



# The Corporation of the City of Thunder Bay

2024 Audit Service Plan  
Report to the Audit Committee

December 31, 2024

David S. Kubinec, CPA, CA, CBV, CFP  
807.625.4404 | David.Kubinec@mnp.ca



Wherever business takes you

[MNP.ca](https://www.mnp.ca)



February 5, 2025


Members of the Audit Committee of The Corporation of the City of Thunder Bay

Dear Audit Committee:

We are pleased to present our Audit Service Plan for The Corporation of the City of Thunder Bay and its components (the "City"). In this plan we describe MNP's audit approach, our engagement team, the scope of our audit and a timeline of anticipated deliverables. We are providing this Audit Service Plan to the Audit Committee on a confidential basis. It is intended solely for the use of the Audit Committee and is not intended for any other purpose. Accordingly, we disclaim any responsibility to any other party who may rely on this report.

Our audit will include an audit of the City's consolidated financial statements for the year ended December 31, 2024, prepared in accordance with Canadian public sector accounting standards. Our audit will be conducted in accordance with Canadian generally accepted auditing standards.

At MNP, our objective is to perform an efficient, high-quality audit which focuses on those areas that are considered higher risk. We adhere to the highest level of integrity and professionalism. We are dedicated to maintaining open channels of communication throughout this engagement and will work with management to coordinate the effective performance of the engagement. Our goal is to exceed the Audit Committee's expectations and ensure you receive outstanding service.



Additional materials provided along with this report include our Engagement Letter, and draft Independence Communication. Our Engagement Letter is the formal written agreement of the terms of our audit engagement as negotiated with management and outlines our responsibilities under Canadian generally accepted auditing standards. Our draft Independence Communication formally confirms in writing MNP's independence.

We look forward to discussing our Audit Service Plan with you and look forward to responding to any questions you may have.

Signed: MNP LLP

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants



# Table of Contents

MNP's Client Service Commitment

Topics for Discussion

Key Issues and Developments

Risk Assessment and Key Audit Matters

Key Milestones

MNP's Audit Process

Audit Materiality

Group Audit

Control Reliance

Audit Team

Use of Experts

Fees and Assumptions

Auditor Independence

Pre-Approval of Services

Future Pronouncements

MNP Insights

The New Group Audit Standard

ESG

Climate Risk in Financial Reporting

Cybersecurity

Service Organizations

Appendix A – Key Changes and Developments

Appendix B – MNP Audit Process

Engagement Letter

Independence Communication

An abstract graphic composed of several overlapping triangles in various shades of teal, light blue, and orange, positioned on the left side of the page. The triangles are arranged in a way that creates a sense of depth and movement, with some pointing towards the right and others towards the left. The colors are vibrant and modern, complementing the overall design of the document.

## MNP's Client Service Commitment

To make strategic business decisions with confidence, your stakeholders and the Audit Committee of the City need relevant, reliable and independently audited financial information. But that's not all. You need an audit team that can deliver insight beyond the numbers and enhance the City's strategic planning and implementation processes so you can embrace new opportunities while effectively managing risk. Our audit strategy is risk based and considers the limitations and opportunities you encounter each day, allowing our recommendations to be implemented with greater ease. Committed to your success, MNP delivers meaningful, reliable financial information to not only help you fulfill your compliance obligations, but also to achieve your key strategic goals.

Our Audit Service Plan outlines the strategy we will follow to provide the City's Audit Committee with our Independent Auditor's Report on the December 31, 2024 consolidated financial statements.

## Topics for Discussion

We are committed to provide superior client service by maintaining effective two-way communication. Topics for discussion include, but are not limited to:

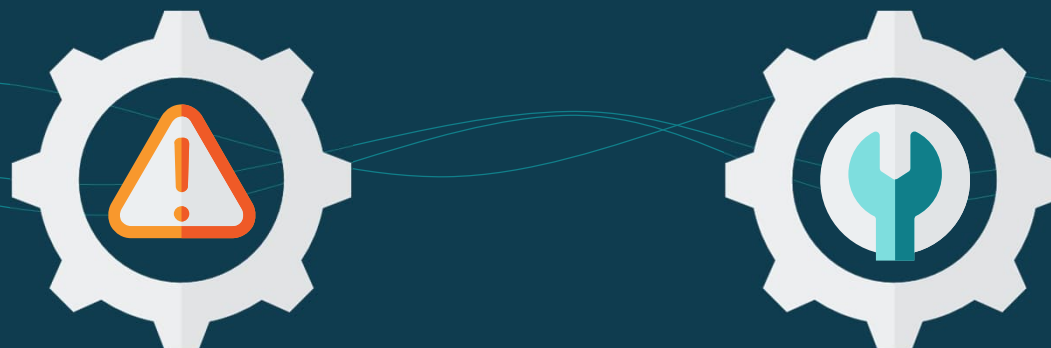
- Changes to your business operations and developments in the financial reporting and regulatory environment
- Business plans and strategies
- Fraud, including how fraud could occur, the risk of fraud and misstatement, and any actual, suspected or alleged fraud
- Documents comprising the annual report, and their timing of issuance
- Your specific needs and expectations

# Key Issues and Developments

Based on our knowledge of the City and our discussions with management, we have noted the recent developments set out below. Our audit strategy has been developed considering these factors.

Key Issues and Developments	Summary
New Reporting Developments	<p>There are three new Canadian public sector accounting standards effective for the current fiscal year:</p> <ul style="list-style-type: none"><li>PS 3400 – Revenue</li><li>PS 3160 – Public Private Partnerships</li><li>PSG 8 – Purchased Intangibles</li></ul>

# Risk Assessment and Key Audit Matters



Based on the preliminary risk assessment procedures performed, we identified the following significant risks which may also be key audit matters (KAMs) as defined by Canadian Auditing Standards (CAS) 701 *Communicating Key Audit Matters in the Independent Auditor's Report*. We have also outlined the proposed audit response to address those risks. We will update our risk assessment as the audit progresses for additional risks identified and will inform management of any additional significant risks identified.

Significant Risk Area	Proposed Audit Response
<p><b>Grant Revenue, Receivables and Deferrals</b></p> <p>Higher inherent risk due to:</p> <ul style="list-style-type: none"> <li>• Economic and budgetary pressures</li> <li>• Quantity of grants received requiring expenditure based calculations</li> <li>• New revenue reporting standard</li> </ul>	<ul style="list-style-type: none"> <li>• Assess the City's internal controls for ensuring that capital and operating grants are properly recorded.</li> <li>• Independently confirm a sample of capital and operating grants.</li> <li>• Examine the City's revenue recognition policies to ensure they have been properly applied based on Canadian public sector accounting standards.</li> <li>• Perform testing of expenditures to obtain reasonable assurance that they have been properly applied against the related grants and thus gain assurance over the completeness and accuracy of revenue, receivables, payables and deferred revenue.</li> <li>• Perform testing on a sample of amounts deferred to gain assurance that these revenues are properly recorded and classified.</li> </ul>

# Risk Assessment and Key Audit Matters

Significant Risk Area	Proposed Audit Response
<p><b>Management Override of Controls</b> Higher inherent risk due to :</p> <ul style="list-style-type: none"> <li>• Economic and budgetary pressures.</li> <li>• Many individuals can make journal entries throughout the corporation.</li> <li>• The volume of journal entries recorded is significant.</li> </ul>	<ul style="list-style-type: none"> <li>• Perform testing around journal entries throughout the year.</li> <li>• Perform testing of journal entries made in preparation of the financial statements.</li> </ul>
<p><b>Contingencies</b></p> <ul style="list-style-type: none"> <li>• A contingency is defined as an existing condition or situation involving uncertainty as to possible gain or loss to an enterprise that will ultimately be resolved when one or more future events occur or fail to occur.</li> <li>• Contingencies would include, but are not limited to, pending or threatened litigation, pending regulatory decisions, guarantees and possible liabilities arising from labour disputes.</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion with management to ensure that all contingent liabilities have been identified and sufficiently disclosed.</li> <li>• Communication with the City's in-house legal counsel.</li> <li>• Review of meeting minutes.</li> <li>• Examination of external professional fee expenses to ensure all commitments and contingencies are properly disclosed.</li> </ul>
<p><b>Taxation Revenue, Receivables and Allowances</b> Higher inherent risk due to:</p> <ul style="list-style-type: none"> <li>• Economic and budgetary pressures.</li> <li>• Significant estimates and judgments used in assessing the need for and establishing accruals and allowances.</li> </ul>	<ul style="list-style-type: none"> <li>• Assess the City's internal controls for ensuring that revenue from taxation is properly recorded.</li> <li>• Test calculations of taxation revenue.</li> <li>• Consider independently confirming a sample of taxes receivable balances.</li> <li>• Assess reasonableness of management's representations and assumptions for determining the allowance for uncollectible taxes, including a retrospective review.</li> <li>• Review aging of balances receivable.</li> <li>• Test subsequent receipts of cash.</li> </ul>

