



CHARTERED PROFESSIONAL ACCOUNTANTS

CLARITY. DIRECTION. RESULTS.

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THE CORPORATION OF THE TOWN OF MINTO
PROPOSAL FOR AUDIT SERVICES

YEARS ENDED

DECEMBER 31, 2017

DECEMBER 31, 2018

DECEMBER 31, 2019



FIRM PROFILE

FIRM STRUCTURE AND RESOURCES

Ward & Uptigrove Chartered Professional Accountants (“Ward & Uptigrove”) has eight active Partners – Kris Uptigrove, Wil Bakker, Ryan Deyell, John Padfield, Paul Hak, Brad Buchanan, Dave LeGault and Besnik Sulemanovski. Pete Verbeek, Jennifer MacArthur, Brendan Magee, Tim Bridge, Michael Weber and Brad Bakker are Principals of the firm. Robert Uptigrove, Clare Newell, Tom Soltys and Robert Loree are retired as active Partners in the firm but continue to act as Advisory Counsel. Our Partners and Principals are experienced, approachable and committed to our clients’ success.

The firm employs an additional seven professionally designated accountants plus approximately thirty five support staff that include students-in-accounts, accounting technicians, computer technicians, and administrative staff. A major strength of our firm has been our ability to attract and maintain highly qualified and loyal employees. Our minimal staff turnover provides many benefits to our clients including more efficient accounting and auditing engagements, ease of contact, timely delivery of services and the ability to implement superior confidentiality and ethics policies.

The firm is located in Listowel but provides accounting, auditing, taxation and business advisory services to a wide variety of clients throughout Southwestern Ontario. We are one of the largest independent accounting firms in this region.

Ward & Uptigrove serves a variety of clients in the business, farming and professional industries. These entities range from locally concentrated family owned entities with minimal revenues to large entities and co-operatives whose annual revenues exceed \$20 million.

Ward & Uptigrove serves a variety of additional clients which include manufacturing companies, veterinary professionals, other professionals, service sector businesses, not for profit entities, and retailers.

VALUE ADDED SERVICES

Many businesses engage their auditors in an advisory capacity. We would be pleased to assist you with various business decisions while ensuring we recognize our requirement to remain independent in our role as external auditors.

Our firm has the capabilities to assist with information systems, compensation issues, labour negotiations, human resources, and investment management. For a more complete list of our firm’s services, please locate our website at www.wardanduptigrove.com.

Correspondence with clients involves two newsletters annually, usually late summer and December, informing our clients of relevant changes to various government legislation such as Income Tax, HST, WSIB, accounting practice matters and other relevant topics. Our approach is to “inform” and to “provide practical advice” to our clients. When we become aware of important changes to relevant topics such as corporate governance issues or accounting guidelines, we formally discuss with management and the Board of Directors of our clients at that time.



ENGAGEMENT TEAM

The Corporation of the Town of Minto audit team will be led by Ryan Deyell, CPA, CA, a Partner with our firm. Ryan will lead other members of the engagement team and act as a primary contact for management during the course of the audit. Ryan is actively involved in providing audit services to our clients, and received his Chartered Accountant designation in 2000. Ryan is involved in numerous audits with businesses, co-operatives and non-for profits clients of the firm.

David Richenback, CPA will also be an integral member of the audit team. David recently joined our firm and has extensive experience in auditing and financial reporting. David has been in public accounting practice for 45 years and has led the Corporation of the Town of Minto audit independently for the past 17 years.

Our goal with all our clients is to provide the same audit team over multiple years. We strongly believe that minimizing staff turnover decreases disruption, increases client satisfaction, and results in lower auditing costs. Other Ward & Uptigrove staff to be assigned to the engagement will depend partly on the proposed timing of work to be performed, which will be determined after discussion with management.

The firm's Chartered Professional Accountants are licensed by The Public Accountants Council for the Province of Ontario. As is the norm in our profession, the firm has practice inspection reviews by the Chartered Professional Accountants of Ontario to ensure our standards are at the appropriate professional levels. Members of the firm and the audit team participate in ongoing professional development as offered by the Chartered Professional Accountants Canada and other professional organizations.

