

THE CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

STAFF REPORT

DATE: March 21, 2023
TO: Committee of the Whole
FROM: Andrew Hodge, Deputy Treasurer
SUBJECT: Audit Services

RECOMMENDATION:

THAT Committee of the Whole recommend that Council approves Option A to authorize staff to extend the contract for audit services for the 2022 fiscal year-end.

BACKGROUND:

In 2013, the municipality issued an RFP for audit services for the fiscal year ends 2013, 2014 and 2015. The contract was awarded to Allan and Partners LLP.

The original contract allowed for an extension which was approved by Council on May 19, 2015, as follows:

Resolution No. 174-15

Moved by Councillor Ferguson

Seconded by Councillor Watters

BE IT RESOLVED THAT Council of the Corporation of the Town of Mississippi Mills approves extending the Town's contract for audit services with Allan Chartered Accountant Professional Corporation for the fiscal years 2016, 2017 and 2018.

CARRIED

On April 15th, 2019, there was a report by the Treasurer for an extension of the audit services for the fiscal year-ends 2019, 2020, and 2021, through a delegation of authority as referenced in the Procurement By-law 18-14. It noted as follows:

In 2018, the Municipality passed a new Procurement By-law 18-14. Section IX 4 b (iii) allows for single source procurement where "there is documented evidence that the extension or reinstatement of an existing contract would prove most cost effective or beneficial." Also from this

section, "the rationale for the selection of single source procurement by a Department Head shall be submitted in writing to the CAO to include in an information report to Council."

In October 2021 Allan and Partners LLP merged operations with KPMG LLP. The Municipality's existing contract with KPMG LLP would expire following the 2021 fiscal year-end audit services if it is not extended. The other option would be to issue a new RFP for audit services. The drafting, issuing, receiving, reviewing, and awarding of an RFP could potentially take until midway through 2023 to complete and would have no guaranteed results, with the risk of causing an extended inability to complete the 2022 year-end financial statements.

DISCUSSION:

Staff recently contacted the firm to determine what the fees might be if the contract was further extended and was provided with the following quote which includes completion of the annual FIR:

Fiscal year-end 2022 - \$31,000 plus HST

In 2018 the Municipality passed a new Procurement By-law, By-law 18-14. Section IX 4 b (iii) allows for single source procurement where "there is documented evidence that the extension or reinstatement of an existing contract would prove most cost effective or beneficial." Also from this section, "the rationale for the selection of single source procurement by a Department Head shall be submitted in writing to the CAO to include in an information report to Council."

The increase in fees between the 2021 fiscal year-end pricing and 2022 fiscal year-end pricing is \$5,200 before HST and is not substantial. This increase includes an amount that is a "One-time including adoption of new CAS 315 auditing standard effective December 31, 2022" in the amount of \$2,500 as shown on page 6 of the attachment to this report. It is not expected that issuing an RFP for audit services would provide the desired results as few accounting firms are experienced in municipal audits and municipal accounting requirements.

Staff are satisfied with the services provided by KPMG LLP. KPMG LLP staff are very experienced in municipal audits and include assistance and advice as part of their services.

Due to the statutory requirements of municipalities producing audited year-end financial statements and the reporting timelines, the RFP process would require extended amounts of time before the audit could be performed and potentially completed. This timeframe would be anticipated to prevent meeting standard reporting timelines.

By extending the contract for audit services by one fiscal year it would allow for the completion of fiscal year-end 2022, and staff would then have time to prepare an RFP that would start with the 2023 year-end audit services.

OPTIONS:

Option A: Authorize staff to extend the contract for audit services for the 2022 fiscal year-end.

Option B: Authorize staff to extend the contract for audit services for the 2022, 2023, and 2024 fiscal year-ends.

Option C: Authorize staff to Conduct an RFP for audit services that would include the 2022 fiscal year-end.

FINANCIAL IMPLICATIONS:

The issuing of an RFP for Audit Services could result in unanticipated cost variances beyond the known cost for 2022 fiscal year-end.

SUMMARY:

Staff recommend that the Municipality's contract for audit services with KPMG LLP be further extended to include the 2022 fiscal year-end.

Respectfully Submitted

Approved by

Andrew Hodge,
Deputy Treasurer

Ken Kelly,
CAO

ATTACHMENTS:

KPMG – 2022 Fee Quote for Mississippi Mills