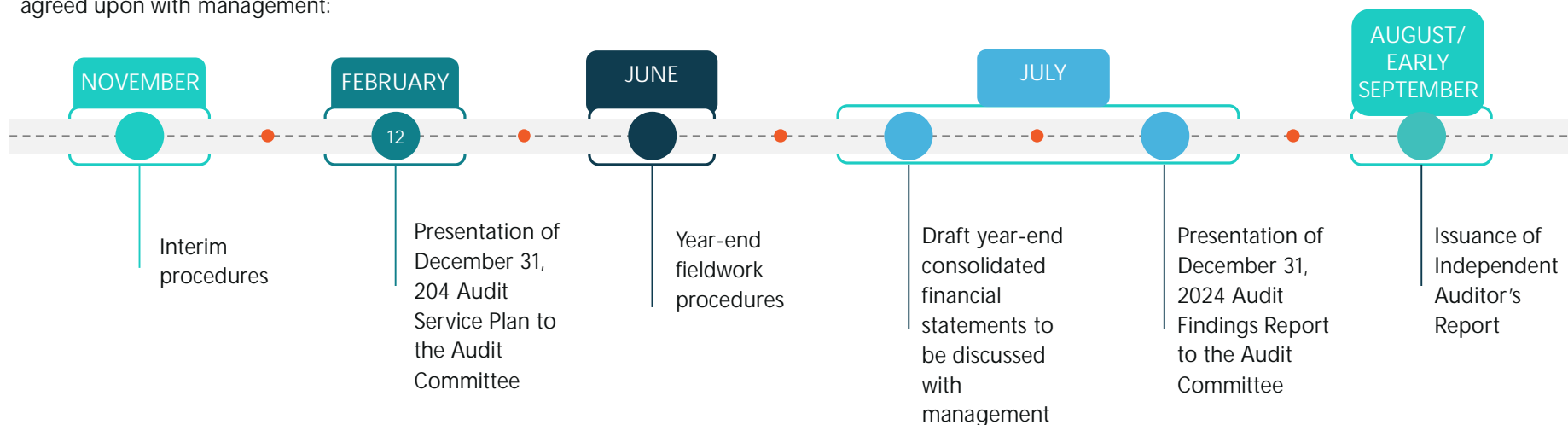


# Risk Assessment and Key Audit Matters

Significant Risk Area	Proposed Audit Response
<p><b>Employee Future Benefits</b> Higher inherent risk due to :</p> <ul style="list-style-type: none"> <li>• Significant judgments used in determining the underlying assumptions utilized in the determination of the estimate of future liability.</li> <li>• Assumptions are impacted by industry conditions and economic uncertainty.</li> </ul>	<ul style="list-style-type: none"> <li>• Obtain an understanding of how management makes its accounting estimates and an understanding of the underlying data.</li> <li>• Assess the reasonableness of the assumptions utilized through discussions with management, testing of the underlying data and the consideration of external evidence.</li> </ul>
<p><b>Asset Retirement Obligations (ARO)</b></p> <ul style="list-style-type: none"> <li>• In the prior year, the City adopted PS 3280 – Asset Retirement Obligations. This first-time adoption required an analysis to be undertaken to determine what tangible capital assets had potential retirement or decommissioning costs. Management identified ARO's related to many assets and a liability was set-up in the financial statements.</li> <li>• This risks in the second year continue to surround the discount rate, inflation rate and projected time of abatement.</li> </ul>	<ul style="list-style-type: none"> <li>• Audit of management's estimations surrounding the measurement variables used. Current market conditions that impact inflation and discount rates will be taken into consideration.</li> <li>• Audit of the overall calculation prepared by management, to ensure the accretion of the ARO was done correctly.</li> <li>• Review of the ARO tangible capital assets amortization calculations for accuracy.</li> </ul>

# Key Milestones

Based on the audit planning performed and areas of audit risks identified, the following timelines for key deliverables have been discussed and agreed upon with management:





## MNP's Audit Process

Our audit process focuses on significant risks identified during the pre-planning, planning and risk assessment stage, ensuring that audit procedures are tailored to your specific circumstances and appropriately address those risks.

The Audit Committee is responsible for approval of the consolidated financial statements and City policies, and for monitoring management's performance. The Audit Committee should consider the potential for management override of controls or other inappropriate influences, such as earnings management, over the financial reporting process. The Audit Committee, together with management, is also responsible for the integrity of the accounting and financial reporting systems, including controls to prevent and detect fraud and misstatement, and to monitor compliance with relevant laws and regulations.

Effective discharge of these respective responsibilities is directed toward a common duty to provide appropriate and adequate financial accountability, and quality financial disclosure.

Key responsibilities of MNP and management are outlined in the Engagement Letter (see attached). More detailed discussion about MNP's audit process is provided in **Appendix B**.

# Audit Materiality

Materiality is an important audit concept. It is used to assess the significance of misstatements or omissions that are identified during the audit and is used to determine the level of audit testing that is carried out. Specifically, a misstatement or the aggregate of all misstatements in consolidated financial statements as a whole (and, if applicable, for particular classes of transactions, account balances or disclosures) is considered to be material if it is probable that the decision of the party relying on the consolidated financial statements, who has reasonable understanding of business and economic activities, will be changed or influenced by such a misstatement or the aggregate of all misstatements.

In determining the scope, we emphasize relative audit risk and materiality, and consider a number of factors, including:

- The size, complexity, and growth of the City;
- Changes within the organization, management or accounting systems; and
- Concerns expressed by management.

Judgment is applied separately to the determination of materiality in the audit of each set of consolidated financial statements (and, if applicable, for particular classes of transactions, account balances or disclosures) and is affected by our perception of the financial information needs of users of the consolidated financial statements. In this context, it is reasonable to assume that users understand that consolidated financial statements are prepared, presented and audited to levels of materiality; recognize uncertainties inherent in the measurement of amounts based on the use of estimates, judgment and consideration of future events; and make reasonable economic decisions based on the consolidated financial statements. The foregoing factors are taken into account in establishing the materiality level.



Materiality for the current and prior year is detailed on the following page.

# Audit Materiality

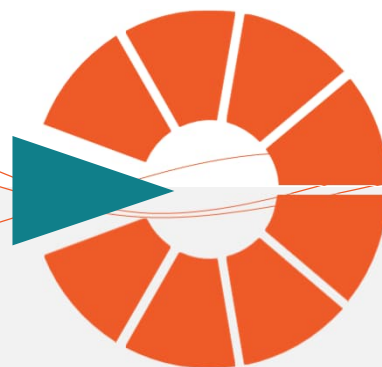
2024 PLANNING  
MATERIALITY

\$12,000,000



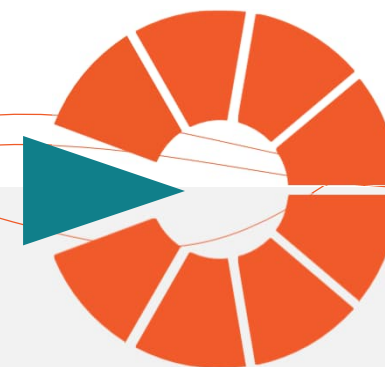
PRIOR YEAR  
PLANNING  
MATERIALITY

\$11,000,000



PRIOR YEAR FINAL  
MATERIALITY

\$11,000,000



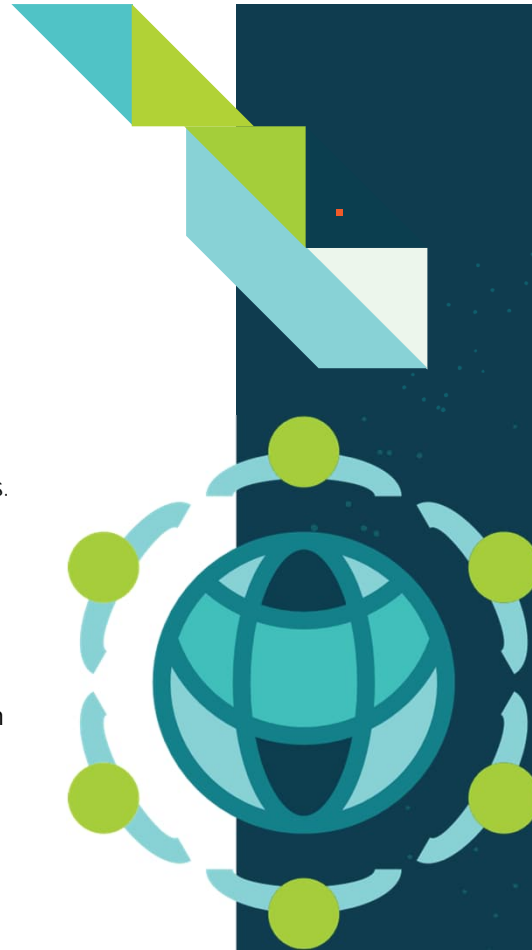
The scope of our audit work is tailored to reflect the relative size of operations of the Company and our assessment of the potential for material misstatements in the City's consolidated financial statements as a whole

# Group Audit

## Other Component Auditors

As group auditor, we are responsible for obtaining an understanding of City's components and their environments sufficient to identify those components that are significant due to either component financial benchmarks relative to the group, because it includes risks of material misstatement, or due to other factors. Professional standards require that we communicate the following information to you in relation to the group audit.

Tbaytel, Thunder Bay Public Library Board, the Thunder Bay Community Economic Development Commission Inc. and Thunder Bay Hydro Corporation (as an investment by the City) are in-scope. For efficiency purposes, we have decided to utilize the component auditor responsible for the stand-alone audit of the in-scope components.



**MNP**

**Component Auditor**  
MNP

**Type Of Work To Be Performed On The Financial Information Of The Component**

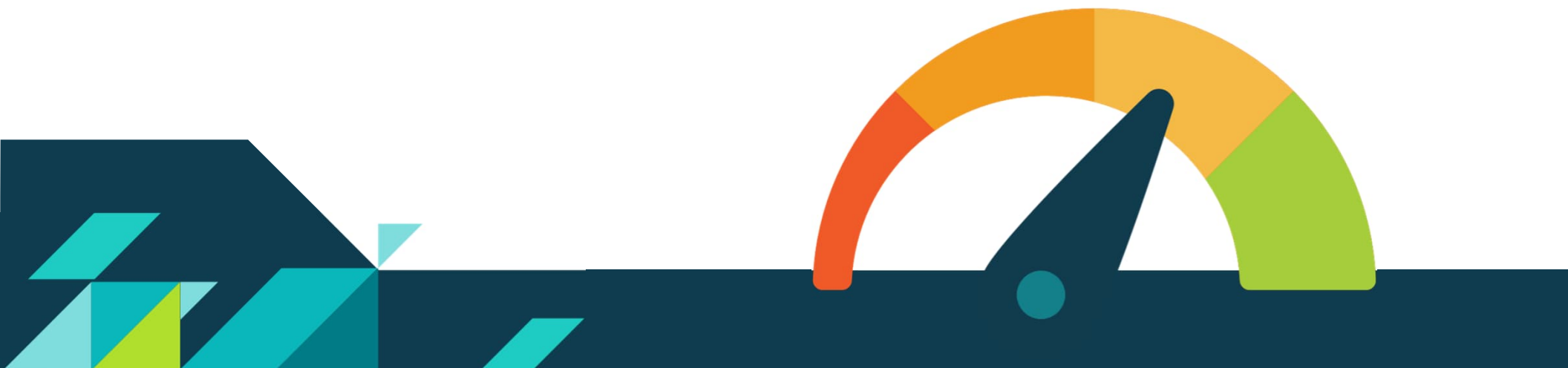
We intend to use MNP to perform a full scope audit procedures.

**Group Engagement Team's Involvement In Work To Be Performed**

We intend to review the work of the component auditor.

