



**City of Ottawa Sinking Fund
Audit Results
December 31, 2019**



May 25, 2020

We are pleased to provide the required communications related to our audit of the 2019 financial statements of the City of Ottawa Sinking Fund (the “Fund”).

Our audit was designed to express an opinion on the 2019 financial statements. We continue to receive the full support and assistance of personnel in conducting our audit. Open and candid dialogue with you is a critical step in the audit process, and in the overall corporate governance process and we appreciate this opportunity to share the insights from our audit with you.

At Ernst & Young, we continually evaluate the quality of our professionals’ work in order to deliver remarkable client service. We strive to provide you with audit services of the highest quality that will meet or exceed your expectations, and we encourage you to provide feedback on the quality of our audit services.

This report is intended solely for the information and use of the Fund and management of the City of Ottawa. It is not intended to be, and should not be, used by anyone other than these specified parties. We disclaim any responsibility to any third party who may rely on it. Our audit did not necessarily identify all matters that may be of interest to the Fund in fulfilling their responsibilities. The detailed terms of our engagement are outlined in our engagement letter.

We look forward to discussing the contents of this letter and answering any questions you may have about these or any other audit-related matters.

Yours very truly,

A handwritten signature in black ink that reads 'Ernst & Young LLP'. The signature is written in a cursive, flowing style.

Chartered Professional Accountants
Licensed Public Accountants

Suzanne Gignac, CPA, CA
Partner

REQUIRED COMMUNICATIONS

Area	Comments
<p>Auditor’s responsibilities under Canadian GAAS, including discussion of the type of opinion we are issuing</p> <p>The financial statements are the responsibility of management. Our audit was designed in accordance with Canadian auditing standards to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.</p>	<p>Upon completion of our remaining audit procedures noted below, we currently expect to issue an unmodified opinion on the Fund’s financial statements as of and for the year ended December 31, 2019.</p> <p>Remaining audit procedures:</p> <ul style="list-style-type: none"> • Complete subsequent events procedures; • Obtain signed letter of representation; and • Obtain confirmation of approval of the financial statements.
<p>Overview of planned scope and timing</p> <p>We discuss with those charged with governance an overview of the planned audit scope and timing. These discussions are intended to assist those charged with governance in better understanding the consequences of the auditor’s work for their oversight activities, discussing with the auditors issues of risk and materiality, and identifying any areas for which they may request the auditor to undertake additional procedures.</p>	<p>There were no significant changes in the planned scope and timing of our audit. We have executed a primarily substantive audit approach with reliance on the City of Ottawa’s payroll, purchases and payables, and IT general controls. We had an emphasis on appropriate valuation of investments and recognition of levy contributions. Our materiality was set at 2% of assets.</p>
<p>Our responsibility, any procedures performed or expected to be performed and the results relating to other information in documents containing audited financial statements</p> <p>Our responsibility to read the other information in documents containing audited financial statements and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.</p>	<p>No other information.</p>
<p>Major issues discussed with management in connection with initial appointment or recurring retention</p>	

Area	Comments
<p>We discuss with those charged with governance any major professional issues that were discussed (orally or in writing) with management in connection with our initial or recurring retention as the auditor, including, among other matters, any discussions regarding the application of accounting principles and auditing standards, the scope of the audit, financial statement disclosures and the wording of the auditor's report. We communicate those major professional issues we discussed with management, prior to our being hired as the auditors, and during the client's two most recently completed fiscal years and any subsequent interim period.</p>	<p>None.</p>
<p>Significant audit adjustments, including significant disclosure differences that merit the attention of those charged with governance</p> <p>We provide those charged with governance with information about adjustments and disclosure differences that merit the attention of those charged with governance arising from the audit (whether corrected or not) that could in our judgment, either individually or in the aggregate, have a significant effect on the financial statements.</p>	<p>There were no significant audit adjustments or significant disclosure differences identified in relation to the 2019 audit.</p>
<p>Uncorrected misstatements, including significant disclosure differences that merit the attention of those charged with governance, considered by management to be immaterial</p> <p>We inform those charged with governance about uncorrected misstatements accumulated by us (i.e., adjustments either identified by us or brought to our attention by management) during the current audit and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole.</p>	<p>There were no uncorrected misstatements or significant disclosure differences identified in relation to the 2019 audit.</p>
<p>Critical accounting policies and practices</p>	

