

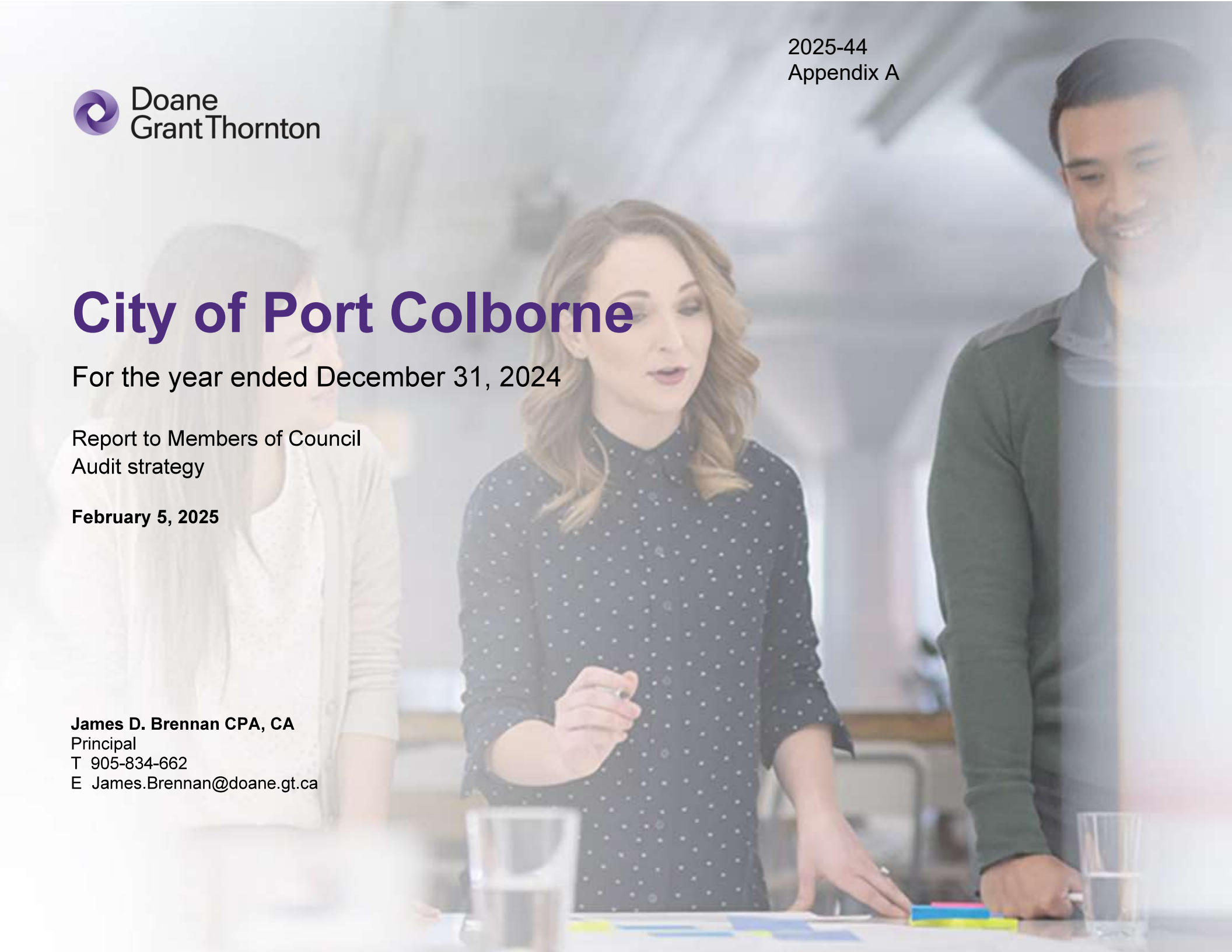
# City of Port Colborne

For the year ended December 31, 2024

Report to Members of Council  
Audit strategy

February 5, 2025

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# Contents

Executive summary	1
Audit plan and risk assessment	2
Other planning matters	<b>Error! Bookmark not defined.</b>
Audit fees	5
Team, timing and communications	6
Technical updates – highlights	7

# Appendices

Appendix A – Overview and approach
Appendix B – Engagement letter
Appendix C – Auditing developments

# Executive summary

## Purpose of report and scope

The purpose of this report is to engage in an open dialogue with you regarding our audit of the consolidated financial statements of City of Port Colborne (the "municipality") for the year ended December 31, 2024. This communication will assist Members of Council in understanding the terms of the audit engagement, our proposed audit strategy and the level of responsibility assumed by us.

The information in this document is intended solely for the information and use of the Members of Council. It is not intended to be distributed to or used by anyone other than these specified parties.

We have obtained our engagement letter dated January 9, 2025, which outlines our responsibilities and the responsibilities of management (**Appendix B**).

## Status of our audit plan

We have substantially completed our initial planning of the audit of the consolidated financial statements of the municipality.

## Approach

Our audit approach requires that we establish an overall strategy that focuses on risk areas. We identify and assess risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The greater the risk of material misstatement associated with an area of the consolidated financial statements, including disclosures, the greater the audit emphasis placed on it in

terms of audit verification and analysis. Where the nature of a risk of material misstatement is such that it requires special audit consideration, it is classified as a significant risk.

Our approach is discussed further in **Appendix A**.

## Independence

We have a rigorous process where we continually monitor and maintain our independence. The process of maintaining our independence includes, but is not limited to:

- Identification of threats to our independence and putting into place safeguards to mitigate those threats. For example, we evaluate the independence threat of any non-audit services provided to the municipality
- Confirming the independence of our engagement team members

We have identified no information regarding our independence that in our judgment should be brought to your attention.

# Audit plan and risk assessment

We have planned our audit in accordance with our approach summarized in **Appendix A**.

## Materiality

The purpose of our audit is to provide an opinion as to whether the consolidated financial statements are prepared, in all material respects, in accordance with Public Sector Accounting Standards as at December 31, 2024. Therefore, materiality is a critical auditing concept and as such we apply it in all stages of our engagement.

The concept of materiality recognizes that an auditor cannot verify every balance, transaction or judgment made in the financial reporting process. During audit planning, we made a preliminary assessment of materiality for the purpose of developing our audit strategy, including the determination of the extent of our audit procedures.

During execution of the audit, we will consider whether materiality should be re-assessed due to changes or events identified. At completion, we will consider not only the quantitative assessment of materiality, but also qualitative factors, in assessing the impact on the consolidated financial statements, our audit opinion and whether matters should be brought to your attention.

## Considerations

The following is a summary of matters that relate to changes to the municipality and its environment that were considered in preparing our audit plan.