# Control Reliance

Control Reliance Level	Low/None	Moderate	High
Description	Where we cannot rely on controls because they are weak or absent, or where it is deemed to be more efficient to carry out a high level of direct substantive tests of details. Audit evidence is primarily obtained through detailed verification procedures and sufficient substantive tests of details.	Where there are some deficiencies in systems application or procedural controls, or where it is deemed to be inefficient to test systems application controls, but where we can test and rely on the management monitoring systems in place to detect and correct material misstatements in the financial reporting systems. Testing of controls is supplemented with a moderate level of substantive tests of details.	Where a high degree of control is in place in the areas of management monitoring controls AND systems application and procedural controls. Our audit work focuses on testing both management monitoring and systems application and procedural controls and is supplemented with a low level of substantive tests of details.
Planned Reliance	--	--	✓



# Control Reliance

For the December 31, 2024 audit, we are planning to place high reliance on the City's controls. This level of reliance is consistent with the prior year and will involve a combination of test of controls and substantive tests of details.

The amount of substantive work will be reduced for cycles where there are controls in place that MNP can test and rely on.

Although we will provide the Audit Committee with any information about significant deficiencies in internal control that have come to our attention, we may not be aware of all the significant deficiencies in internal control that do, in fact, exist.

As part of our audit work, we will update our understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal controls relevant to our audit of the principal transaction cycles, sufficient to identify and assess the risks of material misstatement of the consolidated financial statements resulting from fraud or misstatement. This will be accomplished through inquiries with management and others within the entity, analytical procedures and observation and inspection. Furthermore, we will consider whether effective controls have been established to adequately respond to the risks arising from the use of IT or manual systems and test the operation of those controls to an extent sufficient to enable us to reduce our substantive work. Our review of the City's controls will not be sufficient to express an opinion as to their effectiveness or efficiency.



# Audit Team

Team member continuity is important in developing a solid relationship with the City, as well as to understanding your business, risks and processes. We also know team member turnover results in lost knowledge. While some team member transition likely is inevitable, we work at reducing this through our promoting practices, learning and training, working closely with team members on career growth and development, and valuing our professionals.

In order to ensure effective communication between the Audit Committee and MNP, we outline here the key members of our audit team that will be responsible for the audit of the City and the role they will play.

In order to serve you better and meet our professional responsibilities, we may find it necessary to expand our audit team to include other MNP professionals whose consultation will assist us to evaluate and resolve complex, difficult and/or contentious matters identified during the course of our audit. Additionally, reliance on experts may be necessary to obtain appropriate audit evidence.



David Kubinec, CPA, CA, CBV, CFP  
Engagement Partner

David.Kubinec@mnp.ca



Ania Berezowski, CPA, CA  
Senior Manager

Ania.Berezowski@mnp.ca



Any changes to the audit team will be discussed with you to ensure a seamless process and that all concerned parties' needs are met.

# Use of Experts

To obtain sufficient appropriate audit evidence to support our opinion, we intend to evaluate management's experts. The experts will form part of our audit strategy.

We have sole responsibility for the audit opinion being expressed, and that responsibility is not reduced by our use of a experts. We will, in accordance with Canadian generally accepted auditing standards, evaluate the competence, capabilities and objectivity of any experts we evaluate to ensure their work is adequate for our purposes.



Experts	Nature and extent of specialized skills
Actuary – Dixon Actuarial Services	Actuarial Report for Employee Future Benefits and Self-Insured (Schedule 2) WSIB
Pinchin Ltd.	Environmental, engineering, building science and health and safety consulting firm providing services relating to recognition and measurement of asset retirement obligations

# Fees and Assumptions

DESCRIPTION	ESTIMATE
	\$80,631

If any significant issues arise during the course of our audit work which indicate a possibility of increased procedures or a change in the audit timetable, these will be discussed with management by the engagement partner, so a mutually agreeable solution can be reached.

Invoices will be rendered as work progresses.



# Auditor Independence

An essential aspect of all our services to the City is an independent viewpoint, which recognizes that our responsibilities are to Council. While the concept of independence demands a questioning and objective attitude in conducting our audit, it also requires the absence of financial or other interests in the City. In accordance with our firm's policy, and the Code of Professional Conduct, which govern our profession, neither MNP nor any of its team members assigned to the engagement or any of its partners, are permitted to have any involvement in or relationship with the City that would impair independence or give that appearance. As auditors, we subscribe to the highest standards and are required to discuss the auditor's independence with the Audit Committee on an annual basis. Under the standard an auditor shall:

- Disclose to, the Audit Committee in writing, all relationships between the auditor and the City that in the auditor's professional judgment may reasonably be thought to bear on our independence;
- Confirm in writing that, in its professional judgment, MNP is independent within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario as of February 5, 2025; and,
- Discuss the auditor's independence with the Audit Committee.

Our draft Independence Communication to the Audit Committee discussing our independence, the general form and content of which we expect to provide to the Audit Committee upon the conclusion of our audit, is attached to this report.

During the course of the audit, we will communicate any significant new matters that come to our attention that, in our professional judgment, may reasonably be thought to bear on our independence. At the completion of our audit, we will reconfirm our independence.

# Pre-Approval of Services

We require pre-approval by the Audit Committee (or delegate thereof) of all assurance and non-assurance services to be provided by MNP to the City. Our draft Independence Communication to the Audit Committee discussing our independence, the general form and content of which we expect to provide to the Audit Committee upon the conclusion of our audit, is attached to this report.



# Future Pronouncements

Key Issues and Developments	Summary

# MNP Insights

## We've learned a few things over the years

— and we want to share these experiences and ideas with you. What should audit committees and boards be thinking about in 2024 and 2025? Coming out of COVID-19 and high inflation, we continue to be in an ever-evolving regulatory landscape and it continues to be crucial for organizations to stay ahead of key issues that can impact their operations and strategic decisions. This publication aims to provide you with valuable insights on some of the most pressing topics in the auditing and business landscape today.

In this ever-changing environment, it is essential for audit committees and boards to be well-informed and proactive. We hope this document serves as a valuable resource as you navigate the challenges and opportunities ahead in 2024 and 2025.

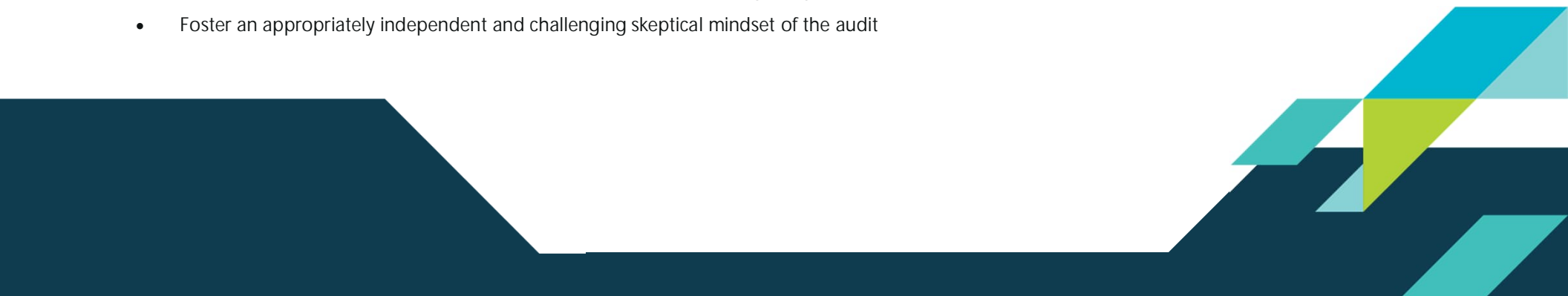


Interested in more? Check out MNP Insights at [www.mnp.ca/en/insights](https://www.mnp.ca/en/insights) for industry guidance, business insights, and more.

# The New Group Audit Standard

## CAS 600 – What you need to know

- CAS 600 (revised) includes new and revised requirements and application material that better aligns the standard with the recently revised quality management and risk assessment standards.
- The new and revised requirements also strengthen the auditor's responsibilities related to professional skepticism, planning and performing a group audit, two-way communications between the group auditor and component auditors, and documentation.
- The changes made to CAS 600 (revised) are intended to:
  - Introduce a risk-based approach for scoping and performing a group audit engagement to better align with the recently revised risk assessment standards
  - Clarify the scope of the standard including whether, and how, the standard applies to entities with branches and divisions, shared service centers, and non-controlled entities
  - Encourage proactive management of quality at the group engagement level and the component level
  - Keep the standard fit for purpose in a wide range of circumstances and in a developing environment
  - Reinforce the need for robust communication and interactions during the group audit
  - Foster an appropriately independent and challenging skeptical mindset of the audit





# The New Group Audit Standard

What should you expect in your next group audit?

- Additional inquiries about the group structure and the internal control environment of the components (e.g., commonality of personnel, IT applications, control activities)
- The scope of the group audit might have changed upon implementation. New components may have been identified and which components are scoped into the audit may have changed.
- If component auditors are performing work, we will have more involvement in the direction, supervision, and review of their work.



# ESG

## Recent Developments

Over the past year, there have been significant developments in ESG legislation, including reporting, in Canada and globally. The below list is not exhaustive, and entities should remain informed of new regulations and legislation affecting their business. The follow pages describe the below regulations.

### Canadian Specific Operations

- Canadian Sustainability Disclosure Standards: CSDS 1 & 2
- Canadian Standard on Sustainability Assurance (CSSA) 5000
- Bill C-59, amendments to *Competition Act* of Canada (Greenwashing)
- Increasing Carbon Price
- Bill S-211
- OFSI Guideline B-15: Climate-related reporting for domestic systemically important banks and Internationally Active Insurance Groups



### Global Considerations

- Carbon Border Adjustment Mechanism (CBAM)
- European Sustainability Reporting Standards (ESRS)
- SEC Climate Disclosure Rule

These national and global requirements will cascade down supply chains and across value chains as expectations for reporting extends to those whose entities are in business with. Your business may not be required to be report directly due to the above regulations, but you may need to report through your relationship with businesses that are required to report.

### How MNP can help

We are seeing more supply chain driven requests for Scope 1 and Scope 2 GHG emission information and more entities wanting to understand their susceptibility to climate risks. If you have questions, we can help.

# ESG

## Canadian Specific Operations

### Canadian Sustainability Disclosure Standards (CSDS)

- In March 2024, the Canadian Sustainability Standards Board (CSSB) issued Exposure Drafts of the proposed CSDS 1, *General Requirements for Disclosure of Sustainability-related Financial Information*, and CSDS 2, *Climate-related Disclosures*, which are mostly aligned to the International Sustainability Standards Board (ISSB) sustainability standards.
- Upon finalization, CSDS 1 and 2 will be available for voluntary adoption and there will be no mandatory reporting requirements under the standards until the Canadian Securities Administrators (CSA) introduce their final sustainability disclosure requirements.
- The CSA has indicated that they are going to be reviewing the results of the CSSB's public consultation period on the applicability of CSDS 1 and 2 to Canadian capital markets.

