

Subject: Appointment of an external auditor for a five-year term

File Number: ACS2023-FCS-FIN-0010

Report to Audit Committee on 27 November 2023

and Council 6 December 2023

**Submitted on November 16, 2023 by Isabelle Jasmin, Deputy City Treasurer,
Corporate Finance, Finance and Corporate Services Department**

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Ward: Citywide

Objet : Nomination d'un vérificateur externe pour un mandat de cinq ans

Numéro de dossier : ACS2023-FCS-FIN-0010

Rapport présenté au Comité de la vérification le 27 novembre 2023

et au Conseil le 6 décembre 2023

**Soumis le 16 novembre 2023 par Isabelle Jasmin, Trésorière municipale adjointe,
Services des finances municipales, Direction générale des finances et des
services organisationnels**

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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION(S)

That the Audit Committee recommend that Council approve:

- 1. The appointment of KPMG LLP as the external auditors of the City of Ottawa commencing upon issuance of a purchase order to KPMG and**

ending September 30, 2028 (includes the audits for five fiscal years) for a total firm price of \$2,970,850 plus HST for the five-year contract period, and that the necessary By-Law be enacted; and,

2. The appointment of KPMG LLP as the external auditors of the Ottawa Community Lands Development Corporation for the five-year period ending September 30, 2028.

RECOMMANDATION(S) DU RAPPORT

Que le Comité de la vérification recommande au Conseil d'approuver :

1. La nomination de KPMG s.r.l. en tant que vérificateurs externes de la Ville d'Ottawa dès la date de production d'un bon de commande pour KPMG, qui prendra fin le 30 septembre 2028 (comprenant la vérification de cinq exercices financiers), au prix ferme de 2 970 850 \$ plus TVH pour la durée du contrat de cinq ans, et d'adopter le règlement nécessaire à cet effet.
2. La nomination de KPMG s.r.l. en tant que vérificateurs externes de la Société d'aménagement des terrains communautaires d'Ottawa pour une période de cinq (5) ans prenant fin le 30 septembre 2028.

BACKGROUND

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.

DISCUSSION

In accordance with the City's financial guidelines and the Procurement By-Law, a Request for Proposal (RFP) was prepared and published on MERX on June 15, 2023, to invite suitably qualified Chartered Professional Accounting (CPA) firms to bid on a contract for providing external auditing services to the City of Ottawa. This includes the audit of the City of Ottawa consolidated financial statements as well as many other audit engagements related to City of Ottawa programs and related entities. The RFP also included the audit requirements of the Ottawa Community Lands Development Corporation. 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

An evaluation team comprising Corporate Finance Services staff 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 members of the City's Procurement Branch. 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:

- Experience of the proponent on audit engagements of a similar magnitude and complexity as the City of Ottawa (30 points)
- Experience and qualifications of Partner, Senior Audit Manager, and key team members (25 points)
- Audit approach and methodology (15 points)
- Financial proposal (30 points)

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 the City's independent external auditors for a five-year term ending September 30, 2028.

FINANCIAL IMPLICATIONS

This contract will result in a budget impact (increase) of a net amount of \$30,000. This has been submitted as a budget pressure as part of the 2024 budget process.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations in this report.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a citywide report and does not require comments by Ward Councillors.

ADVISORY COMMITTEE(S) COMMENTS

This report is administrative in nature and for information purposes only.

CONSULTATION

No consultation was required as this report is administrative in nature.

ACCESSIBILITY IMPACTS

Pursuant to sections 12 and 14 of the Integrated Accessibility Standards Regulation 191/11, under the *Accessibility for Ontarians With Disabilities Act, 2005* (AODA), the chosen external auditor for the City of Ottawa shall ensure that any information, products, deliverables and/or communications intended for the public be produced, pursuant to the Contract, in accessible formats and that any applicable web content conform with the Web Content Accessibility Guidelines, level 2.0 AA.

TERM OF COUNCIL PRIORITIES

This report supports the City's commitment to financial sustainability and transparency.

DISPOSITION

Upon approval of the recommendations by Council, Legal Services will prepare the appropriate by-law and place on the agenda of Council for enactment.