Matter	Discussion and impact
<b>Laws and regulations</b>	<p>During the course of the audit, we will perform specified audit procedures to help identify instances of non-compliance with laws and regulations that may have a material effect on the consolidated financial statements. An audit of financial statements is not designed to detect all instances of non-compliance with laws and regulations and does not represent an audit of the municipality's compliance with applicable laws and regulations.</p> <p>While we have not identified any instances of non-compliance, we would like to know if you are aware of any instances of non-compliance.</p>

Matter	Discussion and impact
<b>Fraud</b>	<p>We are responsible for obtaining reasonable assurance that the consolidated financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected and this is particularly true in relation to fraud. The primary responsibility for the prevention and detection of fraud rests with those charged with governance and management.</p> <p>During our audit planning, we enquired of management as to their views on the risks of fraud and their processes for identifying and assessing fraud risks. We are not aware of any fraud-related matters that could affect our audit approach.</p>
<b>Accounting and auditing standards</b>	<p>In addition to the information in the Technical Highlights section, we have highlighted certain new standards and interpretations that are likely to have a significant impact on the financial reporting for City of Port Colborne in the current year. An overview of these particular standards and interpretations is included below.</p> <ul style="list-style-type: none"> <li>Section PS 3400 - Revenue</li> </ul>

## Significant risks

We identified the following significant risks on which we plan to focus our attention:

Area of risk	Why there is a risk	Planned audit response
<b>Fraud risk from revenue recognition</b>	<p>There is a presumed risk of fraud in revenue.</p> <p>The risk primarily relates to revenue recognized under water and sewer and other revenue</p>	<ul style="list-style-type: none"> <li>Analytical assessment of revenues based on budgeted expectations</li> <li>Subsequent receipts testing of receivables as at December 31, 2024 (statistical sample)</li> <li>Assessing the adequacy of allowances for doubtful accounts by testing subsequent receipts, reviewing management estimates and examining supporting documentation</li> </ul>
<b>Fraud risk from management override / segregation of duties</b>	<p>This is a presumed fraud risk.</p> <p>The risk primarily relates to the limited segregations of duties. Administrative access to accounting system and the senior finance management's ability to post journal entries</p>	<ul style="list-style-type: none"> <li>Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements</li> <li>Review accounting estimates for biases</li> <li>Evaluate the business rationale for significant transactions that are or appear to be outside the normal course of business</li> </ul>

## Other audit risks

Other areas we have identified where we plan to focus our attention are as follows:

Area of risk	Why there is a risk	Planned audit response
<b>Taxation revenue and receivables</b>	The taxes receivable balances may be invalid and the allowance for uncollectible taxes understated.	<ul style="list-style-type: none"> <li>Recalculation of the net tax revenues based on verified assessment rolls and approved tax rates</li> <li>Subsequent receipts testing of taxes receivable as at December 31, 2024 (statistical sample)</li> <li>Assessing the adequacy of the allowance for doubtful accounts by testing subsequent receipts, reviewing management estimates and examining support for the value of underlying property</li> </ul>
<b>Purchases and payables</b>	Payables may be understated or not recorded in the correct period.	<ul style="list-style-type: none"> <li>Analytical assessment of expenses based on budgeted expectations</li> <li>Reviewing supporting documentation and management estimates with respect to the completeness and accuracy of significant year end accruals</li> <li>Perform a search for unrecorded liabilities</li> </ul>
<b>Provisions for employee benefits</b>	Provision and related expenses may be understated.	<ul style="list-style-type: none"> <li>Reviewing actuarial reports, method and assumptions used</li> <li>Testing supporting calculations relating to the various amounts and disclosures</li> </ul>
<b>Provision for contaminated sites</b>	Provision and related expenses may be understated.	<ul style="list-style-type: none"> <li>Reviewing assumptions used by management</li> <li>Testing supporting calculations relating to the various amounts and disclosures</li> </ul>
<b>Commitments and contingencies</b>	There is uncertainty regarding contingent liabilities.	<ul style="list-style-type: none"> <li>Verifying the accuracy and reasonableness of amounts and disclosures, with reference to correspondence with lawyers, examination of supporting documentation, and discussions with management</li> </ul>

# Audit fees

## Proposed fees

Service	Current year fees	Prior year fees
Annual audit of the consolidated financial statements	\$ 55,000	\$ 50,000
Assistance in the preparation of the consolidated financial statements	4,500	
Annual audit of the financial statements of the Trust Funds	3,500	
Assistance in the preparation of the Trust Funds financial statements	800	1,725
Total*	\$ 63,800	\$ 51,725

\*before administrative costs, disbursements and applicable taxes

## Deliverables

Deliverable
Communication of audit strategy
Report on the December 31, 2024 consolidated financial statements
Communication of audit results
Communication of internal controls deficiencies

## Fee proposal considerations

Upfront and periodic discussions are central to our approach in dealing with fees. Our goal is to avoid surprises by having early and frank communication. We wish to provide you with a competitive price and fair value, while also allowing sufficient audit hours to conduct an effective audit and deliver quality service.

We have established a proposed fee for the audit for the year ended December 31, 2024 that is based on the level of activity and the anticipated complexity of the audit of the municipality's consolidated financial statements. If there are any variances to the above plan, we will discuss them with you and agree on any additional fees before costs are incurred, wherever possible. Any unforeseen work outside the scope of this proposal will be billed separately after discussion with Trust funds audit the finance committee.

The proposed fee is based on receiving the following from management:

- All working papers and schedules as outlined in our requirements letter
- Trial balance together with reconciled control accounts
- All books and records when requested
- Use of municipality staff to help us locate information and provide explanations

# Team, timing and communications

## Timing and communications

We are committed to delivering exceptional client service and executing our audit in the most effective, efficient and timely manner. The planned timing of our audit work and the deliverables we will provide to Members of Council are as follows:

Stage or deliverable	Timing/Status
Planning and interim procedures	January, 2025
Communication of audit planning	January, 2025
Performance of fieldwork	March, 2025
Communication of audit results	May, 2025

In our communication of audit results, we will report on the following matters:

- Our views on significant accounting practices
- Significant difficulties, if any, encountered during the audit
- Misstatements, other than trivial errors
- Actual or suspected fraud or illegal acts
- Significant deficiencies in internal control
- Other significant audit matters, as applicable

## Team

Engagement team member	Contact information
<b>James D. Brennan CPA, CA</b> Principal	P +1 905-834-6622 E James.Brennan@doane.gt.ca
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# Technical updates – highlights

## Accounting

Recent changes in accounting standards were communicated to senior management in our previous report dated December 11, 2023. There have been no changes to note since that date.