Area	Comments
<p>We communicate all critical accounting policies and practices used by the Fund in preparing the financial statements and our assessment of the disclosure of such policies.</p>	<p>None.</p>
<p>Our judgments about the quality of the Fund's accounting principles</p> <p>We discuss our judgments about the quality, not just the acceptability, of the accounting policies as applied in the Entity's financial reporting, including the consistency of the accounting policies and their application and the clarity and completeness of the financial statements and related disclosures.</p>	<p>No issues with quality or acceptability of accounting policies applied by the Fund except as noted in this report.</p>
<p>The adoption of, or a change in, an accounting principle</p> <p>We determine that those charged with governance are informed about the initial selection of, and any changes in, significant accounting principles or accounting policies or their application when the accounting principle or its application, including alternative methods of applying the accounting principle, has a material effect on the financial statements.</p>	<p>During the year, the Fund adopted the following standard:</p> <ul style="list-style-type: none"> • PS 3430 – Restructuring Transactions <p>The effect of adopting this standard did not have any impact on the 2019 financial statements.</p>
<p>Methods of accounting for significant unusual transactions and for controversial or emerging areas</p> <p>We determine that those charged with governance are informed about the methods used to account for significant unusual transactions and the effects of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>	<p>We are not aware of any significant unusual transactions recorded by the Fund or of any significant accounting policies used by the Fund related to controversial or emerging areas for which there is a lack of authoritative guidance.</p>
<p>Sensitive accounting estimates</p>	

Area	Comments
<p>The preparation of the financial statements can require the use of accounting estimates. Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management's current judgments.</p> <p>We determine that those charged with governance are informed about management's process for formulating particularly sensitive accounting estimates and about the basis for our conclusions regarding the reasonableness of those estimates.</p>	None.
<p>Material alternative accounting treatments discussed with management</p> <p>We discuss with those charged with governance all alternative accounting treatments within GAAP for policies and practices related to material items (including recognition, measurement, presentation and disclosure alternatives) that have been discussed with management during the current audit period including:</p> <ul style="list-style-type: none"> ▶ Ramifications of the use of such alternative disclosures and treatments, including the reasons why the alternative was selected and, if management did not select our preferred alternative, the reasons why it was not selected. ▶ The treatment preferred by us. 	None.
<p>Disagreements with management</p> <p>We discuss with those charged with governance any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Fund's financial statements or the auditor's reports.</p>	None.
<p>Management's consultations with other accountants</p> <p>When we are aware that management has consulted with other accountants about auditing, accounting, or reporting matters, we discuss with those charged with governance our views about significant matters that were the subject of such consultation.</p>	None of which we are aware.

Area	Comments
<p>Serious difficulties encountered in dealing with management when performing the audit</p> <p>We inform those charged with governance of any serious difficulties encountered in dealing with management related to the performance of the audit.</p>	<p>None.</p>
<p>Fraud and non-compliance with laws and regulations (illegal acts)</p> <p>We communicate to those charged with governance fraud and illegal acts involving senior management and fraud and illegal acts (whether caused by senior management or other employees) that cause a material misstatement of the financial statements.</p> <p>We also communicate other matters of non-compliance with laws and regulations that come to our attention during the audit, unless they are clearly inconsequential.</p>	<p>We are not aware of any matters that require communication. We would ask the Audit Committee and Council to inform us prior to the issuance of the financial statements if they are aware of any fraud or illegal acts which could impact the financial statements.</p>
<p>Other material written communications with, and representations sought from management</p> <p>We determine that those charged with governance have received copies of all material written communications with management, including representations requested from them related to uncorrected errors.</p>	<p>Under separate cover, we have provided you with a copy of the following communications with management:</p> <ul style="list-style-type: none"> ▶ Management representation letter
<p>Other findings or issues regarding the oversight of the financial reporting process</p> <p>We communicate other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process.</p>	<p>There are no other findings or issues arising from the audit that are, in our judgment, significant and relevant to those charged with governance regarding the oversight of the financial reporting process.</p>
<p>Subsequent events</p> <p>We inquire of management and, where appropriate, those charged with governance as to whether any subsequent events have occurred which might affect the financial statements.</p>	<p>None of which we are aware, other than the potential effects of the novel coronavirus as disclosed in Note 7 to the financial statements. We would ask the Audit Committee and Council to inform us prior to the issuance of the financial statements if there are any subsequent events which could impact the financial statements.</p>



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Area	Comments
<p>Related party transactions</p> <p>The auditor shall communicate with those charged with governance significant matters arising during the audit in connection with the Fund's related parties.</p>	<p>None of which we are aware.</p>

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