

Staff Report to Council

Title: Audit Services RFP Award

Report Number: Financial Services-2024-19

Director: Corporate Services

Manager: Manager.

Meeting Date:

Wednesday, September 25, 2024

Date to be considered by Council:

Wednesday, September 25, 2024

Recommendation:

That in consideration of Staff Report Financial Services-2024-19 respecting the Award of RFP TR2024-01 for the provision of external audit services and the appointment of a municipal auditor, Council awards RFP TR2024-01 to KPMG LLP for a total 3-year contract cost of \$165,180, excluding HST and directs staff to bring forward a by-law to authorize the Mayor and Clerk to execute the agreement; and

That Council authorizes KPMG LLP as the Municipality of Kincardine’s auditor for a period not exceeding five years.

Executive Summary:

Section 296 of the Municipal Act, 2001, identifies the requirements of an external auditor and allows for the appointment of external auditors for a term of five years or less. External audit services are required for the Corporation of the Municipality of Kincardine, The Municipality of Kincardine Trust Funds, and the Municipality of Kincardine BIA. Municipal staff have initiated a Request For Proposals process for the provision of audit services in accordance with the Municipality’s Purchasing and Procurement Policy.

Strategic Priorities:

D.16-Ensure the Municipality provides value for money and long-term sustainability

Financial Considerations:

The RFP required the submission of fees for services for a three-year period, which can be summarized as follows:

SERVICE	FEE	FEE	FEE	FEE
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	2024 Fiscal Year	2025 Fiscal Year	2026 Fiscal Year	Total 3-Year Fee
Municipality of Kincardine Consolidated Financial Statement Audit	\$45,000	\$46,600	\$48,200	\$139,800
Municipality of Kincardine Financial Statement Preparation	\$3,500	\$3,600	\$3,700	\$10,800
Municipality of Kincardine Trust Funds	\$1,700	\$1,760	\$1,820	\$5,280
Municipality of Kincardine BIA	\$2,800	\$2,900	\$3,000	\$8,700
Other Disbursements (list disbursements and their associated fees)	\$200	\$200	\$200	\$600
TOTAL ALL-INCLUSIVE BID PRICE	\$53,200	\$55,060	\$56,920	\$165,180

Municipal staff have historically prepared the financial statements, and therefore the total costs for Financial Statement Preparation will be removed if this practice continues going forward.

Audit Services for the year ended December 31, 2023 amounted to \$41,200, representing a 10% increase for the Consolidated Financial Statement audit. Financial Services staff will update the annual audit fees in the 2025 operating budget accordingly.

Policy:

Procurement Policy

Municipal Act, 2001

Context and Background Information:

RFP TR-2024-01 for the Provision of External Audit Services was issued on August 13, 2024 and closed on September 6, 2024. While there were four plan takers for the RFP, KPMG LLP was the only company that submitted a proposal.

The proposal evaluation team completed a review of the submission from KPMG LLP to ensure the proposal met the Municipality's requirements. Based on this review, the evaluation team recommends the award of the RFP to KPMG LLP.

Consultation Overview:

Consultation took place with the Director of Corporate Services and Manager of Financial Services.

Origin:

Municipal Staff

Implementation Considerations:

The annual audit process will commence in mid-October with the interim audit and will be completed by June 2025.

Risk Analysis:

The risk of not awarding this contract will result in the Municipality of Kincardine not having a municipally-appointed auditor for the 2024 fiscal year. Consequently, there would be delays in meeting regulatory requirements including timely submission of the FIR and possibly delayed receipt of provincial OMPF funding.

Attachments: None

Prepared by: Roxana Baumann, Director of Corporate Services

Submitted by: Roxana Baumann, Director of Corporate Services