## Assurance

Assurance standards issued by the AASB that may change the nature, timing and extent of our audit procedures on the municipality and our communication with Members of Council include:

- **Potential revisions to CAS 240 The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements**
- **Proposed Canadian Standard on Sustainability Assurance (CSSA) 5000, *General Requirements for Sustainability Assurance Engagements***

Further details of the changes to assurance standards, including management’s preliminary comments on their applicability to the municipality, are included in **Appendix C**. If you have any questions about these changes we will be pleased to address your concerns.

# Appendix A – Overview and approach

Our audit is planned with the objective of obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, so that we are able to express an opinion on whether the consolidated financial statements are prepared, in all material respects, in accordance with Public Sector Accounting Standards. The following outlines key concepts that are applicable to the audit, including the responsibilities of parties involved, our general audit approach and other considerations.

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## Role of the Members of Council

- Help set the tone for the organization by emphasizing honesty, ethical behaviour and fraud prevention
- Oversee management, including ensuring that management establishes and maintains internal controls to provide reasonable assurance regarding reliability of financial reporting
- Oversee the work of the external auditors including reviewing and discussing the audit plan

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## Role of management

- Prepare financial statements in accordance with Public Sector Accounting Standards
- Design, implement and maintain effective internal controls over financial reporting processes, including controls to prevent and detect fraud
- Exercise sound judgment in selecting and applying accounting policies
- Prevent, detect and correct errors, including those caused by fraud
- Provide representations to external auditors
- Assess quantitative and qualitative impact of misstatements discovered during the audit on fair presentation of the financial statements

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## Role of Doane Grant Thornton LLP

- Provide an audit opinion that the financial statements are in accordance with Public Sector Accounting Standards
  - Conduct our audit in accordance with Canadian Generally Accepted Auditing Standards (GAAS)
  - Maintain independence and objectivity
  - Be a resource to management and to those charged with governance
  - Communicate matters of interest to those charged with governance
  - Establish an effective two-way communication with those charged with governance, to report matters of interest to them and obtain their comments on audit risk matters
-

# Audit approach

Our understanding of the municipality and its operations drives our audit approach, which is risk based and specifically tailored to City of Port Colborne.

## The five key phases of our audit approach



Phase	Our approach
<b>1. Planning</b>	<ul style="list-style-type: none"><li>• We obtain our understanding of your operations, internal controls and information systems</li><li>• We plan the audit timetable together</li></ul>
<b>2. Assessing risk</b>	<ul style="list-style-type: none"><li>• We use our knowledge gained from the planning phase to assess financial reporting risks</li><li>• We customize our audit approach to focus our efforts on key areas</li></ul>
<b>3. Evaluating internal controls</b>	<ul style="list-style-type: none"><li>• We evaluate the design of controls you have implemented over financial reporting risks</li><li>• We identify areas where our audit could be more effective or efficient by taking an approach that includes testing the controls</li><li>• We provide you with information about the areas where you could potentially improve your controls</li></ul>
<b>4. Testing accounts and transactions</b>	<ul style="list-style-type: none"><li>• We perform tests of balances and transactions</li><li>• We use technology and tools, including data interrogation tools, to perform this process in a way that enhances effectiveness and efficiency</li></ul>
<b>5. Concluding and reporting</b>	<ul style="list-style-type: none"><li>• We conclude on the sufficiency and appropriateness of our testing</li><li>• We finalize our report and provide you with our observations and recommendations</li></ul>

Our tailored audit approach results in procedures designed to respond to an identified risk. The greater the risk of material misstatement associated with the account, class of transactions or balance, the greater the audit emphasis placed on it in terms of audit verification and analysis.

Throughout the execution of our audit approach, we will maintain our professional skepticism, recognizing the possibility that a material misstatement due to fraud could exist notwithstanding our past experiences with the municipality and our beliefs about management's honesty and integrity.

## Internal control

Our audit will include gaining an understanding of the municipality's internal control over financial reporting. Our understanding will focus on processes associated with the identified risk areas, as described in this report. We use this understanding to determine the nature, extent and timing of our audit procedures.

Our understanding may also result in valuable internal control findings for your consideration. Note that the auditor's objectives with regards to internal control are different from those of management and those charged with governance. For example, we primarily target controls that relate to financial reporting and not those that relate to the municipality's operations or compliance which may also be relevant to its objectives. Therefore, management and those charged with governance cannot solely rely on our findings to discharge their responsibilities in this area.

## Quality management

We have a robust system of quality management that forms a core part of our client service and is designed to ensure the firm is meeting its quality objectives by designing responses to address identified quality risks. We combine numerous specific responses including the application of our internationally developed audit methodology, advanced audit technology, rigorous review procedures, mandatory professional development requirements, and the use of specialists to consistently deliver high quality audit services to our clients. We also monitor the design, implementation and operating effectiveness of each element of our system of quality management to ensure that we are appropriately addressing the quality risks and to identify deficiencies and required remedial actions in the system of quality management. In addition to our internal processes, we are subject to inspection and oversight by standard setting and regulatory bodies. We are proud of our firm's approach to quality management and would be pleased to discuss any aspect with you at your convenience.

## Data analysis software

We apply our audit methodology using advanced software tools. Doane Grant Thornton continues to invest in developing industry-leading advanced audit data analytics tools.

### **IDEA**

IDEA Data Analysis Software is a powerful analysis tool that allows audit teams to read, display, analyze, manipulate, sample and extract data from almost any electronic source. The tool has the advantages of enabling the audit team to perform data analytics on very large data sets in a very short space of time, while providing the checks, balances and audit trail necessary to ensure that the data is not corrupted and that the work can be easily reviewed. SmartAnalyzer, an add-on to IDEA, further improves the efficiency and effectiveness of the audit by providing automated routines for certain common analytical tasks, such as identifying unusual and potentially fraudulent journal entries.

# Appendix B – Engagement Letter

January 9, 2025

**City of Port Colborne**  
66 Charlotte Street  
Port Colborne, ON  
L3K 3C8

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**Attention: Mr. Bryan Boles, CPA, CA, MBA**  
**Director of Corporate Services**

Dear Mr. Boles:

Thank you for reappointing Doane Grant Thornton LLP (“Doane Grant Thornton”, “we”, “us”, or “our”) to perform the audit of the consolidated financial statements and other related services for City of Port Colborne (the “Municipality”, “you” or “your”) for the years ending December 31, 2024 and December 31, 2025 (collectively, the “Services”). The purpose of this letter and the attached [Schedule A](#) (the “Engagement”) is to outline the nature of the Services and the terms under which you are engaging us to perform those Services.