Should the Corporation of the Town of Minto find our Proposal for Audit Services suitable; references can be made available upon request for the council or management.

CONFIDENTIALITY AND OUR CLIENTS

Our professional responsibilities are simple – client information is confidential. We do not discuss our clients' affairs with anyone other than the immediate engagement team and authorized members of client staff, as directed. This requirement is so important to us at Ward & Uptigrove that we have all of our staff (including administrative staff) sign a confidentiality agreement on an annual basis. A breach of any confidentiality is grounds for immediate dismissal.

Confidentiality at Ward & Uptigrove is fully enforced by Canada's commercial privacy standards, the Personal Information Protection and Electronic Documents Act (PIPEDA), which requires privacy compliance in private-sector commercial activity. It establishes new rules to recognize the privacy rights of individuals with respect to the collection, use, disclosure and retention of their personal information. In compliance with such framework, Ward & Uptigrove established a standard not just in the confidentiality of individuals within our organization, but also within our clientele.



ADDITIONAL REQUIREMENTS

OUR AUDIT APPROACH

Our audit teams work collaboratively with clients from the outset of engagements to establish clearly defined timelines and deliverables in order to meet necessary deadlines. This collaborative approach allows us to have regular contact with our clients, providing the opportunity for issues to be dealt with as they arise rather than during busier peak periods.

We understand the pressures faced by clients to provide timely, accurate information to the users of the financial statements and work together with them to alleviate those pressures.

Our audit approach follows standards outlined by the Chartered Professional Accountants of Canada. Generally, those standards dictate that we:

1. Understand The Corporation of the Town of Minto.

We must understand the accounting systems implemented by the organization to enable management to generate, monitor, and analyse financial information. In addition, we must review the systems the organization utilizes in order to maintain control over its resources. We perform walkthroughs of key controls to determine whether they have been designed and implemented effectively.

2. Evaluate the Controls of The Corporation of the Town of Minto.

If controls are designed and implemented effectively, we may complete testing of those controls. This determination is dependent on various factors such as the materiality of the cycle and number of transactions involved. If we place reliance on the above noted controls, we will complete testing of those controls. The testing of controls often provides for a more efficient audit and allows greater work to be performed at an interim period prior to the year end of the client, reducing year end time pressures.

3. Audit Specific Financial Information

After considering our results of the above steps, we will design our audit procedures for each significant financial statement account. Our risk-based approach focuses on obtaining sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriately low level. This means that we focus our audit work on higher risk areas that have a higher risk of being materially misstated.

In responding to our risk assessment, we will use a combination of tests of controls, tests of details and substantive analytical procedures. The objective of the tests of controls is to evaluate whether certain controls operated effectively. The objective of the tests of details is to detect material misstatements in the account balances and transaction streams. Substantive analytical procedures are used to identify differences between recorded amounts and predictable expectations in larger volumes of transactions over time.

We believe that this differs from other firms in the amount of time we spend on understanding our client. We firmly believe that this allows us to identify the financial and non-financial risks, perform timelier focused audit testing, and provide more value added services and discussions.



USE OF SPECIALISTS

One of our significant strengths, and difference from most other professional services firms are our “in house” specialists in our consulting firm, Ward & Uptigrove Consulting Inc. This allows us to provide services by specialists, such as:

- outsourced human resources department functions
- human resources project design and implementation
- senior financial application services and recruitment assistance
- management coaching and conflict resolution
- health care spending and employee wellness
- pay equity surveys
- assess accounting software needs and recommend appropriate solutions
- install and implement new accounting software solutions
- provide accounting software support and training
- assist with streamlining office processes by using accounting software to full potential

Our firm offers regular updates to clients which are most often done directly by the Partner or Principal in charge either by email or direct conversation to a designated contact, which they can then distribute to relevant parties as they see appropriate. Ward & Uptigrove Human Resources also routinely offers additional seminars free of charge informing our clients by either direct mailings or emails.

