



December 17, 2025

The Corporation of the Town of Grand Valley  
5 Main Street North  
Grand Valley, ON  
L9W 5S6

Dear Members of Council:

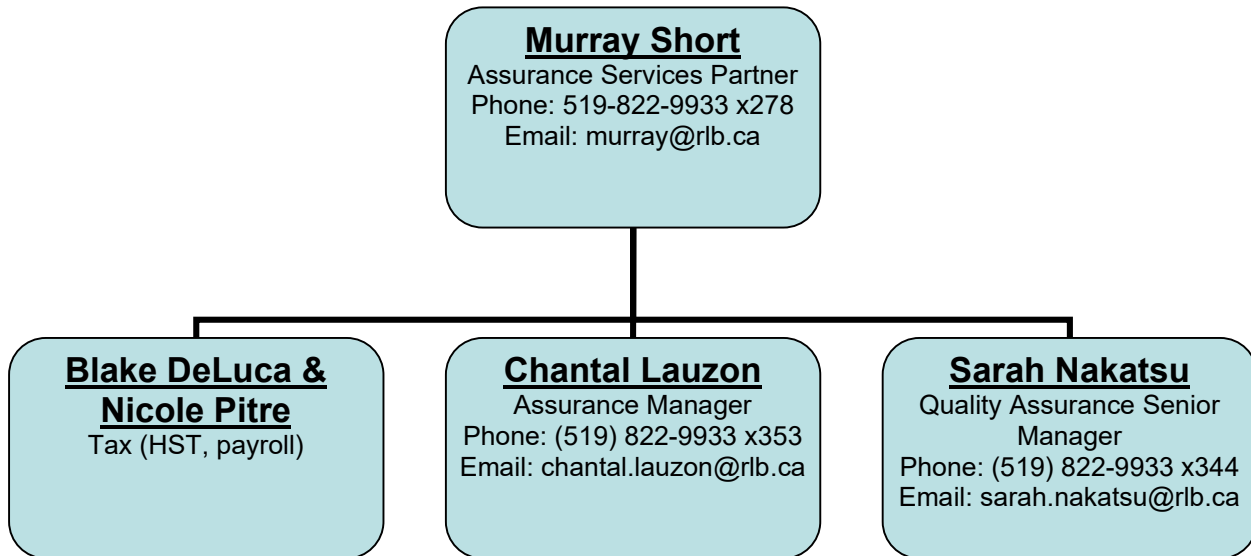
Thank you for appointing RLB LLP as auditors of The Corporation of the Town of Grand Valley for the year ended December 31, 2025. The purpose of this letter is to communicate our 2025 audit plan for The Corporation of the Town of Grand Valley and to ensure that management and Council are aware of the following:

- Objectives and scope of our audit
- Planned approach for the 2025 financial statement audit
- Update on issues that may impact the audit in current and future years
- Areas of emphasis

**RLB LLP's Objective and Scope of our Audit**

- Obtain reasonable assurance that the financial statements are free of material misstatement.
- Evaluate the fairness of presentation of the financial statements in conformity with accounting standards established by the Chartered Professional Accountants of Canada.
- Report to management and Council:
  - Significant internal control weaknesses,
  - Matters required under Canadian Auditing Standards,
  - Matters we believe should be brought to your attention.

## RLB LLP's Assurance Service Team



### Financial Reporting Responsibilities

#### *Council*

- Set strategic objectives
- Provide effective corporate governance
- Ensure accurate financial reporting and sound internal controls
- Review performance measures

#### *Management*

- Maintain cost-effective internal control environment
- Provide timely and accurate disclosure of financial results
- Report results on a fair and consistent basis
- Exercise care in establishing accounting estimates
- Apply appropriate accounting principles

#### *RLB LLP*

- Perform cost-effective audits
- Review the effectiveness and reliability of key internal controls
- Assess accounting principles, estimates and financial disclosures
- Provide year end reporting to Council
- Audit report on the financial statements

