treasurer

Prepared By:

Wanda Harding, Manager of Accounting

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Attachments (if applicable)

Appendix A - Independence letter dated November 17, 2022.

Appendix B - Engagement Letter

Appendix C - Audit Plan

Copy to:

In adopting this report, is a by-law or agreement required? If so, it should be referenced in the recommendation section.

By-law required ☐ yes ☒ no

Agreement(s) or other documents to be signed by Mayor and/or City Clerk ☐ yes ☒ no

Is the necessary by-law or agreement being sent concurrently to Council? ☐ yes ☒ no