

June 7, 2019

United Townships of Head, Clara & Maria  
15 Township Hall Road  
Stonecliffe, ON  
K0J 2K0

**PRIVATE AND CONFIDENTIAL**

Dear Members of Council:

**Re: Audit of the December 31, 2018 Financial Statements**

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. In addition, an audit cannot be expected to disclose defalcations and other irregularities and it is not designed to express an opinion as to whether the systems of internal control established by management have been properly designed or have been operating effectively.

Please note that under Canadian generally accepted auditing standards we must report significant deficiencies to those charged with governance.

This letter is not exhaustive, and deals with the more important matters that came to our attention during the audit. Minor matters were discussed verbally with your staff. We do have the following recommendations that we would like to bring to your attention.

**Bank reconciliations**

We understand that in 2019 bank reconciliations are now up to date. We recommend that staff remain current in regards to bank reconciliations.

**Taxes subledger reconciliation**

We recommend that staff balance the taxes receivable subledger to the general ledger on a monthly basis prior to running the current month's penalties.

### HST Rebate

The 2017 and 2018 HST rebate applications are outstanding. We strongly encourage staff to complete the rebate applications for 2017 and 2018. Also, in July 2019 the rebate application for the period from January 1, 2019 to June 30, 2019 should be completed.

### Billing of County Taxes

For the second time in the last few years, staff used the wrong county tax rate for the final tax billing resulting in taxes being under billed by approximately \$20,000. We recommend that in the future staff only utilize the official County tax rate by-law as its source for the County tax rates.

We would like to express our appreciation for the co-operation and assistance which we received during the course of our audit from your employees.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours very truly,



Peter Harrington, CPA, CA

**Welch LLP**