### **Objective, scope and limitations**

You have requested that we audit the consolidated financial statements of City of Port Colborne, which comprise the consolidated statement of financial position as at December 31, 2024 and the consolidated statements of operations, changes in net financial assets and cash flows for the years then ended, and a summary of significant accounting policies. We are pleased to confirm our acceptance and our understanding of this Engagement by means of this letter agreement.

Our audit will be conducted with the objectives of obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to error or fraud, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

The sole purpose of the Engagement is for us to conduct an audit of the Municipality pursuant to the requirements of the statute pursuant to which the Municipality is formed.

The audit will not be planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

Requests for additional services may arise while we are performing the Services that are specifically identified in this Engagement, including general business advice. The provision of additional services by us does not relieve management of their responsibility for determining what actions the Municipality should take and performing adequate research and/or due diligence in relation to their decisions, including obtaining separate formal written advice from us in relation to complex or significant matters. Unless covered under a

separate engagement letter, this Engagement will cover any such additional services we provide you, which will be billed at our standard hourly rates for the type of services requested. Notwithstanding anything to the contrary herein, we shall bear no responsibility in the event that management makes significant decisions on the basis of advice provided by us that is not formal written advice (for greater certainty, e-mail does not constitute formal written advice for the purposes of this section).

### **Our responsibilities**

We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the auditor 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. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the consolidated financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

### **Management's responsibilities**

Our audit will be conducted on the basis that the Municipality's management and, where appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a) for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards;
- b) for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; and
- c) to provide us with:
  - i. Access to all information of which the Municipality's management is aware, that is relevant to the preparation of the consolidated financial statements such as records, documentation and other matters;

- ii. Additional information that we may request from the Municipality's management for the purpose of the audit; and
- iii. Unrestricted access to persons within the Municipality from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from the Municipality's management and, where appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit. Those representations will include:

#### Consolidated Financial statements

- a) communicating that all responsibilities, as set out in the terms of this Engagement, for the preparation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards in particular the consolidated financial statements are fairly presented;
- b) communicating its belief that significant assumptions used in making accounting estimates, including those measured at fair value are reasonable;
- c) acknowledging that all events subsequent to the date of the consolidated financial statements and for which Canadian Public Sector Accounting Standards require adjustment or disclosure have been adjusted or disclosed;

#### Completeness of information

- d) providing us with and making available complete financial records and related data, and copies of all minutes of meetings of Members of Council and committees;
- e) acknowledging that all transactions have been recorded and are reflected in the consolidated financial statements;
- f) providing us with information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements;
- g) providing us with information relating to any illegal or possibly illegal acts, and all facts related thereto;
- h) acknowledging that all related party relationships and related party transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Public Sector Accounting Standards;

#### Fraud and error

- i) the design and implementation of internal controls to prevent and detect fraud and error;
- j) an assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud;
- k) providing us with information relating to fraud or suspected fraud affecting the Municipality involving:
  - i. management;
  - ii. employees who have significant roles in internal control; or
  - iii. others, where the fraud could have a material effect on the consolidated financial statements;
- l) providing us with information relating to any allegations of fraud or suspected fraud affecting the Municipality's consolidated financial statements communicated by employees, former employees, analysts, regulators, or others;
- m) communicating its belief that the effects of any uncorrected financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole. A list of the uncorrected misstatements will be attached to the representation letter;



#### Recognition, measurement and disclosure

- n) providing us with its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the consolidated financial statements;
- o) providing us with any plans or intentions that may affect the carrying value or classification of assets or liabilities;
- p) providing us with an assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with MEASUREMENT UNCERTAINTY, PSA HANDBOOK – ACCOUNTING Section 2130;
- q) acknowledging that no subsequent events occurred that require adjustment to the accounting estimates and disclosures included in the consolidated financial statements.
- r) providing us with information relating to claims and possible claims, whether or not they have been discussed with the Municipality's legal counsel;
- s) providing us with information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the Municipality is contingently liable;
- t) providing us with information on whether or not the Municipality has satisfactory title to assets, liens or encumbrances on assets, and assets pledged as collateral;
- u) providing us with information relating to compliance with aspects of contractual agreements that may affect the consolidated financial statements;
- v) providing us with information concerning subsequent events; and

#### Written confirmation of significant representations

- w) providing us with written confirmation of significant representations provided to us during the Engagement on matters that are:
  - i. directly related to items that are material, either individually or in the aggregate, to the consolidated financial statements; and
  - ii. not directly related to items that are material to the consolidated financial statements but are significant, either individually or in the aggregate, to the Engagement.

The Municipality's management agrees to make available draft consolidated financial statements, including appropriate note disclosures and any accompanying other information in time to allow for the audit to be completed within the proposed timeframe. In addition, the Municipality's management agrees to inform us of any factors or circumstances that come to their attention during the period from the date of the auditor's report to the date consolidated financial statements are issued that may impact the consolidated financial statements; including their disclosures.

It is agreed that for any electronic distribution of your consolidated financial statements and our report thereon, the Municipality's management is solely responsible for the accurate and complete reproduction of the consolidated financial statements and our report thereon.

While the report may be sent to the Municipality electronically by us for your convenience, only the signed (electronically or manually) report constitutes the Municipality's record copy.

If the Municipality's management intends to publish or otherwise reproduce our report (or otherwise make reference to Doane Grant Thornton LLP) in a document(s) that contains other information (including in a document(s) that will be used in connection with a public offering of securities), the Municipality's management agrees to (a) provide Doane Grant Thornton with a draft of such document(s) to read, and (b) obtain our approval for inclusion of our report in such document(s), before the document(s) are finalized and distributed. The Municipality's management also agrees that if our name is to be used in connection with the consolidated financial statements, it will attach our auditors' report when distributing the consolidated financial statements to any third parties. The Municipality's management agrees to provide us with adequate notice of the preparation of such document(s).

We look forward to full cooperation from your staff during our audit.

### **Non-audit services directly related to the audit**

We will assist the Municipality's management in preparation of the consolidated financial statements. However, the Municipality's management remains at all times responsible for the preparation and fair presentation of the Municipality's consolidated financial statements in accordance with Canadian Public Sector Accounting Standards.

### **Reporting**

Unless unanticipated difficulties are encountered, our report will be substantially in the following form:

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Council, Inhabitants and Taxpayers of the Corporation of the City of Port Colborne**

#### **Opinion**

We have audited the consolidated financial statements of the Corporation of the City of Port Colborne ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the financial position of the Corporation of the City of Port Colborne as at December 31, 2024, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and Those Charged with Governance 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 management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Mu as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion..

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**[Auditor's signature]**

**[Date of the auditor's report]**

**[Auditor's address]**

The form and content of our report may need to be amended in the light of our audit findings.