**MNP**

### Canadian Standard on Sustainability Assurance (CSSA) 5000

- In September 2023, the Auditing and Assurance Standards Board (AASB) issued their Exposure Draft for CSSA 5000, *General Requirements for Sustainability Assurance Engagements*, which will be the overarching standard for sustainability reporting assurance in Canada.
- The final standard is expected to be finalized and approved by the end of 2024. The timing of any assurance requirements over sustainability information is uncertain but it is expected that there will be transitional reliefs to allow for effective implementation.

### Bill S-211, the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

- While the first year of reporting has been completed, entities may be expected to build on the initial frameworks and processes established and demonstrate continuous improvement in the second year of reporting. There is a growing need for transparency in Canadian company supply chains, on a global basis, and Canadian entities will not be exempt from holding third parties accountable to these new standards.

# ESG

## Canadian Specific Operations

### Bill C-59

- Bill C-59, which amended the *Competition Act* of Canada on June 20, 2024, introduces significant measures targeting greenwashing. The law mandates that environmental claims made by companies must be substantiated with adequate and proper tests or internationally recognized methodologies. This includes both explicit and implied claims about a product or business's environmental benefits.
- If these claims are found unsubstantiated, companies can face hefty penalties.
- Additionally, starting in June 2025, private parties can take legal action against companies for greenwashing, allowing climate advocacy groups direct access to the Competition Tribunal.



**MNP**

### Increasing Carbon Price

- Starting April 1, 2024, Canada's carbon price increased from \$65 to \$80 per ton. Subsequent years will see an increase of \$15 until the price reaches \$170 per ton by 2030. This pricing mechanism, established under the Greenhouse Gas Pollution Pricing Act, aims to reduce greenhouse gas emissions by incentivizing businesses and individuals to adopt cleaner energy sources and technologies.

### Office of Superintendent of Financial Institutions (OSFI) Guideline B-15

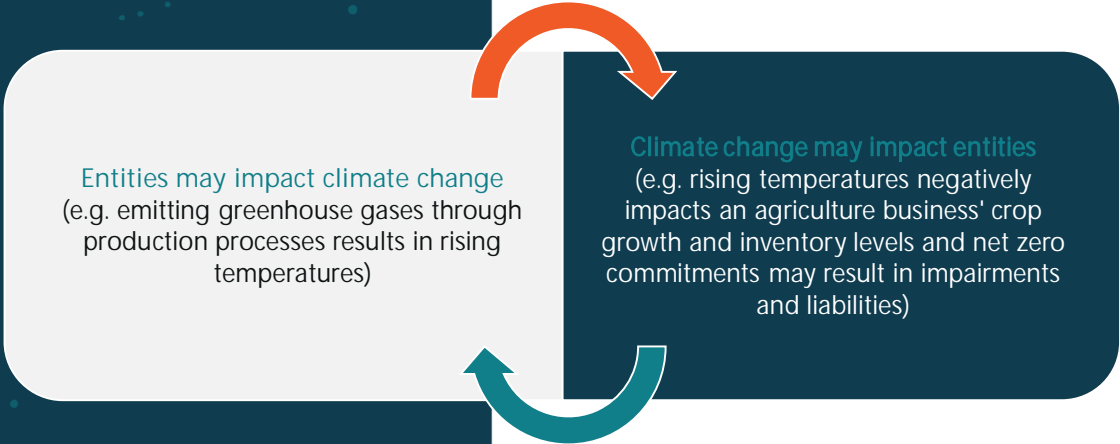
- Issued in March 2023, these guidelines require climate-related reporting on governance, strategy, risk management, metrics and targets for domestic systemically important banks (D-SIBs) and Internationally Active Insurance Groups (IAIGs) headquartered in Canada by their 2024 fiscal year-ends. All other institutions regulated by OSFI will be required to report under Guideline B-15 by their 2025 fiscal year end.
- We expect that these requirements will result in downstream requests from financial institutions regarding a customer's greenhouse gas emissions in order to access capital.

# Climate Risk in Financial Reporting

Separate from environmental, social, and governance reporting, investors and other stakeholders are increasingly interested in understanding the financial statement impacts of climate change because of its potential effect on organizations' business models, cash flows, financial position and financial performance. Most industries have been, or are likely to be, affected by climate change and efforts to manage its impact. However, some organizations, industries and activities will be affected more than others. Current accounting standards do not refer explicitly to climate-related matters. However, these matters must be considered in applying accounting standards when their effect is material in the context of the financial statements taken as a whole.

## Examples

- Impairment considerations: The entity may be required to disclose how they considered climate-related matters in their own impairment assessment even though IAS 36 Impairment of Assets may not specifically require such disclosure.
- Going concern matters: Disruption to operations due to extreme weather patterns such as fire, tornadoes, flooding, drought, etc., where management may have indicated plans to relocate operations in an area less susceptible to extreme weather.
- Fixed asset considerations: A manufacturing plant's machinery may be impacted by changes in legislation that aims to reduce dependence on fossil fuels and therefore the useful life and residual values may decrease due to its earlier than planned discontinuation of use.



Entities may impact climate change  
(e.g. emitting greenhouse gases through  
production processes results in rising  
temperatures)

Climate change may impact entities  
(e.g. rising temperatures negatively  
impacts an agriculture business' crop  
growth and inventory levels and net zero  
commitments may result in impairments  
and liabilities)

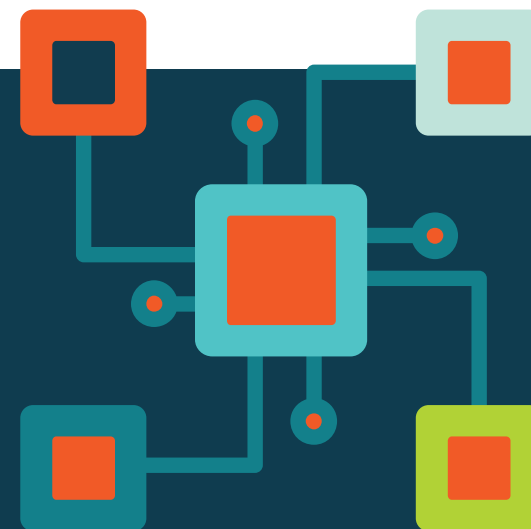
# Cybersecurity

Organizations understand that cyberattacks are a critical risk to the business, not only affecting daily operations, but causing long term damage to productivity, profitability, and their brand. The attack surface of an organization has never been higher - with additional third-party service providers, outsourcers, the proliferation of data in the cloud, the shadow use of not only IT but also data and AI. Organizations must prepare and secure a foundation for new data security, enhanced cyber insurance and compliance requirements, as well as privacy legislation.

Questions to consider asking management include the following:

- Have you performed an Insider Risk Threat Assessment?
- What compliance requirements are applicable to us and our data?
- Where is our data? Who has access to that data?
- Are we prepared for the increased sophistication of threat actors leveraging AI toolsets?
- Have we considered assessing our vulnerability to insider threat?
- Are we prepared to deal with a data compromise?

For more MNP Cybersecurity insights, visit our online resource [here](#).



# Service Organizations

In today's complex business environment, the rise of new services and industries has led to more outsourcing to third-party organizations. To comply with Canadian auditing standards, we as your auditor must understand these third-party services to assess and address risks of material misstatements in the financial statements. As the first line of defense, management must be proactive in understanding these services to enable the auditor's compliance with the auditing standards.

What does this mean for your entity and the audit? We ask management to consider the following:

- **Understand the outsourced services:** Your management must have a clear understanding of the third-party services your organization uses. It is always good practice to inquire about the availability of a System and Organization Controls (SOC) report when engaging with any new third party organizations.
- **Facilitate the auditor's need for information:** We may ask detailed questions about your third-party relationship, including whether there are new service providers, changes to contracts, risk management process, IT environment and how transactions are handled, and the controls management implemented over the transactions handled by the third party.
- **Documentation requirements:** Be prepared to provide documentation such as business plans, contracts, SOC reports, and Service Level Agreements (SLAs).
- **SOC Reports:** If a service organization relationship exists, management may need to obtain a SOC report, which is essential for assessing controls relevant to financial reporting. Management needs to review the list of complementary user entity controls ("CUECs") described in the SOC report and ensure that they have been implemented and that they are operating effectively at your organization. We may request evidence of this.
- **Potential Impact on Audit Opinion:** If the appropriate SOC reports are not available, or they are insufficient or if the service organization's controls are not effective, we may need to perform additional procedures or modify the audit opinion.

# APPENDICES

---



# Appendix A

## Key Changes and Developments

We would like to bring to your attention the following accounting and auditing developments, which may have some impact on your financial reporting.



## Public Private Partnerships (New Section PS 3160)

In April 2021, the Public Sector Accounting Board (PSAB) issued Section PS 3160 *Public Private Partnerships*, which contains requirements for recognizing, measuring, and classifying infrastructure procured through a public private partnership. The main features of the new Section include:

- Section PS 3160 applies when public private partnership infrastructure is procured by the public sector entity using a private sector partner that is obligated to:
  - Design, build, acquire or better new or existing infrastructure;
  - Finance the transaction past the point where the infrastructure is ready for use; and
  - Operate and/or maintain the infrastructure.
- Public private partnership infrastructure should be recognized as an asset when the public sector entity acquires control of the infrastructure.
  - An infrastructure asset acquired in an exchange transaction should be initially measured at cost, which should be equal to the infrastructure asset's fair value on the initial measurement date.
  - The cost of the infrastructure asset would be amortized over the useful life of the asset in a rational and systematic manner.
- A liability, which could be in the form of a financial liability, a performance obligation, or a combination of both, should be recognized when the public private partnership recognizes an asset.
  - When a liability exists, it would be measured at the same value as the asset, reduced for any consideration previously transferred.
  - Subsequent measurement of a financial liability should be at amortized cost using the effective interest method.
  - For the subsequent measurement of the performance obligations, the revenues would be recognized, and the liability reduced in accordance with the substance of the public private partnership agreement.

Section PS 3160 is effective for fiscal years beginning on or after April 1, 2023. Earlier application is permitted.

## Revenue (New Section PS 3400)

In November 2018, Section PS 3400 *Revenue* was included in the CPA Canada Public Sector Accounting Handbook. Section PS 3400 establishes standards on how to account for and report on revenue by distinguishing between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. The main features of this Section are as follows:

- Performance obligations are enforceable promises to provide specific goods or services to a specific payor.
- Performance obligations can be satisfied at a point in time or over a period of time.
- The new standard outlines five indicators to determine if the revenue would be recognized over a period of time.
- Revenue from a transaction with a performance obligation(s) is recognized when, or as, the entity has satisfied the performance obligation(s).
- Revenue from transactions with no performance obligation is recognized when a public sector entity has the authority to claim or retain an inflow of economic resources and a past event that gives rise to a claim of economic resources has occurred.

