

THE CORPORATION OF THE TOWN OF GEORGINA

REPORT NO. DCAO-2022-0014

**FOR THE CONSIDERATION OF
COUNCIL**

September 14, 2022

SUBJECT: Appointment of Auditor for Audit Services

1. RECOMMENDATION:

1. That Council receive Report No. DCAO-2022-0014 prepared by the Financial Controllershship and Reporting Division of the Office of the Deputy CAO dated September 14, 2022 respecting the Appointment of Auditor for Audit Services.
2. That Council appoint KPMG LLP to provide audit services to the Corporation of the Town of Georgina and its local boards and committees for the 2022, 2023, and 2024 fiscal years with the option to renew two (2) additional two (2) year terms subject to satisfactory performance.
3. That Council adopt a by-law to give effect to the above-noted recommendations.

2. PURPOSE:

This report seeks Council's approval to appoint KPMG LLP as the Town's independent auditor to provide audit services to the Corporation of the Town of Georgina and its local boards and committees.

3. BACKGROUND:

The *Municipal Act, 2001* requires that Council appoint an auditor licensed under the Public Accounting Act who shall report on the annual financial statements as prepared by management of the municipality for council. The auditor is responsible for:

- Annually auditing the accounts and transactions of the municipality and its local boards and expressing an opinion on the financial statements of these bodies based on the audit; and
- Performing duties required by the municipality or local board.

The Treasurer of the municipality is responsible for publishing 'audited' financial statements.

The Town of Georgina also uses the services of its appointed auditor as may be required during the year to assist with and provide direction related to complex and/or unusual accountings transactions and the implementation of new accounting standards that may be issued from time to time by the Public Sector Accounting Board (PSAB) and the Chartered Professional Accountants of Canada. These standards are often fairly complex, require significant judgement and estimates, and may involve increase in disclosures.

In July 2017, Council appointed BDO Canada LLP to provide audit services for the 2017, 2018, and 2019 fiscal years, and then extended the term to the 2020 and 2021 fiscal years as permitted in the agreement. Appointments may not exceed five years, however the same auditor may be reappointed by Council upon the expiry of an appointment.

4. **ANALYSIS:**

On May 13, 2022, the Northern 6 municipalities of York Region (N6), comprised of the Town of Newmarket, the Town of Aurora, the Town of East Gwillimbury, the Town of Whitchurch-Stouffville, the Town of Georgina and the Township of King, jointly released a Request for Proposals (RFP) for audit services. The RFP was co-ordinated by the Town of Newmarket procurement staff on behalf of the N6 municipalities.

Evaluation of Audit Services Proposals

In recognition of the importance of the procedure by which a Proponent may be selected, the following criteria was presented in the RFP and outlined the primary considerations to be used in the evaluation and consequent awarding of audit services:

Evaluation Stages	Weighting (Points)
Stage I – Mandatory Submission Requirements	Pass / Fail
Stage II – Mandatory Technical Requirements	Pass / Fail
Stage III – Required - Proponent's Business Overview, Experience, Knowledge and Qualifications	10
Stage III – Required - Proposed Project Staff Team and Resources	30
Stage III – Proposed Approach, Methodology & Deliverables	40
Stage IV – Optional Stage - Past Performance Review	10
Stage VI – Pricing Evaluation	20
TOTAL WEIGHTING (Points)*	110

* Stage V - Optional Stage – Interviews / Presentations waived

Proponents

The N6 municipalities received proposals from each of the following audit services proponents:

- BDO Canada LLP
- Deloitte LLP
- Grant Thornton LLP
- KPMG LLP

The proposals have been reviewed in detail by the Manager of Financial Controllershship and Reporting / Deputy Treasurer for the Town of Georgina, in consultation with the N6 group, and evaluated based on the above-noted criteria as detailed in the table below:

Respondents Total Points (Georgina Only)		
1.	KPMG LLP	92.33
2.	Deloitte LLP	86.12
3.	BDO Canada LLP	81.67

5. RELATIONSHIP TO STRATEGIC PLAN:

Priority 4: “Deliver exceptional service”

6. FINANCIAL AND BUDGETARY IMPACT:

The annual cost of audit services proposed by KPMG LLP for the 2022 fiscal year is \$55,000 plus applicable taxes. The current annual operating budget for audit services is \$40,000, an additional pressure of approximately \$15,000 in 2023.

Georgina Financial Bid Submission Results	
Initial Term – Year 1	\$55,000
Initial Term – Year 2	\$64,000
Initial Term – Year 3	\$58,000
Renewal Term 1 – Year 4	\$60,000
Renewal Term 1 – Year 5	\$62,000
Renewal Term 2 – Year 6	\$64,000
Renewal Term 2 – Year 7	\$66,000
Total Bid Submission Price	\$429,000*

*Exclusive of HST

After Council approves the bylaw to appoint KPMG as the auditor for the Town of Georgina, the Deputy CAO will approve the award of contract to KPMG for the three year term through the delegated authority provided during the Lame Duck period as described in by-law number: 2022-0045 (EL01): Being a by-law to delegate certain authority to the Chief Administrative Officer or Deputy Chief Administrative Officer for restricted acts during the election period commencing after nomination day.

7. PUBLIC CONSULTATION AND NOTICE REQUIREMENTS:

The RFP was published openly to the public on Bids and Tenders (Newmarket).

8. CONCLUSION:

This report contains recommendations that Council appoint KPMG LLP as its independent auditor for the Corporation of the Town of Georgina for the 2022, 2023, and 2024 fiscal years.

APPROVALS

Prepared By:	Harry Sidhu, CPA, CGA, Manager of Financial Controllershship & Reporting and Deputy Treasurer
Recommended By:	Rob Wheeler, CPA, CA, Deputy CAO and Treasurer
Approved By:	Ryan Cronsberry, Chief Administrative Officer

Attachments:

Attachment 1: Appointing By-Law