### **Fees**

Fees are based on the time required by the individuals assigned to perform the Services defined herein. Individual hourly rates vary according to the degree of responsibility involved and experience and skill required.

Any fee estimates by Doane Grant Thornton take into account i) the agreed-upon level of preparation and assistance from your personnel; and ii) the hourly rates for our professionals that will be providing the Services. Doane Grant Thornton undertakes to advise the Municipality's management on a timely basis should this preparation and assistance not be provided, or should any other circumstances arise which cause actual time to exceed that estimate. We will provide the services outlined in this letter for fees not to exceed the following:

Report	2024 Fees	2025 Fees
Audit of the City of Port Colborne consolidated financial statements	\$ 55,000	\$ 56,650
Preparation of the consolidated financial statements	4,500	4,625

### Other services

Depending on the nature and significance of requests for additional services, we may issue a separate engagement letter to cover the additional services and/or provide a fee estimate before we invest significant professional time in providing the additional services. As noted above, in the absence of such a separate engagement letter, the provisions of this Engagement shall apply to the additional services, which will be billed at our standard hourly rates for the types of services requested unless otherwise specified in a fee estimate.

### Municipality consent to production

The Municipality hereby acknowledges that we may from time to time receive requests or orders from professional (provincial institutes) or other regulatory or governmental authorities (including the Canada Revenue Agency) to provide them with information and copies of documents in our files including working papers and other work-product relating to the Municipality's affairs. The Municipality consents to us providing or producing, as applicable, these documents and information without further reference to, or authority from, you.

When a regulatory authority requests access to our working papers and other work-product relating to the Municipality's affairs, we will, on a reasonable efforts basis, refuse access to any document over which the Municipality has expressly informed us at the time of delivery that the Municipality asserts privilege, except where disclosure of documents is required by law or requested by a provincial Institute/Order of Canadian Chartered Professional Accountants pursuant to its statutory authority in which event the Municipality expressly consents to such disclosure. The Municipality must mark any document over which it asserts privilege as privileged and inform us of the grounds for the Municipality's assertion of privilege (such as whether it claims solicitor-client privilege or litigation privilege).

We may also be required to provide information relating to the fees that we collect from the Municipality for the provision of audit services, other accounting services and non-audit services, and the Municipality consents to the disclosure of that information as may be required by the regulatory authority.

The Municipality agrees to reimburse us, upon request, at our standard billing rates for our professional time and expenses, including reasonable legal fees, incurred in dealing with the matters described above.

### Release and indemnification

You agree to release, indemnify and hold harmless Doane Grant Thornton, its affiliates and their respective directors, officers, partners, principals, employees, consultants and contractors from any and all claims, liabilities, costs and expenses (including any and all legal expenses incurred by Doane Grant Thornton) arising out of or based upon:

- a) any misstatement or omission in any material, information or representation supplied or approved by you;

- b) any third party claim relating to or arising out of this Engagement; or
- c) any other matter related to or arising out of this Engagement, except to the extent finally determined to have resulted from the negligence, wilful misconduct or fraudulent behaviour of Doane Grant Thornton.

### **Limitation of liability**

In any action, claim, loss or damage arising out of the Engagement, you agree that Doane Grant Thornton's liability will be several, and not joint and several and you may only claim payment from Doane Grant Thornton of its proportionate share of the total liability based on its degree of fault as finally determined. Any action against us must be commenced on or before the date which is the earlier of i) eighteen months from the completion of the Services; and ii) the date by which an action must be commenced under any applicable legislation other than limitation legislation.

The total liability assumed by Doane Grant Thornton for any claim, loss or damage arising out of or in connection with the Engagement, regardless of the form of action, claim, loss or damage be it tort, contract or otherwise, shall in no event exceed the aggregate of the professional fees paid to Doane Grant Thornton for that portion of the Services that has given rise to the claim. In addition, Doane Grant Thornton shall not under any circumstances be liable for any special, indirect or consequential damages, including without limitation, lost profit or revenue, or similar damages.

### **Standard terms and conditions**

This letter and our standard terms and conditions attached as [Schedule A](#), shall form the basis of the Engagement.

### **Survival of terms**

This engagement letter will continue in force for subsequent audits unless terminated by either party by written notice prior to the commencement of the subsequent audit.

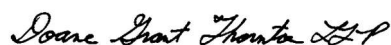
### **Acceptance of engagement letter**

Please confirm your acceptance of this Engagement by signing below and returning this letter to us.

We are proud to serve you and we appreciate your confidence in our work. If you have any questions about the contents of this letter, please raise them with us.

Yours sincerely,

### **Doane Grant Thornton LLP**



James D. Brennan, CPA, CA  
Principal

JDB/jf

The services and terms as set forth in this letter are agreed to.

**City of Port Colborne**

By:

"Bryan Boles"

(Signature)

Bryan Boles, CPA, CA, MBA

(Name)

Director of Corporate Services

(Title)

January 9, 2025

(Date)

## Schedule A

### Terms and conditions

Except as otherwise specifically stated in the Engagement, the following general terms and conditions apply to and form part of the Engagement.

**Responsibilities** – Doane Grant Thornton shall use all reasonable efforts to complete the Services within the time-frame, if any, stipulated in the Engagement. Doane Grant Thornton shall not be liable for failures or delays in performance of the Services that arise from causes beyond its control, including the untimely performance by the Municipality of its obligations and responsibilities as set out in the Engagement.

In addition, Doane Grant Thornton reserves the right, in whole or in part, to decline the performance of any Service(s) if, in the sole discretion of Doane Grant Thornton, the performance of any of the Services may cause Doane Grant Thornton to be in violation of any applicable law, regulations, professional standards or obligations or which may otherwise result in damage to Doane Grant Thornton's reputation.

**Information and announcements** – The Municipality shall cause to be provided or provide Doane Grant Thornton with all material information in its possession or control or to which it has access and such other information as Doane Grant Thornton deems relevant for the purposes of the Engagement. The Municipality shall also provide where applicable, access to its directors, officers or professional advisers as required to complete the Services. The Municipality undertakes that if anything occurs after the supply of any such information or documents which would render same inaccurate, untrue, unfair or misleading it will promptly notify Doane Grant Thornton and take all such steps as Doane Grant Thornton may require to correct such information or documents.

