

Type: Open Session

Report To: Finance Standing Committee

Meeting Date: October 24, 2024

Subject: Appointment of Auditors

Recommendation(s)

1. That report FIN-24-31, Appointment of Auditors, dated October 24, 2024 be received; and
2. That KPMG LLP be appointed as the Corporation of the Town of Grimsby's external auditor for the fiscal years ending December 31, 2024 to December 31, 2026 with an option in favour of the Town to extend the term for an additional two (2) one (1) year periods.

Purpose

The purpose of this report is to request the Finance Committee and Council approval for the appointment of KPMG LLP as the municipality's external auditor. The appointment will ensure the municipality complies with statutory financial reporting requirements and maintains an independent review of its financial statements.

Background

Ontario Municipal Act, S.O. 2001, c. 25 s. 296

Auditor

A municipality shall 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 on the financial statements of these bodies based on the audit; and
- b) performing duties required by the municipality or local board.

Term

An auditor of a municipality shall not be appointed for a term exceeding five years. See Appendix A - Municipal Act, 2001, S.O. 2001, c. 25, s. 296 – 297 for full section details.

By-law No. 21-81 A By-law to appoint an auditor for the Corporation of the Town of Grimsby

Grant Thornton LLP, Chartered Professional Accountants have been the appointed auditors for the municipality since the 2015 fiscal year with reappointment in 2021 through By-law 21-81.

On average, the Town has spent \$56,500 excluding applicable HST on this contract. This average does not include costs incurred to date for the 2023 Fiscal Year End.

Analysis/Comments

Open Competition

Staff have conducted a competitive open competition procurement process via bids and tenders RFP 2024-10 FIN External Audit Services. The Request for Proposal documents can be found on our [Bids and Tenders - Grimsby](#) page.

The Town received three proposals with evaluation conducted by Town staff. The evaluation concluded with KPMG LLP as the successful proponent of the RFP.

KPMG LLP Profile

KPMG LLP is the Canadian member firm of KPMG International Cooperative (KPMG International). In Canada KPMG partners and professionals provide a wide range of audit, tax and advisory services.

KPMG has more than 130 firms in Canada. KPMG in Canada operates through four functional units: Audit, Tax, Advisory and Enterprise. Government is one of KPMG's eight focus industries.

KPMG LLP is licensed under the Public Accounting Act laws of Ontario. Sections 296 and 297 of the Municipal Act deal directly with the role of the Auditor. KPMG confirms that it is compliant with the Municipal Act, 2001 and associated regulations. More specifically, Carlos Alvarez, Lead Audit Partner, holds a public license under the Public Accounting Act, 2004, as required by Section 296(1) of the Municipal Act.

KPMG audits over 80 of Ontario's 444 municipalities, serving 42% of the top 100 municipalities in Canada by revenue.

The Town will be covered by KPMG's Niagara - St. Catharines 80 King St, L2R 7G1 office with support from the Hamilton and Halton offices that service the Hamilton, Niagara, Halton geographic corridor.

KPMG has recently been onboarded by the City of Niagara Falls and the Town of West Lincoln with previous/current services provided to the Town-of-Niagara-on-the-Lake, Town of Lincoln, and City of St. Catharines.

Strategic Priorities

- Priority: Responsible and Progressive Growth
- Direction: Focus on affordability and financial sustainability for the municipality
- Action: Continue to enhance financial transparency

Financial Impact

Base Contract Fees

Deliverables included in the pricing for the audit process include:

- Issue an audit report and express an opinion on the Town’s financial statements and each of the entities (listed in the chart below);
- Issue communication of the audit results to those charged with governance upon completion of the audit;
- Provide assistance with the preparation of the notes to the financial statements;
- Issue Financial Statements in the firm’s standard format;
- Attend the necessary meetings of the Town’s Committees, Boards or Councils;
- Conduct annual PSAB audit work, including for any new accounting pronouncements;
- Assist as necessary in the continued compliance with PSAB;
- Any other statutory audit requirements under the Municipal Act, 2001 or any other act; and
- For Niagara Power Inc. and related companies, the auditor will be required to review the audit procedure for Niagara Power Inc. - consolidated and non-consolidated statements as well as Grimsby Power Inc.

Pricing is inline with current audit fees:.

Year Ending	Town of Grimsby	Trust Fund	Library	Business Improvement Area	Art Gallery	Subtotal
2024	\$39,000	\$2,400	\$5,000	\$1,850	\$3,250	\$51,500
2025	\$41,000	\$2,500	\$5,200	\$1,950	\$3,400	\$54,050
2026	\$42,000	\$2,600	\$5,400	\$2,150	\$3,550	\$55,700
Total not including HST:						\$161,250

Optional Period Pricing

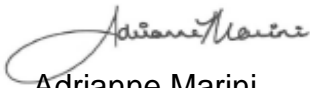
The optional years' pricing will be subject to adjustments based on Canada's Consumer Price Index,

Approval of the further term(s) will depend on the satisfaction of performance by KPMG LLP with the Town as well as subject to council budgetary approval.

Conclusion

In conclusion, KPMG LLP is a reputable organization with extensive experience, knowledge, and capability. It is Staff's recommendation for KPMG LLP to be appointed as the Corporation of the Town of Grimsby's external auditor for the fiscal years ending December 31, 2024 to December 31, 2026.

Respectfully prepared by,



Adrienne Marini
Manager of Strategic Procurement, Risk Management and Payables

Respectfully submitted by,



Tony Del Monaco
Director of Finance/Treasurer

Respectfully approved by,



Sarah Kim
Chief Administrative Officer

Attachments

- **Appendix A** – Municipal Act, 2001, S.O. 2001, c. 25, s. 296 - 297