Further editorial changes have also been made to other standards as a result of the issuance of PS 3400.

Section PS 3400 is effective for annual financial statements relating to fiscal years beginning on or after April 1, 2023. Early application continues to be permitted.

## Narrow Scope Amendments – Purchased Intangibles (New Accounting Guideline PSG-8)

In November 2020, the Public Sector Accounting Board (PSAB) issued amendments to Section PS 1000 *Financial Statement Concepts* and Section PS 1201 *Financial Statement Presentation*. As a consequence, Public Sector Guideline 8 *Purchased Intangibles (PSG-8)* was issued at the same time.

PSG-8 explains the scope of the intangibles allowed to be recognized in financial statements given the removal of the recognition prohibition relating to purchased intangibles in Section PS 1000. The main features of the new Guideline are:

- A definition of purchased intangibles;
- Examples of items that are not purchased intangibles;
- References to other guidance in the PSA Handbook on intangibles; and
- Reference to the asset definition, general recognition criteria and the Generally Accepted Accounting Principles (GAAP) hierarchy for accounting for purchased intangibles.

The amendments to Section PS 1000 allow for recognition of purchased intangibles in financial statements. The main features of the amendments include:

- Removal of the prohibition on recognition of purchased intangibles as assets; and
- Reference to the new PSG-8

The amendments to Section PS 1201 remove disclosure requirements for unrecognized purchased intangibles as they are irrelevant given the amendments made to Section PS 1000 allowing recognition of purchased intangibles in financial statements.

The amendments to Section PS 1000 and Section PS 1201 and PSG-8 are effective for fiscal years beginning on or after April 1, 2023. Early adoption is permitted. Retroactive or prospective application is permitted.

## Effective for annual periods beginning on or after April 1, 2026

### Concepts Underlying Financial Performance (New Conceptual Framework for Financial Reporting in the Public Sector)

In December 2022, the Public Sector Accounting Board (PSAB) issued *The Conceptual Framework for Financial Reporting in the Public Sector* (the Conceptual Framework) which replaces conceptual aspects of Section PS 1000 *Financial Statement Concepts* and Section PS 1100 *Financial Statement Objectives*.

The Conceptual Framework outlines:

- Characteristics of public sector entities;
- The objective of financial reporting;
- Primary users of financial reporting and their expectations;
- The role, foundations and objectives of financial statements;
- Qualitative characteristics of information in financial statements and related considerations;
- Definitions of elements;
- Criteria of general recognition and derecognition; and
- Concepts of general measurement and presentation.

The Conceptual Framework applies for fiscal years beginning on or after April 1, 2026, with earlier adoption permitted.

As a result of the issuance of the Conceptual Framework, various Sections and Guidelines of the PSA Handbook have been withdrawn or amended. Most notably, Section PS 1000 and Section PS 1100 have been withdrawn and replaced with the Conceptual Framework.

Other consequential amendments include updates to:

- References to the Conceptual Framework
- The Introduction to the Public Sector Accounting Handbook
- Section PS 1150 *Generally Accepted Accounting Principles*
- Section PS 1201 *Financial Statement Presentation*
- Section PS 1300 *Government Reporting Entity*
- Section PS 2100 *Disclosure of Accounting Policies*
- Section PS 2120 *Accounting Changes*
- Section PS 2130 *Measurement Uncertainty*
- Section PS 2200 *Related Party Disclosures*
- Section PS 3150 *Tangible Capital Assets*
- Section PS 3200 *Liabilities*
- Section PS 3210 *Assets*
- Section PS 3400 *Revenue*
- Section PS 3430 *Restructuring Transactions*
- Section PS 3450 *Financial Instruments*
- Section PS 4230 *Capital Assets Held by Not-for-Profit Organizations*

## Concepts Underlying Financial Performance (New Section PS 1202)

In October 2023, the Public Sector Accounting Board (PSAB) issued Section PS 1202 *Financial Statement Presentation* which replaces PS 1201 *Financial Statement Presentation*.

The new Section PS 1202:

- Discusses going concern that builds on the discussion in *The Conceptual Framework for Financial Reporting in the Public Sector*;
- Changes the statement of financial position by:
  - Relocating the calculation of the net financial liabilities (formerly known as “net debt”) or net financial assets indicator, to its own statement;
  - Introducing two categories of liabilities: financial and non-financial;
  - Adding a third component of net assets or net liabilities: “accumulated other”;
  - Updating the definition of “non-financial assets”;
  - Restructuring the statement to present assets, followed by liabilities, followed by net assets or net liabilities; and
  - Providing an option to show the net financial assets or net financial liabilities indicator below the indicator of financial position, with reference to the statement of net financial assets or net financial liabilities;
- Adds a statement of net financial assets or net financial liabilities that presents the revised net financial assets or net financial liabilities calculation;
- Provides the option to present the change in net financial assets or net financial liabilities on the statement of net financial assets or net financial liabilities;
- Includes a statement of operations similar to the one in superseded Section PS 1201;
- Permits presenting an amended budget only when there is an election or when the majority of the governing body of a government organization has been newly elected or appointed;
- Adds the statement of changes in net assets or net liabilities that includes a reconciliation of each component of net assets or net liabilities and incorporates what is required in superseded Section PS 1201 to be included in the statement of remeasurement of gains and losses;
- Isolates financing activities in the statement of cash flow; and
- Includes guidance in various appendices in the form of application guidance, decision trees, illustrative examples and illustrative financial statements.

Section PS 1202 applies to fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted only if the Conceptual Framework is also adopted at the same time. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information in Section PS 1202.

Various consequential amendments resulting from the issuance of Section PS 1202 have also been issued. These include various Sections and Guidelines of the PSA Handbook that have been withdrawn or amended.

# Appendix B MNP Audit Process

## Our Plan

Our audit process focuses on significant risks identified during the pre-planning and planning and risk assessment stage, ensuring that audit procedures are tailored to your specific circumstances and appropriately address those risks.

The Audit Committee is responsible for approval of the financial statements and City policies, and for monitoring management's performance. The Audit Committee should consider the potential for management override of controls or other inappropriate influences, such as earnings management, over the financial reporting process. The Audit Committee, together with management, is also responsible for the integrity of the accounting and financial reporting systems, including controls to prevent and detect fraud and misstatement, and to monitor compliance with relevant laws and regulations.

Effective discharge of these respective responsibilities is directed toward a common duty to provide appropriate and adequate financial accountability, and quality financial disclosure.

Key responsibilities of MNP and management are outlined in the Engagement Letter (see attached).

Our overall audit strategy is risk-based and controls-oriented. Assessment and identification of risk is performed continuously throughout the audit process. We focus on the risks that have a potential impact on the financial accounting systems and subsequent financial reporting.

Our overall audit strategy does not, and is not intended to involve the authentication of documents, nor are our team members trained or expected to be experts in such authentication. Unless we have reason to believe otherwise, we accept records and documents as genuine. The subsequent discovery of a material misstatement resulting from fraud does not, in and of itself, indicate a failure to comply with Canadian generally accepted auditing standards.

# Appendix B MNP Audit Process

## Audit Procedures

As part of our planning process, we will also undertake to inform the Audit Committee of concerns relating to management's implementation and maintenance of controls, and the effects of any such concerns on the overall strategy and scope of the audit. These concerns might arise from the nature, extent and frequency of management's assessments of controls in place to detect fraud and misstatement, and of the risk that the financial statements may be misstated; from a failure by management to appropriately address significant deficiencies in controls identified in prior audits; and, from our evaluation of the City's control environment, and management's competence and integrity.

**To meet our responsibilities in accordance with Canadian generally accepted auditing standards, our audit examination includes:**

- Obtaining an understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal controls, in order to identify and assess the risk that the financial statements contain material misstatements due to fraud or misstatement;
- Assessing the design and implementation of and examining, on a test basis, the key controls over significant transaction streams and over the general organizational and computer environments;
- Assessing the systems used to ensure compliance with applicable legislative and related authorities pertaining to financial reporting, revenue raising, borrowing, and investing activities;
- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the appropriateness and consistency of accounting principles used and their application;
- Assessing the significant estimates used by management; and,
- Assessing the entity's use of the going concern basis of accounting in the preparation of the financial statements.



# Appendix B – MNP Audit Process

## Audit Procedures (continued from previous page)

For the December 31, 2024 audit, we are planning to place a high reliance on the City's controls. This level of reliance is consistent with the prior year, and will involve a combination of test of controls and substantive tests of details.

The amount of substantive work will be reduced for cycles where there are controls in place that MNP can test and rely on.

As part of our audit work we will update our understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal controls relevant to our audit of the principal transaction cycles, sufficient to identify and assess the risks of material misstatement of the financial statements resulting from fraud or misstatement. This will be accomplished through inquiries with management and others within the entity, analytical procedures and observation and inspection. Furthermore, we will consider whether effective controls have been established to adequately respond to the risks arising from the use of IT or manual systems and test the operation of those controls to an extent sufficient to enable us to reduce our substantive work. Our review of the City's controls will not be sufficient to express an opinion as to their effectiveness or efficiency.

Although we will provide the Audit Committee with any information about significant deficiencies in internal control that have come to our attention, we may not be aware of all the significant deficiencies in internal control that do, in fact, exist.





# Appendix B MNP Audit Process

## Inherent Limitations in the Auditing Process

An auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected due to factors such as the use of significant judgment regarding the gathering of evidence and the drawing of conclusions based on the audit evidence acquired; the use of testing of the data underlying the financial statements; inherent limitations of controls; and, the fact that much of the audit evidence available to the auditor is persuasive, rather than conclusive in nature.

Because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. While effective controls reduce the likelihood that misstatements will occur and remain undetected, they do not eliminate that possibility. Therefore, the auditor cannot guarantee that fraud, misstatements and noncompliance with laws and regulations, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards.

The likelihood of not detecting material misstatements resulting from management fraud is greater than for employee fraud, because management is in a position to manipulate records, present fraudulent information or override controls.

**We will inform the appropriate level of management or the Audit Committee with respect to identified:**

- Misstatements resulting in errors, other than clearly trivial misstatements;
- Fraud, or any information obtained that indicates that fraud may exist;
- Evidence obtained that indicates non-compliance or possible non-compliance with laws and regulations, other than that considered inconsequential;
- Significant deficiencies in the design or implementation of controls to prevent and detect fraud or misstatement; and
- Related party transactions that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure.

