

Subject: Appointment of External Auditor**APPROVALS:****Annette Antoniak**_____
Director_____
Chief Administrative Officer**Recommended Motion:**

THAT Deloitte LLP be appointed as external auditor for the Regional Municipality of Wood Buffalo, the Regional Municipality of Wood Buffalo Public Library, Regional Recreation Corporation of Wood Buffalo and Wood Buffalo Housing & Development Corporation; and

THAT Administration be authorized to enter into a five-year contract renewable for a maximum of two one-year terms renewed annually (seven years in total) for the provision of external audit services by Deloitte LLP.

Summary:

The *Municipal Government Act (MGA)*, Section 280 requires each Council to appoint an auditor for the Municipality and for each of its controlled corporations. However, Council may not appoint a councillor, an employee of the Municipality or an employee of one of its controlled corporations to be an auditor.

Background:

Council had previously appointed Deloitte LLP in 2011 using the Request for Proposal (RFP) process. The terms of their contract were five years plus two optional one-year extensions; the Municipality did use the two one-year extensions.

The specific policy to change external auditors varies from jurisdiction to jurisdiction and can vary from the requirement to change partners of the external firm (CPA Guide to Canadian Independence Standard, Rule 204.4) to mandating a change of auditors every five years (City of Edmonton).

In addition, the New West Partnership Trade Agreement (NWPTA), which are the rules that govern municipal procurement, no longer exempt audit services from an open, transparent and competitive procurement process; therefore, a Request for Proposal

was initiated. Best practices require that organizations solicit proposals on a periodic basis (generally at least five years) in order to ensure that external audit services are obtained on a competitive basis.

Representatives from Administration and from each of the Municipality's controlled corporations (Regional Municipality of Wood Buffalo Public Library, Regional Recreation Corporation of Wood Buffalo and Wood Buffalo Housing & Development Corporation) have concluded that the overall optimum service proposal received from the four qualified accounting firms who submitted bids to provide external audit services was the proposal from Deloitte LLP. This review included an evaluation of the experience and qualifications of the firm, the nature of the proposed services and the overall price or cost to the Municipality.

Deloitte LLP is one of the largest professional services firms globally that provides audit, tax, consulting and financial advisory services. The firm has experience with municipalities of comparative size and operation. The firm is licensed and in good standing with the Chartered Professional Accountants Alberta (CPA). In the event of appointment, the Municipality will be served by a local office in Edmonton.

Budget/Financial Implications:

The Municipality will enter into a fixed price contract with Deloitte LLP with any additional and out of scope services billed separately. The option to enter into a contract extension of a maximum of two one-year terms renewed annually would be subject to Council approval. Funding will be included in future municipal budgets.

Rationale for Recommendation:

As the successful bidder, Deloitte LLP has the experience and capacity to meet the needs of the Municipality and its controlled corporations. The contract term recommended is a best practice that ensures "auditor-client" independence and mitigates any risks that might be overlooked due to familiarity over time.

Strategic Priorities:

Responsible Government