INDEPENDENCE

Independence is vital in performing our duties as external auditors. We are required by the Chartered Professional Accountants of Canada to identify and evaluate threats to independence, to apply safeguards to reduce independence issues to an acceptable level, and to communicate to the client matters that bear on independence. The adherence to these professional standards ensures that our firm and our audit team are independent in performing the audit services to The Corporation of the Town of Minto. An annual assessment of the audit team members is performed to ensure that all threats to independence have been mitigated.

We are not aware of any conflicts that would prevent Ward & Uptigrove from being appointed your Independent Auditor for the fiscal years ending December 31, 2017, 2018 and 2019.

FEE COMMITMENT

Our fee is based on the timely completion of a well-documented audit working paper file prepared by The Corporation of the Town of Minto. We are pleased to provide the following fee proposal to provide audit services for the years ending December 31, 2017, 2018 and 2019, which includes:

- Examination of internal controls and accounting systems;
- Implementation of testing procedures;
- Evaluation of test results;
- Issuance of independent auditor’s report on the financial statements;
- Preparation of adjusting entries, if needed;



- Audit of the FR “Financial Report” - the financial statements and various schedules – it is our understanding that Gordon R. Duff, Treasurer, prepares the audited financial statements and various schedules;
- It is our understanding the Gordon R. Duff, Treasurer, prepares the FIR “Financial Information Return”
- Formal issuance of financial statements;
- Attendance at the council meeting to present and review draft financials, if required;
- Preparation of a Management Letter identifying areas of concern or weakness, if so noted

Total audit fee for the year ending December 31, 2017	\$22,000 (plus HST)
Total audit fee for the year ending December 31, 2018	\$23,000 (plus HST)
Total audit fee for the year ending December 31, 2019	\$24,000 (plus HST)

The audit quote above considers moderate growth over the next three audit cycles. Depending on the size and changes within the organization, Ward & Uptigrove reserves the right to negotiate additional costs associated with future growth and/or changes within the organization, or significant changes to accounting standards. Any additional out-of-pocket expenses incurred during the performance of the audit engagement have been included in the above audit fee.

The audit fee quoted includes advice given on routine matters in the normal day to day operations of The Corporation of the Town of Minto in regards to accounting policies and audit procedures, documentation and reporting. The fee also assumes the timely completion of a well-documented audit working paper file prepared by The Corporation of the Town of Minto.

Any special work requiring in-depth research and/or assistance would be considered special work and billed on an hourly basis. Special work performed could include but not limited to: share discussion and analysis, share transactions and corresponding tax planning, cash flow analysis, discussion with bankers on bank covenants, business purchases, preparation of T4's and T5s, and discussion with council members outside of the normal scope of the audit.

Any work beyond the scope of services discussed above will be discussed with the management prior to it proceeding, and any increase in the audit fee will be immediately disclosed to management. While some adjustments are to be expected during any audit of financial statements, this quote does not contemplate significant amounts of assistance such as entries to reconcile bank accounts, record or adjust accounts receivables or payables or deferred revenues, or process significant amounts of journal entries after the trial balance has been received.

GENERAL COMMUNICATION

During the course of the engagement, Ward & Uptigrove strives to ensure that they are actively aware in changes within the organizational structure, industry filings and reporting requirements of The Corporation of the Town of Minto. Our audit approach of performing audit work at varying times during the year to avoid placing large amounts of work in peak



reporting periods means that we are in regular communication with varying levels of staff.

OTHER MATTERS

Quality control at Ward & Uptigrove follows guidelines from the Canadian Standard on Quality Control (CSQC) which deal with a firm's responsibilities for its system of quality control for audits and reviews of financial statements, and other assurance engagements. The firm has implemented a quality control program involving policies and procedures to provide it with reasonable assurance that the firm maintain its standard on engagement quality. To mitigate risks, the quality control program involves a file quality review for all audit engagements.

Our firm's commitment to client service ensures our ability to meet strict timeframes for delivery of financial statements. We are committed to ensuring that all communication with management and council is performed effectively during the course of the audit engagement. Our audit team will provide clear communication of the auditor's responsibilities, the planned scope and timing of the audit engagement through formal and informal meetings, email correspondence and letters.

We thank you for the opportunity to prepare a quote to provide audit services to The Corporation of the Town of Minto

Your truly,

Ward & Uptigrove

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