

Date: 2020-10-06

Subject: Audit Appointment – Request for Proposal No. RFP2020-149 for External Audit Services

Secondary Title: for a Three (3) Year Period

Contact: Diane Oliveira, Interim Director of Purchasing
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Report Number: Corporate Support Services-2020-255

Recommendations:

That the report titled **Audit Appointment – Request for Proposal No. RFP2020-149 for External Audit Services for a Three (3) Year Period**, to the Committee of Council meeting of October 21, 2020 be received; and

That RFP2020-149 be awarded to KPMG LLP in the total amount of \$366,000 (excluding applicable taxes); and

That Council pass a By-law to appoint KPMG LLP as the City's external auditor for a three (3) year term effective November 1, 2020.

Overview:

- **Section 296 of the Municipal Act states that a municipality shall appoint an auditor licensed under the Public Accounting Act, 2004, and an auditor of a municipality shall not be appointed for a term exceeding five years.**
- **The appointment for the City's current auditor, KPMG LLP ends November 1, 2020.**
- **Under section 2.4 of City's Purchasing By-law, Non-Application, and subsequently Schedule D (subsection 9i.), professional services conducted by accountants are exempt from a competitive procurement process.**

- **Notwithstanding the By-law exemption, at the June 16, 2020 Audit Committee, staff received direction to initiate a competitive bid process for the City's External Audit Services (AU021-2020).**
- **A competitive procurement for External Audit Services was conducted in August 2020 (RFP2020-149).**
- **Staff have completed the evaluation process and recommends the procurement be awarded to KPMG LLP in the total amount of \$366,000 (excluding taxes).**
- **It is recommended that Council pass a By-law to confirm the appointment of KPMG LLP for a term of three (3) years commencing November 1, 2020.**

Background:

Section 296 of *the Municipal Act*, 2001 states:

- (1) Auditor - A municipality shall appoint an auditor who is licensed under the Public Accounting Act, 2004 who is responsible for annually auditing the accounts and transaction of the municipality and its local boards and expressing an opinion on the financial statements of these bodies based on the audit; and
- (2) Term – An auditor of a municipality shall not be appointed for a term exceeding five (5) years.

The appointment for the City's current auditor, KPMG LLP ends on November 1, 2020. Under section 2.4 of City's Purchasing By-law, Non-Application, and subsequently Schedule D (subsection 9i.), professional services conducted by accountants are exempt from a competitive Procurement Process. Notwithstanding the By-law exemption and that the City has been satisfied with the audit services provided by KPMG LLP, at the June 16, 2020 Audit Committee, staff received direction to initiate a competitive bid process for External Audit Services (AU021-2020). It was deemed appropriate to conduct a fair, open and transparent competitive procurement process to "test the market" to ensure the City of Brampton was and continues to obtain the best value for the taxpayers' dollar.

Current Situation:

On Friday August 7, 2020, the City issued an RFP for External Audit Services for the City of Brampton for a Three (3) Year Period. The RFP response period closed on Tuesday August 25, 2020.

The RFP process was conducted in accordance with the requirements of the RFP Document and the City's Purchasing By-law.

The RFP was publicly advertised and four firms obtained the RFP document. One proposal was received from KPMG LLP and evaluated by a team consisting of staff members from Finance and Internal Audit.

The Proposal was evaluated on the basis of the information provided by the Bidder at the time of submission of its Proposal, in accordance with the criteria and weight factors published in the RFP document.

The Proposal achieved the minimum score of 70% for the evaluation of the technical content and advanced to the evaluation of pricing. KPMG LLP's price for the scope of auditing services is \$366,000 (excluding tax) for a three (3) year period.

As part of KPMG's proposal submission, audit fee information for other comparable Municipal clients of KPMG was also included and it continued to demonstrate that they have provided competitive pricing for the City of Brampton audit.

Corporate Implications:

Financial Implications:

Staff will ensure that sufficient funding for this contract is included in annual budget proposals, subject to Council approval.

Strategic Plan:

This report achieves the Strategic Plan priority of Good Government by practicing proactive, effective and responsible management of finances, policies and service delivery and promotes transparency in the reporting of the City's financial affairs.

Term of Council Priorities:

This report fulfils the Council Priority of a Well-Run City through strict adherence to effective financial management policies and supports Brampton's 2040 Vision by ensuring sustainable financial revenues.

Conclusion:

This report recommends the award of RFP2020-149 and appointment as external auditor for the City of Brampton to KPMG LLP for a term of three (3) years commencing November 1, 2020.

Authored by:

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