

The Corporation of the County of Brant

**Report to the Members of Brant County  
Council**

December 31, 2017

August 27, 2018

To the Members of Council of  
**The Corporation of the County of Brant**

Our audit of the financial statements of The Corporation of the County of Brant (the County) for the year ended December 31, 2017 is complete and we have issued a report on these financial statements without qualification.

The report to the members of the Council has been prepared in to facilitate communication with those charged with governance, as required by Canadian Auditing Standards. Those standards require that we communicate with those charged with governance regarding various matters including:

- Auditor responsibilities in relation to the financial statement audit
- Planned scope and timing of the audit
- Auditor independence
- Significant findings from the audit, including:
  - Qualitative aspects of accounting practices
  - Difficulties encountered during the audit
  - Matters discussed with management
  - Other matters relevant to the financial reporting process

We express our appreciation for the cooperation and assistance received from the management and the Financial Services Department of the County during the course of our audit.

If you have any particular comments or concerns, please do not hesitate to contact me.

Yours very truly,

**MILLARD, ROUSE & ROSEBRUGH LLP**



H. Cameron Johnston, CPA, CA, LPA  
Partner

## Contents

|   |   |
|---|---|
| Introduction                                  | 1 |
| Audit Scope and Responsibility                | 2 |
| Independence                                  | 3 |
| Responsibility of Management                  | 4 |
| Reportable Matters                            | 5 |
| Current Accounting and Reporting Developments | 7 |

# Introduction

This report summarizes those significant matters that we believe should be brought to your attention for the County. We emphasize that the audit and this report would not necessarily identify all matters that may be of interest to the Council.

This report has been prepared solely for the purpose of assisting Council in the discharge of its responsibility and should not be used for any other purpose. We disclaim any obligation to any other party that may rely upon this report.

# Audit Scope and Responsibility

## **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying consolidated financial statements of The Corporation of the County of Brant which comprise the consolidated statement of financial position as at December 31, 2017, consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as County management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by County management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the County of Brant as at December 31, 2017, and the results of its operations and changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Independence**

As external auditors of the County, we are required to be independent in accordance with the Canadian professional requirements. These standards require that we disclose to the County all relationships that, in our professional judgement, may reasonably be thought to bear on independence. We have provided a letter to management, which confirms our independence with respect to the County.

We confirm that we are not presently aware of any relationship or non-audit services that would impair our independence for purposes of expressing an opinion on the financial statements.

# Responsibility of Management

## **Preparation of financial statements**

The preparation of the financial statements, including the accompanying notes, is the responsibility of management. This includes the preparation of the financial statements in accordance with Canadian public sector accounting standards.

Management is responsible for selecting the significant accounting policies used in the preparation of the financial statements, and for applying judgement in preparing accounting estimates contained in the financial statements, as well as for preparing or obtaining documentation supporting amounts and disclosures in the financial statements. In addition, management is responsible for assessing the impact of any misstatements detected during the preparation and audit of the financial statements, individually and in aggregate, on the fair presentation of amounts and disclosures contained in the financial statements and determining if such adjustments should be recorded.

## **Management's representations**

The transactions and estimates reflected in the accounts and in the financial statements are within the direct control of management. Accordingly, the fairness of the representations made through the financial statements is an implicit and integral part of management's responsibility.

Throughout the course of our audit, we obtain representations from management in the form of answers to our audit enquiries. We also obtained a formal representation letter from management at the conclusion of the audit.

# Reportable Matters

CPA Canada has specified matters that should be brought to the attention of those charged with governance. The following summarizes the matters to be communicated.

## **Significant accounting principles and policies**

Significant accounting principles and policies are disclosed in the notes to the financial statements. Within the context of the audit, management has represented to us that there have not been any material changes in the accounting principles and policies during the year.

We have not noted any significant unusual transactions.

## **Materiality**

Millard, Rouse & Rosebrugh LLP planned the audit with the objective of having reasonable assurance of detecting misstatements that would be material to the financial statements taken as a whole. As required by audit standards, materiality was utilized during the conduct of the audit and the evaluation of any misstatements identified.

## **Misstatements and significant audit adjustments**

Misstatements represent audit findings for which we do not agree with the amount, classification, presentation or disclosure of items in the financial statements.

A misstatement may arise from an error or from fraud and other irregularities. An error refers to an unintentional misstatement in financial statements, including an omission of amount or disclosure.

Fraud and other irregularities refer to an intentional misstatement in financial statements, including an omission of amount or disclosure, or to a misstatement arising from theft of the entity's assets.

In conducting our procedures, we may identify misstatements that require adjustments to the recorded amounts. These audit adjustments are discussed with management, who in consultation with us, determine if an adjustment should be recorded.

During the course of our audit, we did not discover any misstatements arising from fraud or other irregularities.



**Internal controls**

Management is responsible for the design and operation of an effective system of internal control that provides reasonable assurance that the accounting systems provide timely, accurate and reliable financial information, as well as safeguard the assets of the County.

Through our role as auditors of your financial statements we possess an understanding of the County and its environment, including internal control. However, a financial statement audit is not designed to provide assurance on internal control. Professional standards do require us to communicate to the Corporate Development Committee significant deficiencies and material weaknesses in internal control that have come to our attention in the course of performing the audit.

During the course of our audit, we did not discover any significant deficiencies in internal control.

**Illegal acts**

Our inquiries of management and our testing of financial records did not reveal any illegal or possible illegal acts. However, please be aware that improper conduct is usually carefully and often elaborately concealed and therefore, the probability of detecting such is not high. Management is also asked in the formal letter of representations to disclose if they are aware of any illegal or possible illegal acts.

**Fraud and illegal acts**

Our inquiries of management did not reveal any fraud or illegal acts.

**Difficulties**

We did not encounter any difficulties in the performance of the audits. We have had no disagreements with management, and have resolved all auditing, accounting and presentation issues to our satisfaction.

**Cooperation during the Audit**

We report that we have received excellent cooperation from management of the County. To our knowledge, we were provided with complete access to all necessary accounting records and other documentation. Issues identified as a result of the audit work, whether in amounts for the financial statements or disclosure, were discussed with management and issues have been resolved to our satisfaction. There were no limitations placed on the scope of the audit.

# Current Accounting and Reporting Developments

We continually monitor the potential impact of new accounting pronouncements on the accounting practices of The Corporation of the County of Brant.

## **Financial Instruments**

Public Sector Accounting Standards are changing for the disclosure related to financial instruments. This change will be effective for year ends beginning on or after April 1, 2021.

## **Asset Retirement Obligations**

Addresses the accounting and legal obligations associated with the retirement of tangible capital assets. This change will be effective for year ends beginning after April 1, 2021.