Unless otherwise contemplated or permitted by the Engagement, any advice, reports (including the audit report), compiled or reviewed financial statements, discoveries, information or opinions, whether written or oral, rendered or provided by Doane Grant Thornton to the Municipality (and/or its affiliates) ("Deliverables"), or any communications between Doane Grant Thornton and the Municipality (and/or its affiliates) in connection with the Engagement may not be disclosed to any third party without the prior written consent of Doane Grant Thornton with the exception of any applicable Canadian taxing authorities and the Municipality's financial institution. Any Deliverables shall be solely for the benefit of the Municipality and not for the benefit of any third party and may be relied upon only for the purpose for which the Deliverable is intended as contemplated or defined within the Engagement. Doane Grant Thornton recognizes no responsibility whatsoever, other than that owed to the Municipality as at the date on which the Deliverable is given to the Municipality by Doane Grant

Thornton, for any unauthorized use of or reliance on any Deliverables. Unless otherwise expressly provided for within the Engagement or upon written consent of Doane Grant Thornton, no Deliverables shall be used or relied on by the Municipality as expert evidence or included as evidence in any litigation or court proceeding. Notwithstanding any term within the Engagement and by way of an exception to this paragraph, nothing within the Engagement shall prohibit the disclosure by the Municipality or Doane Grant Thornton to any person or to the Minister of National Revenue, or the Quebec Minister of Finance as applicable, of the details, including the tax treatment or structure of any transaction or series of transactions, contemplated by the Deliverables, if the transaction or series or transactions would be, or would otherwise be if not for this exception, i) a reportable transaction or an avoidance transaction, as defined by subsection 237.3(1) of the *Income Tax Act* (Canada) ("ITA"), or a series of transactions including an avoidance transaction under which a tax benefit to the Municipality results or would result but for section 237.3(1) of the ITA; ii) a notifiable transaction as defined by 237.4(1) of the ITA; iii) a confidential transaction under section 1079.8.6 of the *Taxation Act* (Quebec) ("TA"); or iv) any other type of reportable tax avoidance transaction or similar type of transaction requiring disclosure to a taxing authority as defined by any other applicable legislation or regulations.

The Municipality acknowledges that the Services will involve analysis, judgement and other performance from time to time in a context where the participation of the Municipality or others is necessary, where answers often are not certain or verifiable in advance and where facts and available information change with time. Accordingly, the Municipality agrees that the evaluation of the Services provided by Doane Grant Thornton shall be based solely on Doane Grant Thornton's substantial conformance with any standards or specifications expressly set forth within this Engagement and applicable professional standards, and any claim of non-conformance (and applicably of such standards) must be clearly and convincingly shown. Unless the Municipality or Doane Grant Thornton agree otherwise in writing, Doane Grant Thornton shall have no responsibility to update any of the Services or Deliverables after their completion, and any such updates will be billed at Doane Grant Thornton's then current hourly rates.

**Independence** – In the event, the Municipality is (i) an entity that is registered with the United States Securities and Exchange Commission; or (ii) an affiliate of a registrant, and a provision(s) contained within the Engagement would be prohibited by, or impair the independence of, any member firm of Grant Thornton International Ltd ("Grant Thornton International") under any law or regulation applying to the Municipality, such provision(s) shall not apply to the Engagement to the

extent that is necessary to avoid the prohibition against or impairment of the referenced independence of the respective Grant Thornton International member firm.

**Independent contractor** – Doane Grant Thornton shall provide all services as an independent contractor and nothing in this Engagement shall be construed as to create a partnership, joint venture or other similar relationship with the Municipality or any other party. Neither the Municipality nor Doane Grant Thornton shall have the right, power or authority to obligate or bind the other in any manner.

**Subcontracting** – The Municipality agrees that Doane Grant Thornton may authorize, allow or require its affiliates and contractors to assist in the performance of the Services and to share in Doane Grant Thornton's rights under the Engagement, including any protections available thereunder, provided that such party(ies) shall commit (as applicable) to be bound by the obligations set forth in the Engagement.

**Grant Thornton International Ltd** – Doane Grant Thornton is a Canadian member of Grant Thornton International Ltd., a global organization of member firms in over 100 countries. Member firms are not members of one international partnership or otherwise legal partners with each other. There is no common ownership, control, governance, or agency relationship between member firms.

**Assisting Firms** – Unless otherwise stipulated within the Engagement, this Engagement is with Doane Grant Thornton. In the course of providing the Services, we may at our sole discretion, draw upon the resources of or subcontract a portion of the Services to another entity (including a partnership) which may carry on business under the name which may include within its name "Grant Thornton" or be another member firm of the worldwide network of Grant Thornton International Ltd. member firms (hereinafter "GTIL Member Firms").

Unless a GTIL Member Firm is directly contracted by you to provide any of the Services which are subject to this Engagement, the provision of those Services remain the responsibility of Doane Grant Thornton and the Municipality agrees that it will not bring any claim, whether in contract, tort (including negligence) or otherwise against any GTIL Member Firm in respect of this Engagement or the Services defined herein. In these circumstances, any GTIL Member Firm that deals with you for the purpose of completing the Services does so on behalf of Doane Grant Thornton. The provisions of this clause have been stipulated for the benefit of GTIL Member Firms. GTIL Member Firms will have the right to rely on this clause as if they were parties to the Engagement and will have the right (subject to the discretion of the courts) to a stay in proceedings if you bring any claim against any GTIL Member Firms in breach of this clause.

**Non-solicitation** – The Municipality agrees that it shall not solicit for employment or hire any of the partners, principals, employees or consultants of Doane Grant Thornton who are involved in the performance of the Services during the term of the Engagement and for a period of twelve (12) months thereafter.

**Confidentiality** – All information which Doane Grant Thornton receives from the Municipality or the Municipality's directors, officers, agents, advisors or counsel in connection with the Engagement and which is for the time being confidential ("Confidential Information"), will be held in strict confidence, provided that Doane Grant Thornton shall be free to, without the requirement to seek any further consent or authorization from the Municipality, make disclosures (a) as a result of any applicable law or regulation (including any disclosure, notification or other reporting obligation under the *Income Tax Act (Canada)*, *Taxation Act (Quebec)* or any other applicable legislation), court or other order binding upon it, under the laws of, or pursuant to any governmental action (including requests and orders), regulatory requirement, or professional standard obligations (including disclosure to a provincial institute of chartered professional accountants); (b) of such information to any professional advisers, consultants and contractors, including GTIL Member Firms it may consult in connection with the Engagement and the performance of the Services; and (c) as set out in the Engagement.

Doane Grant Thornton may disclose Confidential Information to GTIL Member Firms for the purposes of fulfilling its professional obligations to manage conflicts of interest and to maintain auditor independence. Confidential Information may also be disclosed as part of compliance reviews or to implement standardized performance measurement, client relationship management and documentation systems within the global Grant Thornton network. The Confidential Information disclosed may include ownership information and information about related entities and such information may be stored, processed and accessed from locations outside of Canada.

