



Legislation Details (With Text)

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Presented by: Brenda Barclay, Manager of Financial Operations & Reporting

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**TAMRMS#: B06**

**Appointment of Auditors**

Presented by: Brenda Barclay, Manager of Financial Operations & Reporting

**RECOMMENDATION(S)**

That KPMG be appointed as the City’s auditor for the 2017 - 2021 fiscal year ends (5 year term).

**PURPOSE OF REPORT**

To provide Council the results of the invitation to tender for external audit services and to provide a recommendation for the appointment of the City’s auditor.

**COUNCIL DIRECTION**

N/A

**BACKGROUND AND DISCUSSION**

Section 280 (1) of the Municipal Government Act stipulates that a council must appoint an auditor for the municipality. For the last 6 years (a three year contract plus a 3 year extension), Deloitte has been the City’s appointed Auditors. There are no further extension opportunities under this contract.

On May 24, 2017 the City issued an Invitation to Tender (ITT17-0044) for External Financial Audit Services. The contract contemplates a 5 year contract (plus an option for a 4 year extension).

The recommendation to execute a 5 year contract was to provide alignment with the new 4 year term of Council as well as to ensure any potential transition does not occur in the year of a Municipal election in the future.

Five proposals were received and evaluated based on five criteria.

In order to qualify for consideration, audit firms must meet the following mandatory requirements:

- Independent and licensed to practice in Alberta.
- No conflict of interest with regard to any other work performed by the firm for the City.
- A corporate location within the Edmonton Capital Region from where the City's audit would be directed.
- Demonstrated experience in the provision of audit services to at least two Canadian municipalities by the Edmonton corporate office.

The ITT was posted on the APC site and 5 firms submitted proposals. The following set of criteria was used to evaluate each proposal:

- Project Team - qualifications ability and public sector/municipal experience and expertise - 25%
- Project Plan - methodology, deliverables and timelines - 20%
- Communications - quality of proposal and presentation - 10%
- Suitability - fit and ability to work with the City - 10%
- Price - 35%

The proposal from KPMG had the highest ranked evaluation and therefore Administration recommends that they be appointed as the City's auditor for the period from 2017 to 2021. If the recommendation is passed by Council, Administration will be working with KPMG to prepare the audit plan for presentation to Council on September 11, 2017.

## **STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT**

N/A

## **IMPLICATIONS OF RECOMMENDATION(S)**

Financial:

The term of the contract would be for five years, with an option for an additional four years.

The cost for external financial audit services is included in the City's operating budget. The budgeted amount for 2018 and forward will be adjusted to reflect these new fees.

Legal / Risk:

Legal Services will review the contract between the City and the successful candidate prior to sign-off.

Program or Service:

None at this time.

Organizational:

Transition to a new auditor invariably involves additional time and effort of both City staff and the auditors. KPMG has provisions within their proposal to ensure the smoothest transition possible. It is anticipated that any increased workload will be managed within existing budgets and staffing.

## **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

None at this time.

Report Date: August 21, 2017

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Committee/Department: Financial Services

General Manager: Michelle Bonnici, GM of Corporate Services

City Manager: Kevin Scoble