

THE CORPORATION OF THE
CITY OF WHITE ROCK
CORPORATE REPORT



DATE: October 21, 2024
TO: Mayor and Council
FROM: Candice Gartry, Director, Financial Services
SUBJECT: Contract Award – Audit Services 2025-2029

RECOMMENDATIONS

THAT Council receive the corporate report dated October 21, 2024, from the Director, Financial Services, titled “Contract Award – Audit Services 2025-2029;” and

1. Approve the award of the Audit Services contract for a five-year term, covering the 2025-2029 financial years, to KPMG LLP in the amount of \$391,500 (excluding GST);
 2. Authorize the pre-approved budget contingency in the amount of \$39,150 (10% of the contract amount) to support any unanticipated needs; and
 3. Authorize the Director, Financial Services, to execute all contract documentation required for the contract.
-

EXECUTIVE SUMMARY

This report recommends that Council approve a five-year audit services contract with KPMG LLP (“KPMG”) for the 2025–2029 financial years, with two optional one-year extensions. This follows a competitive Request for Proposal (RFP) process in September 2024, where KPMG was the sole bidder and met all criteria.

The proposed contract is valued at \$391,500 (excluding GST). Staff are recommending budget approval to include an additional 10% contingency of \$39,150 for unforeseen needs, bringing the total budget for the five years to \$430,650 (excluding GST).

Approval of this contract ensures compliance with the *Community Charter* and maintains continuity in the City's audit services.

INTRODUCTION/BACKGROUND

Community Charter

In accordance with the *Community Charter*, section 169, titled “Municipal auditor”:

1. A council must appoint an auditor for the municipality.
2. A municipal auditor must be a person who is authorized to be the auditor of a company under section 205 of the *Business Corporations Act*.
3. A municipal auditor has the power and duty to conduct the examinations necessary to prepare the reports required under this Division and, for these purposes, has the same

authority in relation to the municipality as the auditor of a company under the *Business Corporations Act*.

Further, in accordance with section 171 of the *Community Charter* titled ‘Auditor’s reports’

1. The municipal auditor must report to the council on the annual financial statements of the municipality.
2. The report under subsection (1) must be in accordance with the form and the reporting standards recommended by the Chartered Professional Accountants of Canada.

Procurement Best Practice

Issuing Requests for Proposals (RFPs) for services in the municipal sector, even when a vendor is already supplying those services, is essential to ensure transparency, accountability, and fiscal responsibility. The RFP process encourages competitive bidding, allowing the municipality to assess whether current service providers continue to offer the best value in terms of cost, quality, and innovation. It also promotes fairness by giving other vendors the opportunity to compete, which can lead to improved services or cost savings. Moreover, RFPs help municipalities avoid complacency with existing providers and maintain high standards, ensuring that public funds are used efficiently while fostering trust with residents and stakeholders.

Audit Services

The last RFP for audit services was issued in 2015 and KPMG LLP (“KPMG”) was awarded the contract for the 2015–2019 financial years. For the 2020–2023 financial years, the Director of Financial Services, with approval from the Chief Administrative Officer, directly awarded the contract to KPMG. Additionally, the City and KPMG entered into a one-year agreement for audit services for the 2024 financial year, setting the stage for a new procurement process for the 2025–2029 financial years.

In September 2024, an RFP was issued for audit services for 2025–2029, with the option for two one-year extensions. KPMG was the sole bidder. After reviewing the proposal, staff concluded that KPMG’s proposal meets the RFP criteria and provides overall value to the City, further supported by the City’s positive relationship with the firm.

Budget

The 2024 audit services were initially budgeted at \$50,000. However, the agreement with KPMG for the 2024 financial year was finalized at \$56,710 (excluding GST). The proposed rates for the 2025–2029 financial years reflect a 30% increase over the current budget. Based on discussions with other public sector organizations, this increase aligns with industry trends and is not considered excessive.

FINANCIAL IMPLICATIONS

KPMG’s proposal outlines a five-year contract valued at \$391,500 (excluding GST). Staff recommend that Council approve an additional budget contingency of \$39,150, representing 10% of the proposed fees. This contingency would cover any unforeseen needs that may arise, such as additional research or professional services, particularly in response to new accounting standards. The total recommended budget for audit services over the 2025–2029 period is \$430,650 (excluding GST).

LEGAL IMPLICATIONS

No legal implications are anticipated. Staff request authorization for the Director, Financial Services, to execute all contract documentation required.

OPTIONS / RISKS / ALTERNATIVES

The following options are available for Council's consideration:

1. Not approve the recommendation to award the five-year contract to KPMG. This would leave the City without an appointed auditor to conduct the 2025 audit, resulting in non-compliance with sections 169 and 171 of the *Community Charter* and the inability to provide audited financial statements for the 2025 financial year.

CONCLUSION

Staff recommend that Council award the five-year audit services contract to KPMG LLP, which would ensure compliance with the *Community Charter* and maintain the continuity of the City's audit processes. KPMG's proposal offers value and aligns with industry standards, while the recommended contingency provides flexibility for any unforeseen needs. Council's approval will secure essential audit services for the 2025–2029 financial years, ensuring the City can meet its financial reporting obligations efficiently and transparently.

Respectfully submitted,



Candice Gartry, CPA, CGA
Director, Financial Services

Comments from the Chief Administrative Officer

I concur with the recommendations of this corporate report.



Guillermo Ferrero
Chief Administrative Officer