Notwithstanding anything to the contrary contained within the Engagement, Doane Grant Thornton shall not be obligated to treat as confidential, or otherwise be subject to any restrictions on use, disclosure or treatment as contained within the Engagement, of any information disclosed by the Municipality which, (i) is rightfully known by Doane Grant Thornton on a non-confidential basis prior to its disclosure by the Municipality; (ii) is independently developed by Doane Grant Thornton without reference to or use of the Municipality's Confidential Information; (iii) is or later becomes publicly available without violation of the Engagement; or (iv) is lawfully obtained by Doane Grant Thornton from another party.



**Working papers/reports** – The advice or opinions of Doane Grant Thornton, including all materials, reports, information, data, and work created, developed or performed by Doane Grant Thornton during the course of the Engagement (“the Doane Grant Thornton Materials”) shall belong to Doane Grant Thornton, with the exception of final tax returns, original contracts, other documents of title held to the Municipality's order and any documents the return of which the Municipality has stipulated, on or prior to their release to Doane Grant Thornton (the “Municipality Materials”). Notwithstanding the foregoing, (i) Doane Grant Thornton may retain a copy of the Municipality Materials (including Confidential Information) as required by Doane Grant Thornton, in its sole discretion, to meet any obligations imposed by professional standards; and (ii) nothing shall require the return, erasure or destruction of back-ups made in accordance with Doane Grant Thornton's document-retention procedures.

**Conflict of interest** – Doane Grant Thornton, its associated entities and GTIL Member Firms are involved in a wide range of financial advisory activities out of which conflicting interests or duties may arise. Within Doane Grant Thornton, its associated entities and GTIL Member Firms, practices and procedures are maintained to restrict the flow of information and thereby manage or assist in managing such conflicts in a proper manner. Nothing within this Engagement will be interpreted to preclude Doane Grant Thornton, its associated entities and GTIL Member Firms from engaging in any transaction or representing any other party at any time or in any capacity, provided that Doane Grant Thornton shall not, knowingly provide services to another party under circumstances which would place Doane Grant Thornton in a direct conflict of interest during the term of the Engagement without the Municipality's prior written consent. In the event Doane Grant Thornton becomes conflicted, as determined in its discretion, Doane Grant Thornton shall be permitted, but not obligated to, terminate this Engagement without any additional liability to the Municipality, upon fourteen (14) days prior written notice.

**Access to and disclosure of information** – Doane Grant Thornton is committed to the protection of personal information. During the course of planning, performing and reporting the result of the Services, Doane Grant Thornton, its employees, partners, contractors, consultants, and GTIL Member Firms may need to obtain, use and disclose Municipality information (including Confidential Information and personal information) in the possession of, or under the control of the Municipality. The Municipality acknowledges this potential use and/or disclosure and agrees that it is responsible for obtaining, where required under applicable law or regulation, a court order or consent from any third party in order to permit Doane Grant Thornton, its employees, partners,

contractors, consultants, and/or GTIL Member Firms, to access, obtain, use and/or disclose Municipality information (including Confidential Information and personal information) accessed by us or provided to us by the Municipality or a party authorized by the Municipality for the purposes of completing the Services, and/or other disclosure so defined within the Engagement or for those additional purposes as more fully explained within Doane Grant Thornton's privacy policy, as it may be amended from time to time and available at [www.doanegrantthornton.ca](http://www.doanegrantthornton.ca).

**Electronic communication** – Doane Grant Thornton and the Municipality may need to electronically transmit confidential information to each other and to other entities engaged by either party during the Engagement. Electronic methods include, but are not limited to telephones, cellular telephones, electronic mail and facsimiles. These technologies provide for a fast and convenient way to communicate. However, all forms of communications have inherent security weaknesses and the risks of compromised confidentiality cannot be eliminated. Notwithstanding the inherent risks, the Municipality agrees to the use of such electronic methods to transmit and receive information (including confidential information), between Doane Grant Thornton and the Municipality and between Doane Grant Thornton and outside specialists, contractors or other entities engaged by either Doane Grant Thornton or the Municipality. The Municipality further agrees that Doane Grant Thornton shall not be liable for any loss, damage, expense, inconvenience or harm resulting from the loss, delay, interception, corruption or alteration of any electronic communication due to any reason whatsoever.

The Municipality also agrees that Doane Grant Thornton professionals shall be authorized to connect their computers to the Municipality's IT network, subject to any specific restrictions the Municipality provides to Doane Grant Thornton. Connecting to the Municipality's IT network or the internet via this network, while at the Municipality's premises, will be primarily for the purpose of conducting normal business activities, and those relating to the completion of the Services.

**Expenses** – If applicable, the Municipality will reimburse Doane Grant Thornton for all reasonable out-of-pocket expenses incurred by Doane Grant Thornton in entering into and performing the Services, whether or not it is completed, including but not limited to, travel, telecommunications costs, fees and disbursements of other professional advisers, and other disbursements customary in engagements of this nature. All other out-of-pocket expenses will be charged at cost as incurred by Doane Grant Thornton.

**Taxes** – All fees and other charges payable to Doane Grant Thornton do not include any applicable federal, provincial, or other goods and services tax or sales tax, or any other taxes or duties whether presently in force

or imposed in the future. All sums payable to Doane Grant Thornton hereunder shall be paid in full without withholding or deduction.

**Billing** – All invoices issued by Doane Grant Thornton hereunder are due within 30 days of the invoice date. Interest will be charged on all overdue accounts at a rate of 1.5% per month (18% per annum) until paid. Fees paid or payable to Doane Grant Thornton under this Engagement are non-refundable and shall not be subject to set-off. Unless otherwise directed by Doane Grant Thornton, all fees, expenses and other sums will be billed and payable in Canadian Dollars.

**Termination** – Either the Municipality or Doane Grant Thornton may terminate the Engagement upon fourteen (14) days prior written notice to the other party. In addition to the foregoing, Doane Grant Thornton may also terminate the Engagement in the event of a breach of any term of the Engagement by the Municipality which is not cured by the Municipality within ten (10) days of receipt of written notice as to the breach. Upon termination for any reason, the parties shall return each other's confidential information, except that Doane Grant Thornton may retain one copy for its working papers and one copy of the Municipality Data may also be retained by Doane Grant Thornton even if same may contain confidential information of the Municipality. In addition to its rights of termination provided herein and notwithstanding anything to the contrary in the Engagement, Doane Grant Thornton shall also have the right (i) upon five (5) days prior written notice to the Municipality, to suspend or terminate its Services in the event the Municipality fails to pay Doane Grant Thornton any amount due to it under the terms of the Engagement; or (ii) immediately upon written notice to the Municipality, terminate its Services in the event Doane Grant Thornton discovers any information which Doane Grant Thornton determines, in its sole discretion, may affect its reputation, integrity or independence. In the event of termination, the Municipality agrees to compensate Doane Grant Thornton for all time expended and costs incurred up to and including the date of termination.

