

November 17, 2022

The Corporation of the City of Brantford - Finance CommitteePO Box 818
Brantford, Ontario N3T 5R7

Dear Finance Committee Members:

We are writing this letter in connection with our audit of the consolidated financial statements of The Corporation of the City of Brantford for the year ended December 31, 2022.

Our purpose in writing is to ensure effective two-way communication between us in our role as auditors and yourselves with the role of overseeing the financial reporting process. In this letter we will:

- a) Address our responsibilities as independent auditors and provide information about the planned scope and timing of our audit.
- b) Request a response to some audit questions and any additional information you may have that could be relevant to our audit.

Auditor Responsibilities

The respective responsibilities of ourselves and of management in relation to the audit of the consolidated financial statements are set out in the engagement letter provided to the City Treasurer.

Finance Committee Members' Responsibilities

The finance committee's role (also serving as the audit committee of the municipality) is to act in an objective, independent capacity as a liaison between the auditors, management and Council, to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

The finance committee's responsibilities include:

- Being available to assist and provide direction in the audit planning process when and where appropriate;
- Meeting with the auditors as necessary and prior to release and approval of consolidated financial statements to review audit, disclosure and compliance issues;
- Where necessary, reviewing matters raised by the auditors with appropriate levels of management, and reporting back to the auditors their findings;
- Making known to the auditors any issues of disclosure, corporate governance, fraud or illegal acts, non-compliance with laws or regulatory requirements that are known to them, where such matters may impact the consolidated financial statements or auditor's report;
- Providing guidance and direction to the auditors on any additional work they feel should be undertaken in response to issues raised or concerns expressed;
- Making such enquiries as appropriate into the findings of the auditors with respect to corporate governance, management conduct, cooperation, information flow and systems of internal controls; and

- Reviewing the draft consolidated financial statements prepared by management, including the presentation, disclosures and supporting notes and schedules, for accuracy, completeness and appropriateness, and approve same to be passed to Council for approval.

Planned Scope and Timing of Our Audit

Our objective as auditors is to express an opinion on whether the consolidated financial statements are prepared, in all material respects, in accordance with Canadian public sector accounting standards.

In developing our audit plan, we worked with management to understand the nature of the entity and to identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error. Our audit plan has been designed to focus on the identified areas of risk.

Materiality

For the current period, we have determined an overall materiality amount of \$2,500,000. This amount will be used to:

- a) plan and perform the audit; and,
- b) evaluate the effects of identified and uncorrected misstatements on the audit procedures performed as well as on the consolidated financial statements.

The materiality amount will be reassessed at the end of the audit to ensure it remains appropriate.

Significant Changes During Period

In planning the audit for the current period, we are aware of the following significant events impacting the City in the past year:

- The Covid 19 Pandemic

We have noted no significant changes in accounting and control systems when planning the audit for the current period.

We will be meeting with City Finance staff to review applicable changes to accounting and auditing standards at the end of October.

Internal Control

To help identify and assess the risks of material misstatement in the consolidated financial statements, we obtain an understanding of internal control relevant to the audit. This understanding is used in the design of appropriate audit procedures. It is not used for the purpose of expressing an opinion on the effectiveness of internal control. Should we identify any significant deficiencies in the internal control and accounting systems, we will communicate them to you in our audit findings letter.

Financial Reporting Risks

In planning our audit, we identify financial reporting risks that, by their nature, require special audit consideration. We have reviewed identified higher risk areas with the City Finance staff.

If there are specific areas that warrant our particular attention during the audit or where you would like us to undertake additional procedures, please let us know.

Uncorrected Misstatements

Where we identify uncorrected misstatements during our audit, we will communicate them to management and request that they be corrected. If not corrected by management, we will then request that you correct them. If not corrected by you, we will also communicate the effect that they may have individually, or in aggregate, on our audit opinion.

Timing of Audit Work

We have meet with City Finance staff at the end of October to develop a time frame for the upcoming audit.

During this meeting planning was completed in regards to related party audit completion dates, completion of the audit fieldwork and deadline for draft consolidated statements.

Audit Findings

At the conclusion of our audit, we will prepare an audit findings letter to assist you with your review of the consolidated financial statements. This letter will include our views and comments on matters such as:

- significant matters, if any, arising from the audit that were discussed with management;
- significant difficulties, if any, encountered during the audit;
- qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- uncorrected misstatements; and
- any other audit matters of governance interest.


Other Matters

Please bring to our attention any significant matters or financial reporting risks of which you are aware. This could include such matters as future plans, contingencies, events, decisions, non-compliance with laws and regulations, potential litigation, specific transactions (such as with related parties or outside of the normal course of business) and any additional sources of audit evidence that might be available.

We recognize your significant role in the oversight of the audit and would welcome any observations on our audit plan.

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

Yours truly,
MILLARD, ROUSE & ROSEBRUGH LLP


Julie B. Baetz, CPA, CA, LPA
Engagement Partner