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BDO Canada LLP
37 King Street
Dryden, Ontario
P8N 2A7

May 24, 2022

The Corporation of the City of Dryden
30 Van Horne Ave
Dryden, Ontario
P8N 2A7

Dear Mr. Landsell-Roll, CPA, CGA, Treasurer

During the course of our audit of the consolidated financial statements ("financial statements") of The Corporation of the City of Dryden for the year ended December 31, 2021, we identified matters which may be of interest to management. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of any material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly an audit would not usually identify all such matters.

The responsibility for producing financial statements and ensuring adequate internal controls and sound business practices is the responsibility of the Board of Directors through management and is a part of management's overall responsibility for the ongoing activities of the municipality. Policies and procedures developed by the municipality to safeguard its assets and to provide reasonable assurance that errors and irregularities or illegal acts are promptly identified, must be properly monitored to ensure that all staff are complying with the guidelines provided. Where we determined, from our testing, that there exists a need for improvement in existing systems of internal control or if we detected that the municipality's staff are not complying with the critical accounting policies and procedures provided by management, we increased our year-end testing of account balances to ensure that audit risk was kept to an appropriately low level.

The comments and concerns expressed herein did not have a material effect on the municipality's financial statements and, as such, our opinion thereon was without reservation. However, in order for the municipality to ensure the safeguarding of its assets and the accuracy of its records, we believe our comments and concerns should be taken into consideration by management. Our comments are not intended to reflect upon the honesty or competence of the municipality's employees.

The matters we have identified are discussed in Appendix 1.

This communication is prepared solely for the information of management and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

We would like to express our appreciation for the cooperation and assistance which we received during the course of our audit from Chelsea Pateman and staff.



We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

Yours truly,

A handwritten signature in black ink, appearing to read "J. Pyzer Whetter".

Jennifer Pyzer Whetter, CPA, CA

Partner

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

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Appendix 1

Surplus Accounts

There is no reconciliation of the accumulated surplus balance prepared by management. As a result, each year before the financial statements can be balanced, a significant amount of work is required to verify the continuity of these balances. We recommend that management prepare a reconciliation/calculation showing how the prior year balance and current year surpluses/deficits tie to the ending balances.

Information Systems

Title	Weakness	Effect	Recommendation
Administrator Testing - BMO Online Banking	We noted that administrators within BMO Online Banking hold financial reporting duties.	There is a risk that the administrators with financial reporting duties could create fictitious users and make payments through these users.	We recommend that administrators of BMO Online Banking are limited to users that do not hold programming duties, or dual administration within the application is implemented.
User access changes - BMO Online Banking	We noted that there is no documentation of the requests made to grant or remove user access to BMO Online banking.	There is a risk of unauthorized user access to the BMO Online Banking application.	We recommend that documentation of requests made to grant and revoke user access from BMO Online Banking is maintained.
Termination testing - Vadim and Cartegraph applications	We noted that some terminated employees had maintained user access to Vadim after termination, and that Cartegraph termination tickets were not updated to state which accesses were removed.	Unauthorized users could retain access in error, contributing to malicious or unauthorized entries.	We recommend that documentation should be updated to specify the applications that access was revoked from and the date of revocation of application access rights to Vadim and Cartegraph application.
User access review to in-scope applications - Vadim, Neptune 360, BMO Online	We noted that periodic user access reviews are not conducted for in-	Lack of periodic user access review may result in unauthorized users	We recommend that user access should be reviewed on a periodic basis for in-



Banking	scope applications (Vadim, Neptune 360 and BMO Online Banking).	having access to in-scope applications (Vadim, Neptune 360 and BMO Online Banking).	scope applications (Vadim, Neptune 360 and BMO Online Banking) and be documented for any deviations.
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