



Appointment of Auditors

Date	June 8, 2022
To	Executive Committee
From	Financial Strategy & Sustainability
Service Area	Financial Services
Item No.	E22-20

RECOMMENDATION

That Executive Committee recommends that City Council:

1. Appoint MNP LLP as auditors for the years 2022 through 2026 to perform the annual audit for the City and its legal entities:
 - General Trust Fund;
 - Buffalo Pound Water Treatment Corporation;
 - Regina Downtown Business Improvement District;
 - Regina's Warehouse and Business Improvement District;
 - Economic Development Regina Inc.;
 - Regina Public Library;and
 - Regina Exhibition Association Limited.
2. Delegate authority to the Executive Director, Financial Strategy & Sustainability to negotiate and approve the terms of the Audit Services Agreement with MNP LLP including any future amendments to the agreement and any ancillary agreements or documents required to give effect to the agreement.
3. Authorize the City Clerk to execute the necessary agreements after review and approval of the City Solicitor.
4. Approve this report at its meeting on June 15, 2022.

ISSUE

Administration has used a competitive procurement process to engage professional audit services for the City and its related entities for the years 2022 through 2026. On the basis of the criteria outlined in the request for proposals, the review committee ranked MNP LLP as the highest ranked proponent, therefore, it is recommended that MNP LLP be awarded the contract for professional audit services.

When using a competitive procurement process, the City is obligated to conduct a fair competition and evaluation process and to make an award from that process to the proponent with the highest ranking proposal based on pre-established evaluation criteria.

IMPACTS

Financial Impacts

The five-year contract, as awarded, is valued at \$2.2 million, of which each entity will pay its share of the annual cost.

Policy/Strategy Impacts

Section 159(1) of *The Cities Act* requires that City Council appoints an auditor for the City of Regina as well as several other related entities. City Council considered report CR22-2 at the January 19, 2022 City Council meeting and approved that the Executive Director, Financial Strategy & Sustainability be authorized to initiate the process, as outlined in this report, to engage professional audit services for the City of Regina and related entities for the years ending 2022 - 2026.

A request for proposal for the annual audit was issued on January 21, 2022; the review committee conducted the review based on the stated evaluation criteria that were approved by Council and set out in the City's request for proposal. The purpose of this report is to provide information on the process followed by the review committee, to summarize the selection criteria used, and to recommend the appointment of an auditor.

Environmental Impacts

None with respect to this report.

OTHER OPTIONS

None related to this report.

COMMUNICATIONS

None related to this report.

DISCUSSION

Procurement Process and Ranking of Proponents

On January 19, 2022, City Council approved a recommendation that the Executive Director, Financial Strategy & Sustainability be authorized to initiate the process, as outlined in this report, to engage professional audit services for the City of Regina and related entities for the years ending 2022 - 2026.

The request for proposal was advertised on SaskTenders and two accounting firms responded to the request.

A review committee was established which included the following:

- June Schultz, CPA, CMA, Director, Financial Services, City of Regina.
- Lorrie Schmalenberg, CPA CGA, Manager, Public Accounting & Reporting, City of Regina.
- Breanne Howden, CPA CA, Senior Financial Reporting and Policy Advisor, City of Regina.
- Dhinakar Viswanathan, ACCA, Internal Auditor, City of Regina.
- Gail Kruger, CPA CMA, Head, Finance and Administration, Regina Public Library.
- Ryan Johnson, C.D., M.A.Sc., P.Eng., President & CEO, Buffalo Pound Water Treatment Corporation.
- Dallas Skulski, CPA, CMA, Director, Enterprise Efficiency, Regina Exhibition Association Limited.

The proposals were evaluated according to the criteria approved by City Council on January 19, 2022.

In reviewing the proposals, the following criteria were used as outlined in the Request for Proposals:

Relevant Experience – An auditor and their team must have a sufficient understanding of the organization's business, accounting principles prescribed for that business and its related entities¹. Evaluation criteria will include knowledge in the audit of similar size organizations, municipalities, and other government organizations.

Qualifications/Firm Resources – While junior and intermediate staff will change throughout the audit engagement, the City will request that there is breadth in the organization, as well as information to assess whether the firm has resources available to meet deadlines.

References – In the evaluation process, the City may include information provided by the proponent's references and may also consider the proponent's past performance or conduct on previous contracts with the City.

¹ Related entities for the City of Regina include: Regina Public Library Board, Economic Development Regina Inc., Regina Downtown Business Improvement District, Regina's Warehouse Business Improvement District, Regina Exhibition Association Limited, Buffalo Pound Water Treatment Corporation.

Audit Plan and Methodology – Administration will review the proposals with an expectation that key areas and risks related to the City will be addressed in the proposal. Sufficient detail will be expected to validate the proficiency of the audit firm to plan and execute the audit.

Customer Service/Commitment to Deadlines – Ability to meet deadlines is crucial to the City and its consolidated entities.

Audit Fees and Hours – Firms will provide pricing for the audit of each separate entity that is consolidated in the financial statements as well as rates for special audits such as third-party funding audit reports. All proposals are likely to include a caveat that, should the scope change during the course of the audit, the auditors will seek to negotiate additional fees. This is standard practice within the industry as the exact nature of the audit, changes to the entities and other unknowns can cause significant extra work for the audit, some of which can be requested by management if needed.

Based on the criteria described above, each committee member independently rated each proponent, then met as a committee and came to a consensus on the highest ranked proponent and are recommending awarding the contract to MNP LLP.

DECISION HISTORY

City Council considered report CR22-2 at the January 19, 2022 City Council meeting. The recommendation in this report requires City Council approval.

Respectfully submitted,

Respectfully submitted,


Lorie Schmalenberg, Manager, Corporate Accounting

5/18/2022


Barry Lacey, Exec. Director, Financial Strategy & Sustainability

5/25/2022

Prepared by: Breanne Howden, Sr. Financial Reporting & Policy Advisor