

Subject: Appointment of External Auditor – 2016 Year End

APPROVALS:

Kola Oladimeji, Director
Elsie Hutton, Executive Director
Marcel Ulliac, Chief Administrative Officer

Administrative Recommendations:

1. THAT Deloitte LLP be reappointed as external auditor for the Regional Municipality of Wood Buffalo, Wood Buffalo Regional Library, Regional Recreation Corporation and Wood Buffalo Housing & Development Corporation for the December 31, 2016 year end audit.
2. THAT Administration be authorized to enter into a one year contract extension for the provision of external audit services for the December 31, 2016 year end 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.

Background:

Council had previously appointed Deloitte LLP on September 13, 2011 as the external auditor for an initial five year term renewable for a maximum of two – one year terms renewed annually, (seven years maximum) subject to Council approval.

2011 Council resolution extract:

“That Deloitte & Touche LLP (Deloitte) be appointed as external auditor for the Regional Municipality of Wood Buffalo, the Fort McMurray Public Library, MacDonald Island Park Corporation and Wood Buffalo Housing and Development Corporation; and

That Administration be authorized to enter into a five (5) year contract renewable for a maximum of two – one year terms renewed annually (7 years in total) for the provision of external audit services by Deloitte & Touche LLP”.

Deloitte LLP will be completing the initial five year term at the end of the 2015 fiscal year audit due for completion on or before May 1, 2016. A one year extension would include the December 31, 2016 year end due for completion by May 1, 2017.

Deloitte LLP has provided satisfactory performance to date and has full knowledge of municipal systems and processes as well as other related entities. Administration is of the opinion that the Deloitte LLP contract should be renewed for a period of one year in line with the original Council mandate of 2011.

Consideration was given to the New West Partnership Trade Agreement (NWPTA), the rules that govern municipal procurement which no longer exempt audit services from an open, transparent and competitive procurement process in order to ensure that external audit services are obtained on a competitive basis. Administration is recommending extension of audit services by one year in accordance with the initial Council resolution to maintain efficiencies, leveraging on their knowledge of our processes, systems and ensuring continuity at competitive pricing. Deloitte LLP representatives have built a rapport with members of Council and board members of the subsidiaries.

Deloitte LLP is one of the world's leading accounting firms with over 170,000 employees in 140 countries. The firm is licensed and in good standing with the Institute of Chartered Accountants of Alberta (ICAA). In the event of the reappointment, the Municipality will continue to be served by a local office in Edmonton. Deloitte LLP has experience with municipalities of comparative, larger size and operation.

Budget/Financial Implications:

The Municipality will continue with a contract extension based on approval of the annual audit plan. The option to enter into a contract extension of a maximum of one year term renewal would be subject to Council approval.

Funding will be included in future Municipal budgets.

Rationale for Recommendations:

Based on satisfactory performance to date from the Deloitte LLP, exercising the option in the initial Council resolution of a one year renewal is in the best interest of the Municipality by leveraging efficiencies with knowledge of our processes, systems, staff and ensuring continuity at a competitive pricing.

Strategic Plan Linkages:

Pillar 1 – Building Responsible Government