Our concern as auditors is with material misstatements, and thus, we are not responsible for the detection of misstatements that are not material to the financial statements taken as a whole.

# Engagement Letter

***MNP***



Tel: (807) 625-4444  
Fax: (807) 623-8460  
Toll-free: 1-800-465-6868

BDO Canada LLP  
1095 Barton Street  
Thunder Bay, Ontario  
P7B 5N3

November 12, 2024

The Corporation of the City of Thunder Bay  
Office of the City Treasurer  
2nd Flr, City Hall, 500 Donald Street East  
Thunder Bay, Ontario P7E 5V3

Dear Keri Greaves,

We understand that you wish to engage us as the auditors of The Corporation of the City of Thunder Bay for its fiscal year ended December 31, 2024 and subsequent years.

We are pleased to perform the engagement subject to the terms and conditions of this Agreement, to which the attached Standard Terms and Conditions form an integral part. The definitions set out in the Standard Terms and Conditions are applicable throughout this Agreement. This Agreement will remain in place and fully effective for future years until varied or replaced by another relevant written agreement.

David S. Kubinec, CPA, CA, CBV, CFP will be the Engagement Partner for the audit work we perform for you. The Engagement Partner will call upon other individuals with specialized knowledge to assist in the performance of services.

## **Our Role as Auditors**

We will conduct our audit(s) in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements ("financial statements") prepared in accordance with Canadian Public Sector Accounting Standards are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by you, as well as evaluating the overall financial statement 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, whether by fraud or error, may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

In making our risk assessments, we consider internal control relevant to your preparation and fair presentation of the financial statements 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 your internal controls. However, we will communicate to you concerning any significant deficiencies in internal controls relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate matters required by professional standards, to the extent that such matters come to our attention, to you, those charged with governance and/or the board of directors.



Since this is a group audit where we may be relying on component auditors or they may be relying on us as component auditors, please note the following:

- (a) there will be unrestricted communication between the group engagement team and the component auditors to the extent allowable under law or regulation;
- (b) important communications with the component auditors, those charged with governance of the group and the component and management of the component, including communication of significant deficiencies in internal controls, shall be communicated to the group engagement team;
- (c) important communications with regulatory authorities and components related to financial reporting matters, shall be communicated to the group engagement team;
- (d) to the extent it is determined to be necessary, the group engagement team will be permitted access to the component information, those charged with governance of the component, and the component auditors (including relevant audit documentation); and
- (e) the group engagement team will be permitted to perform work or request a component auditor to perform work on the financial information of the component.

## Reporting

Our audit will be conducted on the basis that the financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

Our independent auditor's report will be substantially in the form set out in Canadian Auditing Standard (CAS) 700. The form and content of our report may need to be amended in the light of our audit findings. If we are unable to issue or decline to issue an audit report, we will discuss the reasons with you and seek to resolve any differences of view that may exist.

## Role of Management and Those Charged with Governance

You acknowledge and understand that you have responsibility for:

- (a) the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards. The audit of the financial statements does not relieve you of your responsibilities;
- (b) such internal controls as you determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- (c) providing us with:
  - access, in a timely manner, to all information of which you are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - additional information that we may request for the purpose of the audit;
  - unrestricted access to persons within the entity from whom we determine it is necessary to obtain audit evidence;



- financial and non-financial information (other information) that will be included in document(s) containing financial statements and our audit report thereon prior to the date of our auditor's report. If it is not possible to provide all the other information prior to the date of our auditor's report, you are responsible for provision of such other information as soon as practicable; and
- written confirmation concerning representations made to us in connection with the audit. If appropriate and adequate written representations are not provided to us, professional standards require that we disclaim an audit opinion.

### **Financial Statement Services**

We will obtain your approval, if during the course of our engagement we:

- (a) prepare or change a journal entry; or
- (b) prepare or change an account code or a classification for a transaction.

### **Tax Services**

Our audit is conducted primarily to enable us to express an opinion on the financial statements. The audit process is not designed to provide us with a full understanding of your tax situation and in particular, to allow us to determine whether the entity has specific tax compliance issues. We understand that you are not looking to BDO to provide you with any guidance or advice in regard to tax planning or compliance.

### **Additional Services**

We are available to provide a wide range of services beyond those outlined in this Agreement. To the extent that any additional services that we provide to you that are not provided under a separate written engagement agreement, the provisions of this Agreement will apply to the services.

### **Fee Estimation**

The estimated fee for this engagement is as outlined in our proposal dated May 26, 2021.

Our estimated fee is based on an assumed level of quality of your accounting records, the agreed upon level of preparation and assistance from your personnel and adherence to the agreed-upon timetable. Our estimated fee also assumes that your financial statements are in accordance with Canadian Public Sector Accounting Standards and that there are no significant new or changed accounting policies or issues or internal control or other reporting issues. We will inform you on a timely basis if these factors are not in place. Should our assumptions with respect to the quality of your accounting records be incorrect or should the conditions of the records, degree of cooperation, results of audit procedures, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates.

Our professional fees will be based on our billing rates which depend on the means by which and by whom our Services are provided. Our billing rates may be subject to change from time to time at our discretion with or without notice to you.

We will also bill you for our out-of-pocket expenses, our administrative and technology charge, and applicable Goods and Services Sales Tax, Harmonized Sales Tax, Quebec Sales Tax and



Provincial Sales Tax. Our administrative and technology charge is calculated as 7% of our professional fee and represents an allocation of estimated costs associated with our technology infrastructure and support staff time costs.

Our accounts are due when rendered and invoiced amounts are deemed to be earned when paid. BDO may suspend the performance of Services in the event that you fail to pay an invoice when it is due. Fees that are not paid within 30 days of an invoice or by a specified payment deadline will be considered delinquent. Interest may be charged at the rate of 12% per annum on all accounts outstanding for more than 30 days.

**Standard Terms and Conditions**

A copy of our Standard Terms and Conditions is attached as Appendix 1. You should ensure that you read and understand them. The Standard Terms and Conditions include clauses that limit our professional liability.

In the event BDO utilizes Data Processing and Extraction, as defined in Appendix 2, you hereby agree to be bound to the BDO Harmony and Data and Extraction Terms and Conditions attached as Appendix 2 in addition to Appendix 1 Standard Terms and Conditions. You should ensure that you read and understand them.

Please sign and return the attached copy of this Agreement to indicate your agreement with it. If you have any questions concerning this Agreement, please contact us before signing it.

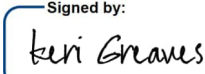
It is a pleasure for us to be of service and we look forward to many future years of association with you.

Yours truly,

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Agreement of all the terms and conditions in this Agreement is hereby acknowledged by:

<p>Signed by:</p>  <p><small>A73B1BCADD10498...</small></p> <p>Signature</p>	<p>2024-11-19   07:46:03 PST</p> <hr/> <p>Date</p>
---	--

<p>Keri Greaves</p> <hr/> <p>Name (please print)</p>	<p>Commissioner Corporate Services &amp; City Treasurer</p> <hr/> <p>Position</p>
--	---

Please carefully review this Agreement, which includes the attached Standard Terms and Conditions, prior to signing it. A complete copy of the signed engagement letter should be returned to us.



## *Appendix 1 - Standard Terms and Conditions*

### **1 Overview and Interpretation**

1.1 This Agreement sets forth the entire agreement between the parties in relation to Services and it supersedes all prior agreements, negotiations or understandings, whether oral or written, with respect to Services, including without limitation any non-disclosure agreements entered into in advance of this Agreement. This Agreement applies to Services whenever performed (including before the date of this Agreement). To the extent that any of the provisions of the accompanying letter conflict with these Standard Terms and Conditions, these Standard Terms and Conditions shall prevail. This Agreement may not be changed, modified or waived in whole or part except by an instrument in writing signed by both parties.

1.2 In this Agreement, the following words and expressions have the meanings set out below:

**This Agreement** - these Standard Terms and Conditions, the letter to which they are attached, supporting schedules or other appendices to the letter, and any Summary of Services letters issued in future years

**Services** - the services provided or to be provided under this Agreement, and any other services which we agree to provide to you subsequent to the date of this Agreement that are not covered by a separate engagement letter

**We, us, our, BDO** - refer to BDO Canada LLP, a Canadian limited liability partnership organized under the laws of the Province of Ontario

**You, your** - the party or parties contracting with BDO under this Agreement. You and your does not include BDO, its affiliates or BDO Member Firms

**BDO Member Firm or Firms** - any firm or firms that form part of the international network of independent firms that are members of BDO International Limited

**Confidential Information** - all non-public proprietary or confidential information and Personal Information, including Client Documents

**Personal Information** - personal information that is or could be attributed to identifiable individuals

**Client Documents** - information (including internal financial information and internal records and reports) provided to us by you or on your behalf in connection with the performance of the Services

### **2 BDO Network and Sole Recourse**

2.1 BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international network of independent member firms (i.e. BDO Member Firms), each of which is a separate legal entity.

2.2 We may use other BDO Member Firms or subcontractors to provide Services; however, we remain solely responsible for Services. You agree not to bring any claim or action against another BDO Member Firm (or their partners, members, directors, employees or subcontractors) or our subcontractors in respect of any liability relating to the provision of Services.



- 2.3 You agree that any of our affiliates, subcontractors, and other BDO Member Firms and any subcontractors thereof whom we directly or indirectly involve in providing Services have the right to rely on and enforce Section 2.2 above, as well as all liability protections contained herein, as if they were a party to this Agreement. For greater certainty, you agree that other BDO Member Firms that are subcontractors may enforce any limitations or exclusions of liability available to us under this Agreement.

### **3 Respective Responsibilities**

- 3.1 We will use reasonable efforts to complete, within any agreed-upon time frame, the performance of Services.
- 3.2 You shall be responsible for your personnel's compliance with your obligations under this Agreement. We will not be responsible for any delays or other consequences arising from you not fulfilling your obligations.

