

July 21, 2020

Mr. Jason Burgess, Chief Administrative Officer  
50 Colborne Street S.  
Simcoe Ontario  
N3Y 4H3

Dear Mr. Burgess:

We have been engaged to audit the financial statements of The Corporation of Norfolk County for the year ending December 31, 2019. Canadian generally accepted auditing standards for audit engagements require that we communicate the following information with you in relation to our audit.

#### **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.

#### **Significant Accounting Principles**

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 accounting policies used by The Corporation of Norfolk County are described in Note 2, Significant Accounting Policies, in the financial statements.

As described in Note 2 to the financial statements, the County has early adopted Sections PS 1201, Financial Statement Presentation, PS 2601, Foreign Currency Translation, PS 3041, Portfolio Investments and PS 3450, Financial Instruments. These standards are required by the Public Sector Accounting Standards Board to be adopted as of January 1, 2022, although early adoption is permitted. These standards were adopted on a prospective basis from the date of adoption.

#### **Significant Unusual Transactions**

We are not aware of any significant or unusual transactions entered into by The Corporation of Norfolk County that you should be informed about.

## **Accounting Estimates**

Management is responsible for the accounting estimates included in financial statements. Estimates and the related judgments 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 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.

Liabilities for Contaminated Sites (PS 3260) was adopted as required in 2015. As at December 31, 2019 there is no liability recorded in the consolidated financial statements as all the criteria for recognition have not been met. We recommend the County strengthen the process used to identify existing contaminated sites and assess valuation and recognition of these sites

## **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 judgments for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the auditor's report.

We are pleased to inform you that we had no disagreements with management during the course of our audit.

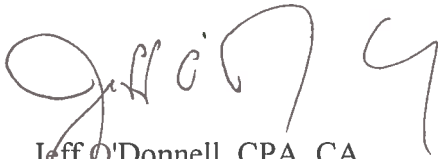
**Difficulties Encountered During the Audit**

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

We would be pleased to discuss with you further any matters mentioned above, at your convenience.

Yours truly,

**Millard, Rouse and Rosebrugh LLP**  
*Chartered Professional Accountants*



Jeff O'Donnell, CPA, CA  
Licensed Public Accountant  
Partner

CC: Kathy Laplante - Interim Treasurer, Manager of Financial Planning and Reporting