

March 30, 2018

Manitoulin-Sudbury District Services Board
210 Mead Boulevard
Espanola, ON
P5E 1R6

**ATTENTION: Mr. Fern Dominelli
Chief Administrative Officer**

Dear Mr. Dominelli:

RE: KPMG Finance Department Review and Evaluation Final Report October 16, 2009

In January 2018 you requested that Freelandt Caldwell Reilly LLP ("FCR") review the above noted report and provide an update on the status of the 18 recommendations contained in the report. The only issues we noted are included in this letter.

During the year-end audit, FCR reviewed the 18 recommendations presented by KPMG and met with Connie Morphet and Amy Sonnenburg on February 6, 2018 to discuss. Subsequent to this meeting, FCR met with you on February 27, 2018, to discuss the results of our review.

The results of our review indicated the following:

- 1. Thirteen recommendations were completed.**
- 2. Three recommendations were not practical.**
- 3. The finance department is still working on one recommendation.**
- 4. One recommendation requires CEO/Board approval that has not been approved.**
- 5. Two new recommendations were developed.**

Further to the above review results and discussions with you and your staff, it was agreed that the recommendations listed below would be implemented going forward.

Recommendation #1 in the KPMG report: introduction of mandatory cut-off for monthly financial reporting.

Response: FCR recommended that cut-off be the 15th of the month for internal department reporting. If invoices are not received by this date then the month will be cut-off anyway and the invoice will be included in the following month's expenses.

New recommendation #1: All invoice costs within +/- 10% from the purchase order be processed without further approval by the department manager.

New recommendation #2: EMS invoices be kept track of in the EMS system. Accounting would pay the invoices however the details of all invoices would be tracked by the EMS system in order to allow them to have details of repairs and maintenance costs per ambulance by year.

Per discussion with Connie Morphet, accounting will implement these recommendations immediately and work through any questions or problems as they arise. It is our expectation that these three recommendations will be put in place and FCR will follow up on the status of these recommendations next year when performing the year-end audit.

We trust this update meets your expectations. Should you have any further questions with respect to the KPMG report or the recommendations in this letter, please do not hesitate to contact me at the office.

Yours truly,

FREELANDT CALDWELL REILLY LLP

A handwritten signature in black ink that reads "Cynthia MacKenzie". The signature is written in a cursive style with a large, stylized initial "C".

Cynthia MacKenzie, CPA, CA, MBA

44518