### **4 Working Papers and Deliverables**

- 4.1 **Ownership** - All reports (including assurance reports where applicable), written advice, working papers, and internal materials created or developed by us pursuant to this Agreement are owned by us, and we retain all property rights therein. All Client Documents continue to be your property, provided that we retain copies of such documents as necessary for our internal record keeping (including as required to comply with our professional obligations).
- 4.2 **Oral advice and draft deliverables** - You should not rely upon any draft deliverables or oral advice provided by us. Should you wish to rely upon something we have said to you, please let us know and, if possible, we will provide the information that you require in writing.
- 4.3 **Translated documents** - If you engage us to translate any documents, advice, opinions, reports or other work product of BDO from one language to another, you are responsible for the accuracy of the translation work.
- 4.4 **Reliance by Third Parties** - Our Services will not be planned or conducted in contemplation of or for the purpose of reliance by any party other than you, and are intended for the benefit of only you. Items of possible interest to a third party will not be addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction. The receipt by any third parties of any advice, opinions, reports or other work product is not intended to create any duty of care, professional relationship or any present or future liability between such third parties and us. For greater certainty, we expressly disclaim any liability of any nature or kind resulting from the disclosure to or unauthorized reliance by any third party on our advice, opinions, reports or other work product.
- 4.5 **Consent to use the Report** - Nothing in this Agreement shall be construed as consent to the use of our report in connection with a continuous disclosure document, a public or private offering document, an annual report or any other document and we expressly do not provide such consent. If you request consent for the use of our report, we will consider, at the relevant time, providing consent and any conditions that we may attach to such consent. Our consent must be in writing.
- 4.6 **Consent requests** - In order to provide consent, professional standards require that we read the other information in the related document and consider whether such information





is materially inconsistent with the related financial statements. Any consent request must be made on a sufficiently timely basis to allow us to consider your identification and resolution of events occurring in the period since the date of our report, and to obtain updated written representation letters. Such procedures will be performed at your cost and will be documented in a separate engagement letter.

## **5 Confidentiality**

- 5.1 We will use Confidential Information provided by you only in relation to the Services or for internal and administrative purposes. You agree, however, that we may use such Confidential Information for predictive analytics to provide you with key performance indicators and other analysis and insights. We will not disclose any Confidential Information, except where required by law, regulation or professional obligation. You agree, however, that we may disclose Confidential Information to other BDO Member Firms or other subcontractors assisting us in providing Services, provided that such parties are bound by reasonable confidentiality obligations no less stringent than in this Agreement.

## **6 Analytics**

- 6.1 You agree that we may use anonymized and aggregated usage metrics, metadata or other tag identifiers, and Confidential Information that will not include any personally identifiable information, related to your use of BDO products and/or services to develop, modify and improve tools, services and offerings and for data analytics and other insight generation. Information developed in connection with these purposes may be used or disclosed to current or prospective clients as part of service offerings, however we will not use or disclose your name or any Confidential Information in a way that would permit you to be identified.

## **7 Privacy and Consent for Use of Personal Information**

- 7.1 In order to provide our Services, we may be required to access and collect Personal Information of individuals that is in your custody. You agree that we may collect, use, store, transfer, disclose and otherwise process Personal Information as required for the purpose of providing the Services. Personal Information may be processed in various jurisdictions in which we or applicable BDO Member Firms and subcontractors providing Services operate and as such Personal Information may be subject to the laws of such jurisdictions. Personal Information will at all times be collected, used, stored, transferred, disclosed or processed in accordance with applicable laws and professional regulations and we will require any service providers and BDO Members that process Personal Information on our behalf to adhere to such requirements. Any collection, use, storage, transfer or disclosure of Personal Information is subject to BDO's Privacy Statement available at <https://www.bdo.ca/en-ca/legal-privacy/legal/privacy-policy/>.
- 7.2 You represent and warrant that:
- (a) you have the authority to provide the Personal Information to us in connection with the performance of our Services, and
  - (b) the Personal Information provided to us has been provided in accordance with applicable law, and you have obtained all required consents of the individuals to whom such Personal Information relates in order to permit BDO to collect, use and disclose the Personal Information in the course of providing the Services.



## **8 Independence**

- 8.1 Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to our clients in the performance of our Services. We will communicate to you any relationships between BDO (including its related entities) and you that, in our professional judgment, may reasonably be thought to bear on our independence.

## **9 Offers of Employment**

- 9.1 Any discussions that you, or any party acting on your behalf, have with professional personnel of our Firm regarding employment could pose a threat to our independence. Your recruitment of an engagement team member from the current or prior year's engagement may compromise our independence and our ability to render agreed Services to you. Engagement team members may include current and former partners and staff of BDO, other BDO Member Firms and other firms who work under our direction. Therefore, you agree to inform us prior to any such discussions so that you and we can implement appropriate safeguards to maintain our independence.

## **10 Professional and Regulatory Oversight and Legal Processes**

- 10.1 As required by legal, regulatory, or professional authorities (both in Canada and abroad) and by BDO policy, our client files must periodically be reviewed by practice inspectors to ensure that we are adhering to professional and BDO standards. It is understood that by entering into this Agreement, you provide your consent to us providing our files relating to your engagement to the practice inspectors for the sole purpose of their inspection.
- 10.2 Certain law enforcement, regulatory and other governmental bodies may also have the right under law or regulation to conduct investigations of you, including the Services provided by us. To the extent practicable and permitted by law or regulation, we will advise you of any such document request or production order we receive in connection with any such investigation prior to providing any documents in response to such request or order.
- 10.3 We are sometimes required by law, regulation, subpoena or other legal process, or upon your request, to produce documents or personnel as witnesses in connection with legal or regulatory proceedings. Where BDO is not a party to such proceedings, you shall reimburse us at our current standard billing rates for professional time and expenses, including without limitation, reasonable legal fees, expenses and taxes incurred in responding to such compelled assistance or request by you.

## **11 Electronic Communications**

- 11.1 Both parties recognize and accept the security risks associated with email communications, including but not limited to the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless you request in writing that we do not communicate by internet email, you assume all responsibility and liability in respect of risk associated with its use.

## **12 Limitation of Liability**

- 12.1 In any dispute, action, claim, demand for losses or damages arising out of the Services performed by BDO pursuant to this Agreement, BDO's liability will be several, and not joint and several, and BDO shall only be liable for its proportionate share of the total liability



based on degree of fault as determined by a court of competent jurisdiction or by an independent arbitrator, notwithstanding the provisions of any statute or rule of common law which create, or purport to create, joint and several liability.

- 12.2 In no event shall BDO be liable for indirect, consequential, special, incidental, aggravated, punitive or exemplary damages, losses or expenses, or for any loss of revenues or profits, loss of opportunity, loss of data, or other commercial or economic loss or failure to realize expected savings, including without limitation expected tax savings, whether or not the likelihood of such loss or damage was contemplated.
- 12.3 BDO shall in no event be liable under this Agreement or otherwise in connection with the Services for any actions, damages, claims, fines, penalties, complaints, demands, suits, proceedings, liabilities, costs, expenses, or losses (collectively, "Liabilities") in any way arising out of or relating to the Services performed hereunder for an aggregate amount of more than the higher of:
- (a) three times the fees paid to BDO by you, in a twelve consecutive month period, for the Services provided pursuant to this Agreement giving rise to the claim; and
  - (b) \$25,000.
- 12.4 The limitations of liability in this section apply whether or not the Liabilities asserted by you against BDO are incurred by you directly or as a result of a claim or demand against you by a third party.
- 12.5 No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.
- 12.6 You agree claims or actions relating to the delivery of Services shall be brought against us alone, and not against any individual. Where our individuals are described as partners, they are acting as one of our members.
- 12.7 For purposes of this Section, the term "BDO" shall include BDO Canada LLP and its subsidiaries, associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives. The provisions of this Section shall apply to the fullest extent of the law, regardless of the form of the claim, whether in contract, statute, tort (including without limitation, negligence) or otherwise.
- 12.8 **Tolling** - If you issue a claim against BDO pertaining to the Services, and a third-party claim issued by BDO in that action is dismissed as a result of a contractual limitations period between you and the third-party defendant, then you agree to a reduction of that portion of your claim against BDO that can be ascribed or attributed to the third-party defendant.

### **13 Indemnity**

- 13.1 To the fullest extent permitted by applicable laws, in the event of a claim or demand by a third party against BDO that arises out of or relates to the Services, you agree to indemnify and hold harmless BDO from and against all losses, costs (including solicitors' fees), damages, or expenses resulting from such third party claim or demand, except to the extent that the same is finally determined to have resulted from BDO's negligence or intentional misconduct.



#### **14 Alternative Dispute Resolution**

- 14.1 Both parties agree that they will first attempt to settle any dispute arising out of or relating to this Agreement, including any question regarding its existence, interpretation, validity, breach or termination, or the Services provided hereunder, through good faith negotiations.
- 14.2 In the event that the parties are unable to settle or resolve their dispute through negotiation, such dispute shall be subject to mediation using a mediator chosen by mutual agreement of the parties.
- 14.3 All disputes remaining unsettled for more than 60 days following the parties first mediation session with a mediator, or such longer period as the parties mutually agree upon, shall be referred to and finally resolved by arbitration. The parties agree that one arbitrator shall be appointed within twenty (20) days of receipt of the request for arbitration. If the parties cannot agree on the appointment of an arbitrator in such period then either party may immediately apply for the appointment of an arbitrator to a court of competent jurisdiction in the Province of the governing law as contained herein pursuant to such Province's applicable *Arbitration Act*. The place of arbitration shall be in the capital of the Province of the governing law as contained herein. Unless the arbitrator otherwise determines, the fees of the arbitrator and the costs and expenses of the arbitration will be borne and paid equally by the parties. Such arbitration shall be final, conclusive and binding upon the parties, and the parties shall have no right of appeal or judicial review of the decision whatsoever. The parties hereby waive any such right of appeal or judicial review which may otherwise be provided for in any provincial arbitration statute. Judgement upon the award, including any interim award, rendered by the arbitrator may be entered in any court having jurisdiction. The arbitration shall be kept confidential and the existence of the arbitration proceeding and any element thereof (including but not limited to any pleadings, briefs or other documents submitted and exchanged and testimony and other oral submissions and any awards made) shall not be disclosed beyond the arbitrator(s), the parties, their counsel and any person to whom disclosure is necessary to the conduct of the proceeding except as may be lawfully required in judicial proceedings relating to the arbitration or otherwise.

#### **15 Limitation Period**

- 15.1 You shall make any claim relating to Services or otherwise under this Agreement no later than one year after you became aware or ought reasonably to have become aware of the facts giving rise to any such claim.
- 15.2 You shall in no event make any claim relating to the Services or otherwise under this Agreement later than four years after the completion of the Services under this Agreement.
- 15.3 To the extent permitted by law, the parties to this Agreement agree that the limitation periods established in this Agreement replace any limitation periods under any limitations act and/or any other applicable legislation and any limitation periods under any limitations act and/or any other applicable legislation shall not alter the limitation periods specified in this Agreement.



