Recommendation

That the report from the CAO entitled Management Letter – 2018 Financial Statements be received for information.

Information

I have received the 2018 management letter from our auditing firm Baker Tilly KDN LLP and have attached it for Council’s review. Despite this being noted as a confidential letter, it has been management’s practice to present this letter to Council and ensure that all parties are aware of the details outlined therein, including any recommendations for improvement.

As outlined in the letter, while the annual audit is not specifically designed to consider the adequacy of the internal controls in place, the audit team does provide advice and suggestions related to best practices. This information is helpful to staff and recommendations are often implemented to improve operations.

The following comments are intended for Council’s information and to augment comments from the audit team.

Taxes Receivable

As noted, the balance of taxes receivable as a percentage of the current taxation levy is 6.8%, down from 7.2% in 2017. The Manager of Financial Services continues to be pleased with staff’s efforts to reduce arrears and the fact that the arrears remain well below the provincial guidelines of 10%.

Unfunded Liabilities – Landfill and Future Benefits

These estimated liabilities are required to be shown in the consolidated financial statements. The Township has adopted a ‘pay as you go’ process for unfunded liabilities and expenses are recorded annually as they are incurred.
As noted in the management letter and in our report to Council last year, this treatment is permitted under the Municipal Act and is not proposed to change in the foreseeable future.

Staff will continue to work with our landfill consulting firm to complete annual reports and update remaining useful life of the site. As well, staff will retain the services of an actuary to update the future employee liabilities for the 2019 year-end audit.

**Contaminated Sites**

Staff appreciates the comments made by the audit team with respect to these sites and will need to retain the services of experts as it relates to estimates for future remediation costs.

**Strategic Plan Reference**

*Achieve excellence in governance and service delivery.*

**Financial Impact**

There is no adverse financial impact to the Township by approving the above noted recommendation to receive this report.

**Attachment**

- Baker Tilly Management Letter dated July 24, 2019

**Janice Lavallely**

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Approved By: Janice Lavallely  
CAO