

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 29, 2013

Item 2, Report No. 11, of the Finance and Administration Committee, which was adopted, as amended, by the Council of the City of Vaughan on October 29, 2013, as follows:

By approving the following:

That Confidential Communication C11 from the Acting Commissioner of Finance & City Treasurer, dated October 24, 2013, be received.

**2 AWARD OF RFP13-295 PROFESSIONAL AUDITING SERVICES
FOR THE CITY OF VAUGHAN AND RELATED ENTITIES**

The Finance and Administration Committee recommends approval of the recommendation contained in the following report of the Acting Commissioner of Finance & City Treasurer and the Director of Financial Services in consultation with the Director of Purchasing Services, dated October 7, 2013:

Recommendation

The Acting Commissioner of Finance & City Treasurer and the Director of Financial Services in consultation with the Director of Purchasing Services recommend:

- 1) That the provision for external Auditing Services to the City of Vaughan, Vaughan Public Library Board, the City of Vaughan Trust Fund, Vaughan Business Corporations (the "Hydro Companies") and the Kleinburg Business Improvement Area, commencing with the 2013 audit, be awarded to KPMG LLP, in the total amount of \$251,720.00 plus applicable taxes, for an initial period of two (2) years with an option to extend for three (3) additional one (1) year terms; and
- 2) That the Mayor and City Clerk be authorized to sign the necessary documents.

Contribution to Sustainability

This is not applicable to this report.

Economic Impact

The total cost of the external auditing services for 2013 and 2014 for all entities is \$251,720.00 plus applicable taxes, 2013 and 2014 would be billed at the same rate of \$125,860.00 plus applicable taxes each year. There is an option to extend for three (3) optional one (1) year terms subject to satisfactory performance and approval of the budget. The fees are consistent with prior years and do not create any budget pressure. The audit fees are funded through the operating budget account #. 071000.7520.

Communications Plan

No additional communication is required.

Purpose

To seek an external auditing firm for a period of two (2) years with the option to extend for three (3) additional one (1) year terms to perform auditing services for the City of Vaughan, Vaughan Public Library Board, Kleinburg Business Improvement Area, City of Vaughan Trust Fund and Vaughan Business Corporations (the "Hydro Companies").

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 29, 2013

Item 2, Finance Report No. 11 – Page 2

Background – Analysis and Options

On July 30, 2013, RFP13-295 Professional Auditing Services for the City of Vaughan and Related Entities was issued. The City of Vaughan is a fast growing and urban municipality which is governed by an ever increasingly complex legislative environment. As a result the City requires an auditing firm large enough to provide an efficient/cost effective audit of our year-end financial statements and the expertise to provide a wide range of support services. The RFP for Auditing Services is for the City of Vaughan including, Vaughan Public Library Board, Kleinburg Business Improvement Area, City of Vaughan Trust Fund and Vaughan Business Corporations (the “Hydro Companies”).

Legislation requires that the City, under Section 296 of the Municipal Act, RSO 2001 appoint an auditor licensed under the Public Accounting Act.

The Bid Process

The professional audit services request for proposal was developed so that information provided from each firm would be consistent and sufficient to allow for a comprehensive assessment. The proposal was therefore structured with two (2) components, a technical requirement and a proposal fee. The respective weighting was 70 points for the technical requirement and 30 points for the fee portion. The proposals were evaluated using the following criteria:

Item	Criteria	Points
1	The Proponent is independent and licensed audit Firm to practice in Ontario	Mandatory Requirement
2	Proponent Firm	20
3	Personnel Assigned To The Audit	25
4	Audit Program per 4.2 (vii)	10
5	Staffing Plan per 4.2 (vii)	10
6	Other Services per 4.2 (vi) and 4.2 (viii)	5
7	Proposed fee & allocation of resources	30
	GRAND TOTAL	100
	Short-listed for Discussions/Interviews/Presentations	25

The Request for Proposal was advertised on Biddingo and OPBA website on July 30, 2013 and CityPage on August 1, 2013, with a closing date of August 21, 2013. One (1) Addendum was issued to clarify Proponent's questions. The RFP document was picked up by six (6) firms, and Proposals were received from the following four (4) Proponents:

1. BDO Canada LLP
2. Pricewaterhouse Coopers LLP
3. Grant Thornton LLP
4. KPMG LLP

An evaluation meeting was held on September 4, 2013 with the Evaluation Committee, comprised of staff from the Finance and Purchasing Departments. The points for the evaluation have been awarded so that the City in its final decision will receive competitive pricing and an effective and efficient audit service.

Evaluation Results

Proposals from the four (4) firms were evaluated by the Evaluation Committee. The two (2)

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 29, 2013

Item 2, Finance Report No. 11 – Page 3

highest scoring proposals were short-listed for Discussions/Interviews/Presentations. The top two (2) proponents were invited to make a presentation and answer questions formulated by the Evaluation Committee. This presentation was scored out of 25 possible points. The Discussions/Interviews/Presentations of the evaluation process was conducted on September 10, 2013.

Our current auditor, KPMG LLP ranked first in the overall scoring.

KPMG LLP is one of the four largest accounting firms in Canada, and has significant municipal audit experience serving over 20 cities, towns and regions throughout Ontario. In addition to auditing and accounting services, KPMG provides auxiliary services in a wide range of areas such as advisory services, indirect tax services and forensic services.

Based on the evaluation of the proposals, it is recommended that the proposal submitted from KPMG LLP be accepted and that an Agreement be executed.

Relationship to Vaughan Vision 2020

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Regional Implications

Not applicable.

