



June 19, 2024

Members of Council
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Re: Audit of the Consolidated Financial Statements of the County of Northumberland

Dear Members of Council:

We have been engaged to express an audit opinion on the consolidated financial statements of the County of Northumberland ("the County") for the year ended December 31, 2023. We have substantially completed our audit and are pleased to report on the following items.

The purpose of this report is to summarize certain aspects of the audit that we believe to be of interest to Council. This report should be read in conjunction with the draft consolidated financial statements and our report thereon, as well as our Audit Planning letter previously forwarded to you.

Auditor Independence

Canadian Auditing Standards ("CAS") require that we communicate at least annually with Council regarding all relationships between us and the County that, in our professional judgement, may reasonably be thought to bear on our independence.

As communicated previously in a separate letter to Council, we are not aware of any relationship between the County and us that, in our professional judgement, may reasonably be thought to bear on our independence.

Accordingly, we hereby re-confirm that our engagement team, our Firm and the other Baker Tilly Canada offices are independent with respect to the County within the meaning of the Code of Professional Conduct Rule 204 of the Chartered Professional Accountants of Ontario.

Independent Auditor's Report

We anticipate that our Independent Auditor's Report will be issued without modification.

Our Independent Auditor's Report will be dated no earlier than the date on which we have obtained sufficient appropriate audit evidence on which to base our audit opinion on the consolidated financial statements, including evidence that all the statements and disclosures that comprise the consolidated financial statements have been prepared and Council has approved the consolidated financial statements.

Evaluation of Internal Controls

Audits include a review and evaluation of the system of internal controls to assist in determining the level of reliance that may or should be placed on the system in assessing the nature and extent of audit procedures to be undertaken.

There are no internal control matters that we wish to bring to your attention.

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Peterborough

Courtice

Lindsay

Cobourg

Illegal Acts, Fraud, Intentional Misstatements and Errors

Our auditing procedures, including tests of your accounting records, were limited to those considered necessary in the circumstances and will not necessarily disclose all illegal acts should any exist. Under CAS, we consider the County's control environment, governance structure, circumstances encountered during the audit and the potential likelihood of fraud and illegal acts occurring.

These procedures are not designed to test for fraudulent or illegal acts, nor will they necessarily detect such acts or recognize them as such, even if the effect on the consolidated financial statements is material. However, should we become aware that an illegal or possibly illegal act or act of fraud may have occurred, other than one considered clearly inconsequential, we will communicate directly to Council.

It is our responsibility to maintain professional skepticism throughout the audit. This recognizes the possibility that a material misstatement due to fraud could exist, notwithstanding our past experience of the honesty and integrity of the County's management and the audit committee.

It is management's responsibility to detect and prevent illegal action. If such acts are discovered or Council members become aware of circumstances under which the County may have been involved in fraudulent, illegal or regulatory non-compliance situations, such circumstances must be disclosed to us.

Testing during our audit did not reveal any illegal, improper or questionable payments or acts, nor any acts committed with the intent to deceive, involving either misappropriation of assets or misrepresentation of assets or misrepresentation of financial information.

Related Party Transactions

During our audit, we conduct various tests and procedures to identify transactions considered to involve related parties. Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Related parties also include management, members of Council and their immediate family members and companies with which these individual have an economic interest.

There were no related party transactions identified during the audit that required disclosure in the notes to the consolidated financial statements.

Significant Accounting Principles and Policies

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The significant accounting principles and policies are disclosed in the notes to the consolidated financial statements.

Council has a responsibility to review the accounting policies adopted by the County, and where alternative policies are available, make determinations as to the most appropriate policies to be adopted in the circumstances. If members of Council believe that the adoption or change in accounting policy may produce an inappropriate or misleading result in financial reporting or disclosure, this concern must be discussed with management and us.

As described in the notes to the consolidated financial statements, the County has adopted the following:

PSA sections which are now effective under the PSA Handbook: 1201 Financial Statement Presentation, 2601 Foreign Currency Translation, 3041 Portfolio Investments, 3450 Financial Instruments and 3280 Asset Retirement Obligations.

The impact of the adoption of these standards on the County's consolidated financial statements is disclosed in notes to the financial statements.

Accounting Estimates

Management is responsible for the accounting estimates included in the consolidated financial statements. Estimates and the related judgements and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditors is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the consolidated financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analyzing of key factors such as underlying management assumptions;
- Materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- Estimate's sensitivity to variation and deviation from historical patterns;
- Estimate's consistency with the entity's business plans; and
- Other audit evidence.

Significant Matters Discussed With Management

There were no significant matters arising from the audit discussed with management.

Written Representations Requested From Management

As part of our audit, we request that management prepare a letter to us to re-affirm various representations that they have provided to us and we have relied upon. A copy of this letter is attached for your convenience.

Significant Misstatements

In the course of our audit, we have not found any material misstatements or unadjusted items that, in aggregate, exceed materiality thresholds established for the audit, nor have we found significant misstatements that would likely cause future financial statements to be materially misstated.

Uncorrected Misstatements

In the course of our audit, we have not identified any uncorrected financial statement misstatements.

Significant Unusual Transactions

We are not aware of any significant transactions entered into by the County that you should be informed about.

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the County's financial statements or auditor's report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgements for accounting estimates;
- Financial statement disclosures;
- Scope of the audit: or
- Wording of the auditor's report.

In the course of our audit, we did not have any significant disagreements with management, nor were we under any significant time pressures or poor working conditions. We are not aware of any cause for concern as to management's attitude, competence or credibility with respect to matters affecting the financial statements.

Difficulties Encountered During the Audit

We encountered no significant difficulties during our audit that should be brought to the attention of Council.

Management Letter

During our audit, we did not note any significant issues to report to management; accordingly, we will be issuing a "no issues" letter to management.

Conclusion

We wish to express our appreciation for the co-operation we received during the audit from the County's management.

Should any member of Council wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.

Yours truly,



per: Richard Steinginga, CPA, CA
Partner