

To:	Warden Halliday and Members of Grey County Council
Committee Date:	November 8, 2018
Subject / Report No:	FR-CW-23-18
Title:	Appointment of Auditors for the 2018 Fiscal Year
Prepared by:	Kevin Wepler, Director of Corporate Services
Reviewed by:	Kim Wingrove, CAO
Lower Tier(s) Affected:	
Status:	Recommendation adopted by the Committee as presented as per Resolution CW269-18; Endorsed by County Council on November 22, 2018 as per Resolution CC110-18.

Recommendation

1. That Report FR-CW-23-18 regarding the Appointment of Auditors for the 2018 fiscal year be received; and
2. That Council approves the single sourcing of external audit services for the 2018 fiscal year, as per the County's Purchasing Procedures Section 4.3 f) ii); and
3. That BDO Canada LLP be appointed auditors for the County of Grey, in accordance with Section 296 (1) of the Municipal Act, for the audit of the 2018 fiscal records; and
4. That the necessary by-law be presented to Council.

Executive Summary

- A municipality is required to appoint an auditor licensed under the *Public Accounting Act, 2004*
- An auditor of a municipality shall not be appointed for a term exceeding five years
- The use of sole or single sourcing with a particular vendor exceeding \$25,000 must be reported to Council

Background and Discussion

The purpose of this report is to recommend the appointment of the firm of BDO Canada LLP Chartered Accountants to act as Auditors for the County of Grey for the 2018 fiscal year.

Section 296 (1) of the Municipal Act requires that a municipality appoint an auditor licensed under the *Public Accounting Act, 2004* who is responsible for:

- a) annually auditing the accounts and transactions of the municipality and its local boards and expressing an opinion of the financial statements of these bodies based on the audit; and
- b) performing duties required by the board or local board

In addition, the *Act* also states that an auditor of a municipality shall not be appointed for a term exceeding five years.

In 2013, RFP-FIN-03-13 was issued for external audit services. The firm of BDO Canada was the successful proponent and was appointed as Auditors for the County for period of five (5) years beginning with the 2013 fiscal year and this ran through and included the audit for the 2017 fiscal year. As per the *Act*, the County will now need to appoint an auditor for the 2018 fiscal year.

Staff is recommending that for the services required for the audit of the 2018 fiscal year, that the method of procurement be to single source this service without a competitive bidding process. That the issuing of a request for proposal for external audit services be delayed until Finance staff are able to properly scope the audit services required in the future with the changes that are being considered currently with the County's long term care operations. This single sourcing would be applicable to the purchasing procedures section 4.3 f) ii), where this situation is covered under the exception when the competitive procurement may be found to be impractical.

In 2018 the County entered into an agreement with Sienna Senior Living for the purpose of providing long term care support services until an agreement to approve a management contract is received from the Ministry of Health and Long Term Care.

In response to the findings and recommendations contained in the long term care operational review undertaken between February and May 2018, moving to a full service management model was determined the most prudent way to meet the challenges of attaining accreditation for the County's long term care facilities, meeting the need for new policies and procedures that enables service delivery in an increasingly complex environment and gaining efficiencies and economies of scale.

Sienna Senior Living is currently working with County staff and is reviewing all aspects of the long term care operations including financial, quality, human resources and operating platform. This work will result in many recommended corporate changes to processes, policies and procedures. Until these processes, policies and procedures are finalized and documented, it will be difficult for County staff to document in a request for proposal the scope of work that will be required for the provision of external audit services and therefore difficult for proponents to respond to such a request for proposal.

It is for this reason that staff is recommending the single sourcing of external audit services to BDO Canada LLP and that the firm be appointed auditors for the 2018 fiscal year.

Legal and Legislated Requirements

Section 296 (1) of the Municipal Act requires that a municipality appoint an auditor licensed under the *Public Accounting Act, 2004*.

Financial and Resource Implications

The recommendation to appoint BDO Canada LLP will not have an impact on the 2018 budget, as the price received from BDO Canada LLP is within the provision that had been made in the 2018 budget.

BDO Canada LLP will honour the existing terms and conditions of RFP-FIN-03-13 External Audit Services, including the proposal price of \$62,500, exclusive of H.S.T.

If Council directs staff to develop a competitive process for audit services for the 2018 fiscal year, BDO has requested the right to adjust its pricing as part of the procurement process.

Relevant Consultation

Internal – Finance and Purchasing staff

External (list)

Appendices and Attachments

None