Conclusion

Based on the RFP submissions as reviewed by the Evaluation Committee, the audit engagement for 2013 and 2014 be awarded to KPMG LLP.

Attachments

None

Report prepared by:

Nancy Yates, CPA CA BComm
Accounting Manager, Ext. 8984

**AWARD OF RFP13-295 PROFESSIONAL AUDITING SERVICES
FOR THE CITY OF VAUGHAN AND RELATED ENTITIES****Recommendation**

The Acting Commissioner of Finance & City Treasurer and the Director of Financial Services in consultation with the Director of Purchasing Services recommend:

- 1) That the provision for external Auditing Services to the City of Vaughan, Vaughan Public Library Board, the City of Vaughan Trust Fund, Vaughan Business Corporations (the "Hydro Companies") and the Kleinburg Business Improvement Area, commencing with the 2013 audit, be awarded to KPMG LLP, in the total amount of \$251,720.00 plus applicable taxes, for an initial period of two (2) years with an option to extend for three (3) additional one (1) year terms; and
- 2) That the Mayor and City Clerk be authorized to sign the necessary documents.

Contribution to Sustainability

This is not applicable to this report.

Economic Impact

The total cost of the external auditing services for 2013 and 2014 for all entities is \$251,720.00 plus applicable taxes, 2013 and 2014 would be billed at the same rate of \$125,860.00 plus applicable taxes each year. There is an option to extend for three (3) optional one (1) year terms subject to satisfactory performance and approval of the budget. The fees are consistent with prior years and do not create any budget pressure. The audit fees are funded through the operating budget account #. 071000.7520.

Communications Plan

No additional communication is required.

Purpose

To seek an external auditing firm for a period of two (2) years with the option to extend for three (3) additional one (1) year terms to perform auditing services for the City of Vaughan, Vaughan Public Library Board, Kleinburg Business Improvement Area, City of Vaughan Trust Fund and Vaughan Business Corporations (the "Hydro Companies").

Background – Analysis and Options

On July 30, 2013, RFP13-295 Professional Auditing Services for the City of Vaughan and Related Entities was issued. The City of Vaughan is a fast growing and urban municipality which is governed by an ever increasingly complex legislative environment. As a result the City requires an auditing firm large enough to provide an efficient/cost effective audit of our year-end financial statements and the expertise to provide a wide range of support services. The RFP for Auditing Services is for the City of Vaughan including, Vaughan Public Library Board, Kleinburg Business Improvement Area, City of Vaughan Trust Fund and Vaughan Business Corporations (the "Hydro Companies").

Legislation requires that the City, under Section 296 of the Municipal Act, RSO 2001 appoint an auditor licensed under the Public Accounting Act.

The Bid Process

The professional audit services request for proposal was developed so that information provided from each firm would be consistent and sufficient to allow for a comprehensive assessment. The proposal was therefore structured with two (2) components, a technical requirement and a proposal fee. The respective weighting was 70 points for the technical requirement and 30 points for the fee portion. The proposals were evaluated using the following criteria:

Item	Criteria	Points
1	The Proponent is independent and licensed audit Firm to practice in Ontario	Mandatory Requirement
2	Proponent Firm	20
3	Personnel Assigned To The Audit	25
4	Audit Program per 4.2 (vii)	10
5	Staffing Plan per 4.2 (vii)	10
6	Other Services per 4.2 (vi) and 4.2 (viii)	5
7	Proposed fee & allocation of resources	30
	GRAND TOTAL	100
	Short-listed for Discussions/Interviews/Presentations	25

The Request for Proposal was advertised on Biddingo and OPBA website on July 30, 2013 and CityPage on August 1, 2013, with a closing date of August 21, 2013. One (1) Addendum was issued to clarify Proponent's questions. The RFP document was picked up by six (6) firms, and Proposals were received from the following four (4) Proponents:

1. BDO Canada LLP
2. Pricewaterhouse Coopers LLP
3. Grant Thornton LLP
4. KPMG LLP

An evaluation meeting was held on September 4, 2013 with the Evaluation Committee, comprised of staff from the Finance and Purchasing Departments. The points for the evaluation have been awarded so that the City in its final decision will receive competitive pricing and an effective and efficient audit service.

Evaluation Results

Proposals from the four (4) firms were evaluated by the Evaluation Committee. The two (2) highest scoring proposals were short-listed for Discussions/Interviews/Presentations. The top two (2) proponents were invited to make a presentation and answer questions formulated by the Evaluation Committee. This presentation was scored out of 25 possible points. The Discussions/Interviews/Presentations of the evaluation process was conducted on September 10, 2013.

Our current auditor, KPMG LLP ranked first in the overall scoring.

KPMG LLP is one of the four largest accounting firms in Canada, and has significant municipal audit experience serving over 20 cities, towns and regions throughout Ontario. In addition to auditing and accounting services, KPMG provides auxiliary services in a wide range of areas such as advisory services, indirect tax services and forensic services.

Based on the evaluation of the proposals, it is recommended that the proposal submitted from KPMG LLP be accepted and that an Agreement be executed.

Relationship to Vaughan Vision 2020

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Regional Implications

Not applicable.

Conclusion

Based on the RFP submissions as reviewed by the Evaluation Committee, the audit engagement for 2013 and 2014 be awarded to KPMG LLP.

Attachments

None

Report prepared by:

Nancy Yates, CPA CA BComm
Accounting Manager, Ext. 8984

Respectfully submitted,

John Henry, CMA
Acting Commissioner of Finance & City Treasurer

Barry Jackson, CGA
Director of Financial Services