



City of  
**Peterborough**

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**TO:** Members of the Audit Committee

**FROM:** Brian W. Horton, Senior Director of Corporate Services

**MEETING DATE:** June 15, 2009

**SUBJECT:** Report CPFRAS09-008  
Audit of the Consolidated Financial Statements of the City of  
Peterborough - Acknowledgement Letter

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## **PURPOSE**

A report to recommend that the Audit of the Consolidated Financial Statements of the City of Peterborough acknowledgement letter, prepared by Collins Barrow Kawarthas LLP, be received as information and that the Mayor and Chair of the Audit Committee sign the letter acknowledging receipt and the contents of the letter.

## **RECOMMENDATIONS**

That Council approve the recommendations outlined in report CPFRAS09-008 dated June 15, 2009, of the Senior Director of Corporate Services as follows:

- a) That the letter "Audit of the Consolidated Financial Statements of the City of Peterborough" be received.
- b) That the Mayor and Chair of the Audit Committee be authorized to sign the acknowledgement.

## **BUDGET AND FINANCIAL IMPLICATIONS**

There are no budget and financial implications to receiving this report.

## **BACKGROUND**

Attached, as Appendix A to this report, is a letter from Collins Barrow Kawarthas LLP addressed to Members of the Audit Committee outlining various aspects of the audit of the 2008 Consolidated Financial Statements of the City of Peterborough.

To ensure a clear understanding by the Audit Committee, and a record of matters detailed in the letter, the auditors are requesting that the Mayor and Chair of the Audit Committee sign the acknowledgement.

Submitted by,

Brian W. Horton  
Senior Director of Corporate Services

### **Contact Person**

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Manager, Reporting and Accounting Services  
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**Appendix A** - Letter by Collins Barrow Kawarthas LLP addressed to Members of the Audit Committee

**APPENDIX A**

May 25, 2009

**T.** 705.742.3418**F.** 705.742.9775

email: peterborough@collinsbarrow.com

Members of the Audit Committee  
City of Peterborough  
500 George Street North  
Peterborough, Ontario  
K9H 3R9

**Re: Audit of the Consolidated Financial Statements of City of Peterborough**

This report is intended solely for the use of the Audit Committee and should not be distributed without our prior consent. We accept no responsibility to a third party who uses this communication.

We have been engaged to express an audit opinion on the consolidated financial statements of the City of Peterborough ("the City") for the year ended December 31, 2008. We have completed our audit of the consolidated financial statements of the City and its subsidiaries/boards for the year ended December 31, 2008 and have prepared the comments below to facilitate our discussions with you regarding the following items to the Audit Committee.

**Auditor Independence**

Assurance and Auditing Section 5751 of the Canadian Institute of Chartered Accountants (CICA) Handbook, Communications With Those Having Oversight Responsibility For The Financial Reporting Process, requires that we communicate at least annually with the Audit Committee regarding all relationships between us and the City that, in our professional judgment, may reasonably be thought to bear on our independence.

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

**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.

During the course of our audit, we identified an area where internal controls could be strengthened and this is detailed in the management letter.

**Illegal Acts, Fraud, Intentional Misstatements and Errors**

Testing of financial records 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. We have conducted audit procedures as recommended by CICA Handbook sections 5135 and 5136 with regard to fraud, error, illegal acts and material misstatements arising from illegal acts.

### **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, directors and their immediate family members and companies with which these individual have an economic interest.

All related party transactions that were identified during the audit have been represented by management to have been disclosed in the notes to financial statements, recorded in accordance with Canadian generally accepted accounting principles (GAAP), and have been reviewed with you. All gains and losses occurring as a result of transactions with related parties have been recorded in accordance with the recommendations of Section 3840 of the CICA Handbook. Management has advised that no other related party transactions have occurred that have not been disclosed to us. The Audit Committee is required to advise us if it is aware of or suspects any other related party transactions have occurred, which have not been disclosed in the 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. The policies followed are generally accepted.

There were no new accounting policies adopted or changes to the application of accounting policies of the City during the year.

### **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.

### **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.

### **Significant Unusual Transactions**

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

### **Disagreements with Management**

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.

### **Issues Discussed**

The auditor generally discusses among other matters, the application of accounting principles and auditing standards, fees, etc. with management during the initial or recurring appointment of the auditor.

There were no major issues discussed during our audit with regards to our retention that were not in the normal course of business.

### **Difficulties Encountered During the Audit**

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

### **Fees**

Our fees for services related to the fiscal year ended December 31, 2007 were as follows:

Assurance and professional services:     \$63,000

### **Management Letter**

We have submitted to management a letter on financial management matters that we feel should be brought to the attention of management.

### **Conclusion**

We wish to express our appreciation for the co-operation we received during the audit from the City's management and staff. We would be pleased to discuss with you any matters mentioned in this letter, as well as any other matters that may be of interest to you.



To ensure there is a clear understanding and record of the matters discussed, we ask that members of the Audit Committee sign their acknowledgement in the spaces provided below. Should any member of the Audit Committee 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 very truly,

**Collins Barrow Kawartha LLP**



per: Robert Fisher , FCA, Partner

**Acknowledgement of the Audit Committee:**

We have read and reviewed the above disclosures and understand and agree with the comments therein:

**City of Peterborough**

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Name

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Position

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Name

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Position