

Section II – Items for Executive Action

TO: Chair and Members of the Executive Committee
Friday, April 01, 2022 Meeting

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **APPOINTMENT OF AUDITORS**
Procurement of Audit Services

KEY ISSUE

Approval of award of contract and appointment of auditors to meet Toronto and Region Conservation Authority's (TRCA) external audit obligations.

RECOMMENDATION

THE EXECUTIVE COMMITTEE RECOMMENDS THAT KPMG LLP be appointed as auditor of the TRCA for a term of five years (2022-2026), in accordance with the requirements of section 38 of the Conservation Authorities Act and following a streamlined competitive process which leveraged the Ontario Education Collaborative Marketplace's supplier partners vendors list which is aligned with the Ontario Broader Public Sector Procurement Directive;

AND FURTHER THAT total remuneration of the auditor be set at \$322,500 for the five-year term, plus administrative charges (technology and support) and taxes.

BACKGROUND

Section 38 of the *Conservation Authorities Act* requires every conservation authority to be audited annually by an entity that is independent of the conservation authority.

On October 28, 2016, after conducting a competitive process, TRCA's Board of Directors approved that KPMG LLP be appointed auditor of TRCA for the year 2016 and that the term of the engagement be limited to five years, subject to annual appointments based on satisfactory performance (RES. #A175/16). Due to operational challenges resulting from the pandemic, the audit engagement services were mutually extended to include the 2021 fiscal year.

RATIONALE

While researching ways to further streamline procurements, TRCA learned of its ability to leverage the Ontario Education Collaborative Marketplace's (OECM) supplier partners. OECM is a trusted not-for-profit collaborative sourcing partner for Ontario's education sector, broader public sector, and other not-for-profit organizations.

OECM's external audit service partners allow TRCA to leverage a full range of external audit and advisory services, including TRCA's annual financial statements audit, as well as continued access to skilled, independent, and knowledgeable advisors with practical experience in the education and public sectors.

Four OECM External Audit Services Master Agreements, with the suppliers noted below, resulted from an open, fair, competitive, and transparent procurement process aligned with the

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Ontario Broader Public Sector (“BPS”) Procurement Directive. OECM’s audit service partners include BDO Canada LLP, Deloitte, Ernst & Young LLP, and KPMG LLP.

Staff reviewed the various OECM agreements submitted by each firm and found that the hourly rates were comparable. TRCA requested audit quotes from KPMG LLP, Deloitte, and Ernst & Young LLP, with Ernst & Young LLP not responding due to capacity constraints.

Based on the quotes received, staff recommends that the contract for audit services be awarded to KPMG LLP, KPMG had the lowest fees to complete the five years of audit services from the list of potential vendors.

Relationship to Building the Living City, the TRCA 2013-2022 Strategic Plan

This report supports the following strategies set forth in the TRCA 2013-2022 Strategic Plan:
Strategy 9 – Measure performance

FINANCIAL DETAILS

The awarding of this contract will result in total audit fees of \$322,500 plus administrative charges and taxes over the 5-year term of the contract. A provision for audit fees is included in TRCA’s annual operating budget.

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