**Severability** – Each provision of this Engagement is severable and if any provision (in whole or in part) is or becomes invalid or unenforceable or contravenes any applicable regulations or laws, the remaining provisions and the remainder of the affected provision (if any) will not be affected.

**Assignment** – No assignment shall be made by either party of their respective obligations under this Engagement without the prior written consent of the other party.

**Publication** – Under no circumstances without the express prior written consent of Doane Grant Thornton, shall the Municipality disclose, release, use, make reference to, or quote Doane Grant Thornton's name, logo or any Deliverable (whether written or verbal)

within any press release, press conference, website update, media release or any other form of public disclosure ("Disclosure Document") other than for litigation purposes, but only to the extent and in the manner that such use is contemplated by the Engagement. In the event the Municipality wishes to seek Doane Grant Thornton's consent as required by the Engagement, the Municipality shall provide to Doane Grant Thornton a copy of such Disclosure Document for prior approval, which approval may be unreasonably withheld. As aforementioned, notwithstanding the terms of this paragraph, the Municipality is not prohibited from disclosing details, including the tax treatment or structure of any transaction, if the transaction or series of transactions would be, or would otherwise be if not for this exception, i) a reportable transaction or an avoidance transaction, as defined by subsection 237.3(1) of the ITA, or a series of transactions including an avoidance transaction under which a tax benefit to the Municipality results or would result but for section 237.3(1) of the ITA; ii) a notifiable transaction as defined by 237.4(1) of the ITA; iii) a confidential transaction under section 1079.8.6 of the TA; or iv) any other type of reportable tax avoidance transaction or similar type of transaction requiring disclosure to a taxing authority as defined by any other applicable legislation or regulations.

**Municipality representations, warranties and covenants** – The Municipality represents, warrants and covenants to Doane Grant Thornton that:

- a. the execution, delivery and performance of the Engagement has been duly authorized and does not, and with the passage of time, will not conflict with or violate any contractual, statutory, common law, legal, regulatory or other obligation by which the Municipality is bound; and
- b. the Engagement is the legal, valid and binding obligation of the Municipality, enforceable in accordance with its terms.

**Doane Grant Thornton representations, warranties and covenants** – Doane Grant Thornton represents, warrant and covenants to the Municipality that Doane Grant Thornton will provide the Services described within the Engagement in a professional and competent manner. Doane Grant Thornton makes no other representation or warranties and explicitly disclaims all other warranties and representations whether expressed or implied by law, usage of trade, course of dealing or otherwise.

**Surviving provisions** – The Municipality's obligations in respect of confidentiality, payment of fees and expenses, limitation of liability and Release and Indemnification as outlined within the Engagement and these terms and conditions shall survive termination of the Engagement.

**Governing law and forum** – The Engagement, including these terms and conditions shall be governed by and construed in accordance with the laws of the Province in which the Engagement was signed by Doane Grant Thornton.

**Other matters** – The failure of either party to insist on strict performance of the Engagement, or to exercise any option herein, shall not act as a waiver of any right, promise or option, but the same shall be in full force and effect. No waiver of any term or provision or of any breach or default shall be valid unless in writing and signed by the party giving such waiver, and no such waiver shall be deemed a waiver of any other term or

provision or any subsequent breach or default of the same or similar nature.

**Complete agreement** – This Engagement, including these terms and conditions and any schedules, sets forth the entire understanding of the parties relating to the subject matter hereof and supersedes and cancels any prior communications, understandings, and agreements between the parties. This Engagement may not be amended or modified except in writing between the parties and shall inure to the benefit of and be binding upon the parties and their respective successors and assigns.

# Appendix C – Auditing developments

Canadian Exposure Drafts issued by the AASB	Effective date
<p data-bbox="296 529 1339 574"><b>Potential revisions to CAS 240 <i>The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements</i></b></p> <p data-bbox="296 591 1436 708">High quality audits contribute to the efficiency of capital markets and financial stability. In recent years, corporate failures and scandals have brought the topic of fraud to the forefront and led to questions from stakeholders about the role and responsibilities of the auditor relating to fraud in an audit of financial statements. This led the IAASB to initiate a project to revise the standard. In February 2024, the IAASB issued its Exposure Draft and the AASB has issued a corresponding Exposure Draft. The Exposure Draft proposes several key changes, which include:</p> <ul data-bbox="296 724 1436 911" style="list-style-type: none"><li data-bbox="296 724 1010 743">• Clarifying the roles and responsibilities of the auditor with respect to fraud</li><li data-bbox="296 760 1052 779">• Establishing more robust requirements if fraud or suspected fraud is identified</li><li data-bbox="296 795 1241 815">• Reinforcing the importance of exercising professional skepticism in fraud-related audit procedures</li><li data-bbox="296 831 1436 876">• Strengthening communications through the audit with management and those charged with governance about matters related to fraud</li><li data-bbox="296 893 1178 912">• Adding transparency on fraud-related responsibilities and procedures in the auditor’s report</li></ul>	<p data-bbox="1482 529 1791 721">The comment period for the Exposure Draft ended on May 6, 2024. It is expected that the effective date for the revised standard will be for periods beginning in 2026 but the exact effective date will depend on when the standard is approved.</p>
<p data-bbox="296 938 1436 984"><b>Proposed Canadian Standard on Sustainability Assurance (CSSA) 5000, <i>General Requirements for Sustainability Assurance Engagements</i></b></p> <p data-bbox="296 1000 1436 1094">In September 2022, the IAASB approved a project proposal to develop a new overarching standard for sustainability assurance engagements. In January 2023, the AASB approved a project proposal to concurrently adopt this international standard with any potential additional Canadian amendments, as a first of its kind Canadian Standard on Sustainability Assurance (CSSA).</p> <p data-bbox="296 1110 1436 1247">CSSA 5000 will not be a financial statement audit standard, but rather will serve as a comprehensive, standalone standard suitable for sustainability assurance engagements. It will apply to sustainability information reported across any appropriate sustainability topic, prepared according to any suitable framework, including the recently released IFRS Sustainability Disclosure Standards S1 and S2. The proposed standard is profession agnostic, supporting its use by both professional accountant and non-accountant assurance practitioners who meet the relevant ethical and quality management requirements, and will apply to both limited and reasonable assurance engagements.</p>	<p data-bbox="1482 938 1791 1130">The comment period for the Exposure Draft ended on November 6, 2023. It is expected that the effective date will be for periods beginning in 2026, but the exact effective date will depend on when the standard is approved.</p>