## **16 Québec Personnel**

16.1 We may sometimes have individual partners and employees performing Services within the Province of Québec who are members of the Ordre des comptables professionnels agréés du Québec. Any such members performing professional services hereunder assumes full personal civil liability arising from the practice of their profession, regardless of their status within our partnership. They may not invoke the liability of our partnership as grounds for excluding or limiting their own liability. Any limitation of liability clauses in this Agreement shall therefore not apply to limit the personal civil liability of partners and employees who are members of the Ordre des comptables professionnels agréés du Québec.

## **17 Termination**

17.1 This Agreement applies to Services whenever performed (including before the date of this Agreement).

17.2 You or we may terminate this Agreement at any time upon written notice of such termination to the other party. We will not be liable for any loss, cost or expense arising from such termination. You agree to pay us for all Services performed up to the date of termination, including Services performed, work-in-progress and expenses incurred by us up to and including the effective date of the termination of this Agreement.

## **18 Governing Laws**

18.1 The terms of our engagement shall remain operative until amended, terminated, or superseded in writing. They shall be interpreted according to the laws of Ontario in which BDO's principal Canadian office performing the engagement is located, without regard to such province/territory's rules on conflicts of law.

## **19 Survival**

19.1 The provisions of this Agreement that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement. Any clause that is meant to continue to apply after termination of this Agreement will do so.

## **20 Force Majeure**

20.1 We will not be liable for any delays or failures in performance or breach of contract due to events or circumstances beyond our reasonable control, including acts of God, war, acts by governments and regulators, acts of terrorism, accident, fire, flood or storm or civil disturbance.

## **21 Assignment**

21.1 No party may assign, transfer or delegate any of the rights or obligations hereunder without the written consent of the other party or parties. BDO may engage independent contractors and BDO Member Firms to assist us in performing the Services in this Agreement without your consent.

## **22 Severability**

22.1 The provisions of this Agreement shall only apply to the extent that they are not prohibited by a mandatory provision of applicable law, regulation or professional standards. If any of these provisions shall be held to be invalid, void or unenforceable, then the remainder of



this Agreement shall not be affected, impaired or invalidated, and each such remaining provision shall be valid and enforceable to the fullest extent permitted by law.



*Appendix 2 - BDO HARMONY AND DATA EXTRACTION TERMS AND CONDITIONS*

By agreeing to data processing and extraction by BDO or a subcontractor (the “Data Extraction”), you accept and agree to be bound by the following terms and conditions (the “Data Extraction Terms and Conditions”). If you disagree with any part of these Data Extraction Terms and Conditions, you shall not be permitted to use the Data Extraction.

BDO may use software it has developed (the “BDO Software”) or third party software (the “Third Party Software”) to extract certain general ledger and subledger information from your financial accounting system, to facilitate performance of the Data Extraction.

**Liability and Warranty Disclaimer**

THE LAWS OF CERTAIN JURISDICTIONS, INCLUDING QUEBEC, DO NOT ALLOW THE EXCLUSION OR LIMITATION OF LEGAL WARRANTIES OR STATUTORY IMPLIED REPRESENTATIONS. IF THESE LAWS APPLY TO YOU, SOME OR ALL OF THE BELOW EXCLUSIONS OR LIMITATIONS MAY NOT APPLY TO YOU AND YOU MAY HAVE ADDITIONAL RIGHTS.

YOUR USE OF THE DATA EXTRACTION IS AT YOUR OWN RISK. THE BDO SOFTWARE AND THIRD PARTY SOFTWARE IS PROVIDED TO YOU ON AN "AS IS" AND "AS AVAILABLE" BASIS, WITHOUT ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED. BDO DOES NOT REPRESENT OR WARRANT THAT: THE CONTENT IS ACCURATE, RELIABLE OR CORRECT; THAT THE DATA EXTRACTION WILL BE AVAILABLE AT ANY PARTICULAR TIME OR LOCATION; THAT YOUR ACCESS TO THE DATA EXTRACTION WILL BE UNINTERRUPTED; THAT ANY DEFECTS OR ERRORS WILL BE CORRECTED; THAT THE BDO SOFTWARE OR THIRD PARTY SOFTWARE IS FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS; OR THAT THE DATA EXTRACTION OR THE CONTENT IS TIMELY, SECURE OR ERROR-FREE.

BDO SHALL NOT SHARE OR SELL ANY OF THE EXTRACTED INFORMATION TO THIRD PARTIES (OTHER THAN THOSE THIRD PARTIES SUBCONTRACTED TO PROVIDE THE DATA EXTRACTION), AND BDO SHALL USE SUCH INFORMATION SOLELY TO FACILITATE PERFORMANCE OF THE DATA EXTRACTION. BDO DOES NOT WARRANT THE ACCURACY OR COMPLETENESS OF ANY UNDERLYING INFORMATION AND/OR DATA PROVIDED BY YOU THE “UNDERLYING DATA”). THE INFORMATION DERIVED FROM THE SOFTWARE OR THIRD PARTY SOFTWARE ARE ENTIRELY DEPENDENT UPON THE UNDERLYING DATA AND AS A CONSEQUENCE MAY INCLUDE INACCURACIES OR TYPOGRAPHICAL ERRORS.

TO THE MAXIMUM EXTENT PERMITTED BY LAW, BDO DISCLAIMS ALL REPRESENTATIONS, WARRANTIES AND CONDITIONS, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE.

THE LAWS OF CERTAIN JURISDICTIONS, INCLUDING QUEBEC, DO NOT ALLOW CERTAIN EXCLUSIONS OR LIMITATIONS OF LIABILITY OR OF LIMITATIONS OF CERTAIN DAMAGES. IF THESE LAWS APPLY TO YOU, SOME OR ALL OF THE BELOW EXCLUSIONS OR LIMITATIONS MAY NOT APPLY TO YOU, AND YOU MIGHT HAVE ADDITIONAL RIGHTS.

UNDER NO CIRCUMSTANCES WILL BDO OR ITS LICENSORS BE LIABLE FOR ANY LOSS, INJURY, CLAIM, LIABILITY OR DAMAGE OF ANY KIND RESULTING FROM YOUR USE OF, OR INABILITY TO USE, THE DATA EXTRACTION. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, BDO DISCLAIMS ALL RESPONSIBILITY FOR ANY LOSS, INJURY, CLAIM, LIABILITY OR DAMAGE OF ANY KIND, INCLUDING DIRECT, INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OF ANY KIND (INCLUDING, WITHOUT LIMITATION, LEGAL FEES AND EXPENSES) RESULTING FROM, ARISING OUT OF OR IN ANY WAY RELATED TO THE DATA EXTRACTION.



If you are ordinarily resident of Quebec, you are only entitled to those warranties that are expressly required by law and that cannot be disclaimed and we limit and disclaim our liability to the fullest extent permitted by applicable Quebec law.

### **Third Party Software**

With your approval, BDO may offer the use of Third Party Software such as Validis LLC's ("Validis") DataShare to facilitate the Data Extraction. You agree it shall be subject to any Third Party Software provider's policies and terms of use. You also agree it shall not: (i) copy the Software or any Third Party Software except where such copying is incidental to the normal use of the Software or Third Party Software, or where it is necessary for the purpose of back-up or operational security; (ii) not access the Software or Third Party Software to build a product or service which competes with the Software or Third Party Software; (iii) Use the Software or Third Party Software to provide services to third parties, nor to rent, lease, sub-license, loan, translate, merge, adapt or vary the Software; (iv) not make alterations to, or modifications of the whole or any part of the Software, or the Third Party Software, any part of it to be combined with any other programs; (v) not disassemble, decompile, reverse-engineer, or create derivative works based on the whole or any part of the Software except to the extent that such actions cannot be prohibited by law. You agree Validis may process and store your data through Microsoft Azure for the provision of verification work. You agree that Validis may share your data with Microsoft Azure for the purposes of completing the Data Extraction and all data will be hosted in Canada by Microsoft Azure.

### **Personal Information**

BDO shall not collect and you agree not to provide personal information to BDO in the course of the Data Extraction.

### **Copyright**

The BDO Software and Third Party Software contains material which is owned by or licensed to BDO. Reproduction is prohibited other than in accordance with the copyright notice, which forms part of these terms and conditions. Without limiting the foregoing, you agree that you will not copy, attempt to reverse engineer, modify, translate or disassemble the BDO Software or Third Party Software in whole or in part, including any attempts to reconstruct, identify, or discover any source code, underlying ideas, underlying user interface techniques, or algorithms of BDO Software or Third Party Software. You may not copy, reproduce, perform, distribute, display, modify, translate, merge with other data, frame in another website, post on another website or create derivative works of the BDO Software or Third Party Software or content, in whole or in part, for the purpose of creating a competing product or service or for resale or distribution.

### **Termination**

BDO may terminate the Data Extraction (in whole or in part) or access of any user to the Data Extraction (in whole or in part) at any time, without notice to the user, in which case these terms and conditions shall continue to apply in respect of your past access. BDO shall not be liable for any losses or inconvenience that result from its termination of the Data Extraction or your access to the Data Extraction.

Letter Version: 20240903

T&C Version: 20240903



# Independence Communication

February 5, 2025

Audit committee  
The Corporation of the City of Thunder Bay  
Office of the City Manager  
2nd Floor, City Hall, 500 Donald Street East  
Thunder Bay, ON P7E 5V3

Dear Sirs/Mesdames:

We have been engaged to audit the consolidated financial statements of The Corporation of the City of Thunder Bay (the "Municipality") as at December 31, 2024 and for the year then ended.

The purpose of this letter is to communicate with you regarding all relationships between the Municipality and MNP LLP and/or its affiliates (collectively, "MNP") that, in our professional judgement, may reasonably be thought to bear on our independence. In determining which relationships to report, we consider the relevant rules and related interpretations prescribed by the appropriate professional accounting body and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client or a related entity;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or a related entity;
- (d) Economic dependence on a client; and
- (e) Provision of non-assurance services in addition to the audit engagement.

We are aware of the following relationships between the Municipality and MNP that, in our professional judgment, may reasonably be thought to bear on our independence. The following relationships represent matters that have occurred from October 15, 2024 to February 5, 2025.

The Corporation of the City of Thunder Bay has been a client for many years. This may create a familiarity threat to our independence. , therefore, required that the following safeguards be put in place: periodic rotation of audit team members; and consultation outside of the engagement team on any contentious issues.

We hereby confirm that MNP is independent with respect to the Municipality within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario as of February 5, 2025.

This report is intended solely for the use of Audit committee, management and others within the Municipality and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you at our meeting on February 12, 2025. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Sincerely,

*MNP LLP*

encls.

**MNP**



Wherever business takes you

[MNP.ca](https://www.mnp.ca)

**PRAXITY**  
Empowering Business Globally