### Management Deliverables

- Prepare required information as agreed with RLB LLP to be able to perform the audit
- Provide documentation and support for accounting used by management for all significant or unusual transactions and estimates
- Identify related parties, if applicable
- Provide representation letter

### RLB LLP Deliverables

- Communicate with management and Council to review audit plan
- Review financial statements and management letter findings with management and Council
- Provide audit opinion on financial statements
- Prepare and file Financial Information Return
- Report to Council as required under CAS 260, 265 and 580
- Seek pre-approval from management or Council for all additional services

### Audit Approach

- Examine accounting systems and controls for all significant transaction cycles
- Adopt a control reliance strategy where appropriate to increase audit efficiency
  - Taxation revenue, cash receipts, taxes receivable
  - Purchases, disbursements, payables
  - Payroll
- Substantive testing of year end balances including grant revenue and receivables
- Search for unrecorded liabilities
- Independence reporting

### Audit Timeline

Interim Audit Testing	November 19, 2025
Communication of Audit Plan to Management	December 17, 2025
Communication of Audit Plan to Council	December 17, 2025
Year-end Testing	March 2 - 6, 2026
Reporting to Council	TBD
Issuance of Audit Report and Financial Statements	To follow Council approval

## **Annual Inquiry Related to the Risk of Fraud**

Please consider the following questions to help determine the specific risks of fraud and error with the municipality. We will provide the annual representation letter for signature by management with the audited Financial Statements, where representation will be made regarding the assessment of fraud at the municipality.

- Are you aware of any instances of fraud perpetrated against the municipality by any of its employees, management, or Council?
- Are you aware of any instances of fraud perpetrated by the municipality against creditors, suppliers, lenders, investors, funders, government agencies, or any other business associates?
- Do you believe there is a high level of risk of fraud being perpetrated against or by the municipality – specifically, which risks are classified as the highest risk, and what specifically is management or those charged with governance doing to mitigate these risks?
- Has Council made an assessment of the entity's susceptibility to fraud?
- Does management have a process for identifying and responding to fraud risk factors?

If you have any information to report to us on the above, please contact Murray Short or Chantal Lauzon at 519-822-9933.

## **New Public Sector Accounting Standards**

There are no new standards which would impact the audit for the fiscal year ended December 31, 2025. The following new standards will impact future years.

*These are effective for fiscal years beginning on or after April 1, 2026:*

- The Conceptual Framework for Financial Reporting in the Public Sector – defines a conceptual framework and provides additional guidance on the role of financial statements and the objectives of financial reporting.
- PS 1202: Financial Statement Presentation – sets out general and specific requirements for the presentation of information in the financial statements including the identification of financial and non-financial liabilities, a new statement of net financial assets or net financial liabilities, and new budget requirements in order to present an amended budget.

*These are effective for fiscal years beginning on or after April 1, 2030:*

- PS 3150: Tangible capital assets – amendments add a new criterion to the definition of a tangible capital asset, new definition of a collection, new disclosure requirements for works of art, historical treasurers and/or collections, and other new guidance for purchased and constructed tangible capital assets.

## 2025 Audit Plan: Materiality

When establishing the overall audit strategy, materiality is determined for assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.

- Planning Materiality - \$460,000
- Materiality
  - Professional judgment that is made in the context of our knowledge, assessment of risk and reporting requirements
  - The materiality amount impacts the extent of the scope of work we perform, as it is based on high- and low-risk scope levels, which are determined as a percentage of materiality (other testing is done on a random sampling basis and is not affected by materiality)
  - Materiality is based on 0.5-1% of total prior year assets
  - We will review all errors in excess of 2% of materiality

## Areas of Emphasis

- Taxation revenue and receivables - collectability
- Grant revenue and receivables - completeness and existence
- Operating expenses - completeness and existence
- Tangible capital assets - completeness, existence and valuation
- Reserve, reserve funds and amounts set aside by Council - completeness and existence

If you have any questions about these or other matters relating to any of our professional services, we would be pleased to discuss them further with you.

Yours truly,

**RLB LLP**

Per:



Murray Short, MBA, CPA, CA, C. Dir.  
Engagement Partner