



**Date:** September 11, 2023

**To:** Mayor and Council

**Author:** Ryan McLeod, Director of Financial Services, Information Technology and Customer Service

**RE:** External Audit Services - Award of Contract

**Report No.:** FS-2023-11

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## **RECOMMENDED ACTION**

1. That By-law 54-2023 to appoint HMID LLP as the auditors for The Corporation of the Town of Kingsville for the fiscal years of 2023 through 2026 be taken as having been read three times and finally passed and the Mayor and Clerk **BE AUTHORIZED** to sign same.

## **BACKGROUND**

As per section 296 of the Municipal Act, every municipality is required to appoint an auditor licensed under the *Public Accounting Act, 2004* to perform an annual audit of the accounts and transactions of the municipality and to express an opinion on its financial statements.

The Town's current Auditor, BDO Canada LLP, was appointed in 2012 for an initial five year term. As BDO proposed only modest fee increases beyond their initial term, and Administration was generally pleased with their level of service, BDO continued to perform the annual audit until 2022.

To ensure audit services are in line with current market prices and service levels, Administration published a Request for Proposal (RFP) on the Town's Bid and Tenders website on June 30, 2023.

The deliverables included in the RFP was to provide an audit opinion on the Consolidated Financial Statements for the Corporation of the Town of Kingsville and the Cemetery Trust Financial Statements for the fiscal periods ending December 31, 2023 through December 31, 2026.

## **DISCUSSION**

Five firms submitted qualifying proposals in response to the Town's RFP. This included; BDO Canada LLP, Grant Thornton LLP, KPMG LLP, Melo LLP and HMID LLP.

Each proposal was evaluated by the Director of Financial Services and the Manager of Financial Services based on the following criteria:

<b>CRITERIA</b>	<b>MAXIMUM SCORE</b>
Qualifications & Experience of Key Team Members	20
Municipal / Public Sector audit experience	15
Project Understanding & Work Plan	20
Transition Plan for first year audit	5
<b>Phase 1</b>	<b>60</b>
Fee Proposal	30
Value Added Services	5
<b>Phase 2</b>	<b>95</b>
Interview / References*	10
<b>Total Points</b>	<b>105</b>

\*As specified in the RFP, only the top 2 candidates were selected for an interview.

The top 2 scores were as follows;

<b>FIRM</b>	<b>FINAL SCORE</b>
<b>HMID LLP</b>	<b>85</b>
KPMG LLP	72

HMID LLP is based in Leamington and currently performs the financial statement audits for the Municipality of Leamington, Union Water Supply System and the Township of Pelee. Administration contacted the Director of Finance and Business for the Municipality of Leamington regarding HMID's past performance, and favourable comments were received.

Based on our review of their proposal and the responses provided during the interview phase of the evaluation, Administration recommends the appointment of HMID LLP as auditors for the Town of Kingsville for the fiscal years of 2023 through 2026.

## **FINANCIAL CONSIDERATIONS**

HMID LLP's bid for the 4-year audit engagement amounted to \$101,075 plus HST, which equates to an annual average of \$25,269.

For reference, the financial statement audit in the Town's 2023 budget was \$28,500.

## **ENVIRONMENTAL CONSIDERATIONS**

None

## **CONSULTATIONS**

RFP References included the Town of Tecumseh, County of Essex and Municipality of Leamington

PREPARED BY:



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Ryan McLeod, CPA, CA  
**Director of Financial Services, Information Technology and Customer Service**

REVIEWED BY:



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John Norton  
**Chief Administrative Officer**