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June 19th, 2019

The Corporation of the Leeds, Grenville
& Lanark District Health Unit
458 Laurier Blvd.
Brockville, ON K6V 7A3

Attention: Doug Malanka, Board Chair

Dear Mr. Malanka and Board Members:

We would like to thank Ms. Jackie Empey and the employees of the accounting and administration departments of the Health Unit for their assistance during the performance of the audit performed in respect of the Health Unit's December 31st, 2018 year end financial statements.

In planning and performing our audit of the financial statements, we obtained an understanding of internal control over financial reporting relevant to the Health Unit's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Health Unit's internal controls over financial reporting.

Our consideration of internal controls over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified. As a result, any matters reported below are limited to those deficiencies in internal controls that we identified during the audit.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing and extent of audit procedures performed as well as other factors.

Internal control may be broadly defined as processes which have been designed to ensure the orderly and efficient conduct of an entity's business including the discharge of statutory responsibilities, for example safeguarding of assets, prevention and detection of fraud and error, the reliability of accounting records and timely preparation of financial information.



Deficiencies in controls arise when the design of the control is not sufficient to prevent or detect misstatements on a timely basis.

Deficiencies in operations arise when the designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competency to perform the control effectively.

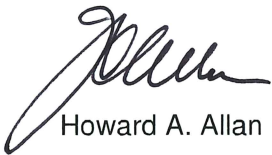
Significant control deficiencies could be identified during the course of the audit engagement. If it is our professional judgement that significant deficiencies exist that merit the attention of those charged with governance, we would address this as part of our year end management letter.

No new control deficiencies identified during the course of the 2018 audit. The status of issues identified in previous audits are outlined below.

It is our pleasure to be of service to the Health Unit in connection with the 2018 audited financial statements.

If you have any questions, please do not hesitate to contact us.

Yours truly,



Howard A. Allan FCPA, FCA



Serena Fortin, CPA, CA

SF/dkp

**Leeds, Grenville & Lanark District Health Unit
2018 Management Comments Work Chart**

Comments from Previous Audits	Status at December 31st, 2018
<p>Payroll Cycle</p> <p>During the course of the 2011 audit, we determined that the same employee is responsible for the entire payroll cycle. This employee is able to both add and delete employees to the system, alter wage rates, approve time as entered into the system by the employee, and release the payroll report to your off site payroll service. The employee has the ability to redirect funds from the Health Unit via alteration of wages rates, or creation of fictitious employees.</p>	<p>We understand that during the year, the process changed such that new detective controls have been introduced into the cycle whereby the payroll is reviewed, approved and transmitted by a manager who does not perform the payroll function. Our key concern is that there is no preventive control in place for the payroll cycle. One employee has access to the entire payroll cycle and has the ability to release the payroll bank transfer without a second person being involved in the process. We understand the issue has been discussed with the Board and the Board has determined they can accept the risk with the risk management procedures currently in place, however, we continue to recommend that one step require electronic password approval by a member of the management team before wage rates can be altered, or an employee can be added to the system. Management of the Health Unit has advised us that there will be new payroll software implemented in the year that should resolve the issue.</p>
<p>Budgeting on a PSAB Basis</p> <p>We note that the budgeting process does not include amounts for amortization, or the activities fo the Ontario Works program</p>	<p>Recognizing that amortization is a non-cash outlay for the Health Unit, we recommend the preparation of the budget be prepared on the PSAB basis. This will provide comparable information on the audited financial statements. We note the 2018 budget included the Ontario Works Program as recommended last year.</p>

Comments from Previous Audits	Status at December 31 st , 2018
<p data-bbox="175 327 521 359">Long Term Financial Plan</p> <p data-bbox="175 415 799 611">We have previously reviewed with staff the process for the development of capital budgets and acknowledge that a multi-year capital budget has been developed for major infrastructure as it relates to the buildings owned by the Health Unit.</p>	<p data-bbox="824 415 1453 814">In order to adequately fund the costs of infrastructure to manage the anticipated growth, we would recommend the continuing development of a long term financial plan. A long term financial plan is developed on an analysis of factors impacting capital and operating budgets. The plan includes assumptions with respect to growth, changes in funding sources, interest rates and debt policies. The goal is to ensure the Health Unit is in a sound financial position.</p> <p data-bbox="824 867 1453 1136">The financial plan would ensure that adequate funding would be available to meet the full range of these costs. In this way, appropriate debt strategies and manageable user rates could be anticipated and provided for, allowing the Health Unit to ensure the future afford ability of the infrastructure.</p>