



## The Corporation of the Town of Tecumseh

Financial Services

**To:** Mayor and Members of Council

**From:** Tom Kitsos, Director Financial Services & Chief Financial Officer

**Date to Council:** May 13, 2024

**Report Number:** FS-2024-06

**Subject:** Appointment of Auditor 2023 - 2027

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### Recommendations

It is recommended:

**That** the Town accepts the proposal from KPMG LLP to provide auditing services for the 2023 to 2027 fiscal years.

**And that** a by-law be prepared appointing KPMG LLP as auditors in accordance with the Request for Proposal – External Audit Services dated February 7, 2024.

### Background

The term of our agreement with the current auditors KPMG LLP expired with the completion of the 2022 audit. Accordingly, the Town issued a Request for Proposal (RFP) for external auditing services on February 7, 2024.

### Comments

Section 296(1) of the *Municipal Act* requires that municipalities appoint an independent external auditor, licensed under the *Public Accounting Act 2004*, who 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 their audit.

In accordance with the Town's Procurement by-law, a Request for Proposal (RFP) was prepared and published in Bids and Tenders on February 7, 2024, to invite suitable qualified Chartered Professional Accounting (CPA) firms to bid on a contract providing external auditing services to the Town of Tecumseh. This includes the audit of the Town of Tecumseh consolidated financial statements as well as the Tecumseh BIA. The RFP outlined the process, as well as the terms and conditions, for selecting the external auditors, including:

- Proposal submission requirements
- Evaluation and selection methodology
- Audit scope and requirements

The term of the contract is for an initial term of five (5) years. The contract allows for an extension beyond the initial term for a successive five (5) year term subject to the agreement of both parties, provided that cost control is maintained, and the level of services is satisfactory to the Town.

An evaluation team comprising of the Deputy Treasurer & Manager – Financial Services, Deputy Treasurer & Manager – Revenue, and Financial Services Supervisor was established to review all proposals received as part of the RFP. A consensus scoring approach was used in relation to the criteria and points established in the RFP, and the evaluation process was facilitated and supervised by the Purchasing Officer. The successful proponent is the auditing firm offering the "best value" as determined by the highest score in the evaluation process.

The rating criteria and scoring weights were as follows:

- Understanding of the scope of work outlined in the RFP (10 points)
- Project deliverables including an understanding of project opportunities which includes public sector experience, provision of additional services, and approach to work (20 points)
- Proposed implementation plan including a description of audit methodology and audit team (30 points)
- Relevant experience with detail on a minimum of three similar engagements (20 points)
- Financial proposal (20 points)

Five submissions were received. The result of the evaluation process is that KPMG LLP had the highest overall score and is therefore recommended by the evaluation team to be appointed as the Town's independent external auditor for a five-year term ending fiscal year 2027.

## Consultations

None

## Financial Implications

Proposed fees, excluding net HST, are as follows:

<b>Fiscal Year</b>	<b>Town</b>	<b>BIA</b>	<b>Total</b>
2023	\$ 29,000	\$ 1,200	\$ 30,200
2024	\$ 31,000	\$ 1,300	\$ 32,300
2025	\$ 33,000	\$ 1,400	\$34,400
2026	\$ 35,000	\$ 1,500	\$36,500
2027	\$ 36,000	\$ 1,600	\$37,600
Total	\$164,000	\$ 7,000	\$ 171,000

The 2024 budget allotment for the audit of the 2023 fiscal year financials is \$27,000, and as such the current year proposed fees would result in an unfavourable budget variance of \$2,510 (\$29,000 + \$510 net HST = \$29,510 total proposed fee).

Please note that BIA costs are paid by the BIA.

## Link to Strategic Priorities

Applicable	<a href="#">2023-2026 Strategic Priorities</a>
<input type="checkbox"/>	Sustainable Growth: Achieve prosperity and a livable community through sustainable growth.
<input type="checkbox"/>	Community Health and Inclusion: Integrate community health and inclusion into our places and spaces and everything we do.
<input type="checkbox"/>	Service Experience: Enhance the experience of Team Tecumseh and our citizens through responsive and respectful service.

## Communications

Not applicable ☒

Website ☐ Social Media ☐ News Release ☐ Local Newspaper ☐

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Nick Meloche, CPA, B.Com  
Financial Services Supervisor

Reviewed by:

Zora Visekruna, MBA  
Deputy Treasurer & Manager Financial Services

Reviewed by:

Tom Kitsos, CPA, CMA, BComm  
Director Financial Services & Chief Financial Officer

Recommended by:

Margaret Misek-Evans, MCIP, RPP  
Chief Administrative Officer

Attachment Number	Attachment Name
None	None