



## REQUEST FOR DECISION

To: Mayor & Members of Council

Title: Chief Financial Officer – Annual Financial Audit Services (2024-2026)

Date: September 9, 2024

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### **Motion for Consideration:**

THAT: BDO Canada LLP, Chartered Accountants, be appointed as the Municipal Auditor for the City of Salmon Arm for the fiscal year's ending 2024, 2025 and 2026;

AND THAT: Council award the Annual Financial Audit Services Contract to BDO Canada LLP for the fiscal year ending December 31, 2024 to the fiscal year ending December 31, 2026 for the following quoted prices plus taxes as applicable:

- 2024 - \$ 35,000.00
- 2025 - \$ 36,500.00
- 2026 - \$ 38,000.00

AND FURTHER THAT: Council authorize the Mayor and Corporate Officer to execute the contract for same.

### **Background:**

A Request For Proposal (RFP) for the Annual Financial Audit Services for fiscal years ending December 31, 2024, 2025 and 2026 inclusive, with a City option to extend for an additional two (2) year period was issued on July 15, 2024. It was advertised on BC Bid and the City Website. As required by Policy No. 7.6, the RFP was also sent to Salmon Arm and local area accounting firms with sufficient qualified staff to conduct the audit.

The RFP closed on August 16, 2024. The City received three (3) proposals, only two of which met the mandatory submission criteria resulting in further evaluation.

The City considered the following criteria and associated costs in evaluating the proposal:

Criteria
Understanding of the engagement/proposal
Experience with municipal audits
Technical experience of the firm and personnel
Audit implementation including audit plan, approach, methodology and City staff time
Availability of additional services
Cost of services
References

The proposals were evaluated and rated in consideration of the above and a summary of the evaluations are presented in the table below.

Audit Firm	Ranking
BDO Canada LLP	1
Grant Thornton LLP	2

Both proposals demonstrated an understanding of the City's structure and governance and both have the required technical experience and qualifications needed. Both firms also provide a wide range of additional services to address the City's needs. BDO's audit implementation plan was comprehensive and specific and their proposed audit fees were significantly less than Grant Thornton.

BDO has an excellent understanding of the City's processes and the City has been satisfied with past service provided. Overall, the City has enjoyed an excellent working relationship with BDO.

The table below reflects the proposed audit fees, inclusive of all disbursements, travel and administrative fees over the next five (5) years. The fees also include assistance in the preparation of the financial statements including related schedules and disclosures.

Year	BDO	% Change	Grant Thornton	% Change
2024	\$ 35,000		\$ 56,680	
2025	36,500	4.29%	57,814	2%
2026	38,000	4.11%	58,970	2%
2027	40,000	5.26%	60,149	2%
2028	41,600	4.00%	61,352	2%
Total	\$ 191,100		\$ 294,965	

The proposed fees from BDO for 2027 and 2028 are estimated and may be re-evaluated and subject to change to address inflationary costs, subject to the City’s acceptance. The RFP process requires a great deal of resources and allowing staff to negotiate a price that is favorable for the City, if the performance of the contract has been satisfactory, would represent savings. A three (3) year agreement with the option of a two (2) year extension also provides the City with more flexibility. Any supported extension of the contract to 2027 and 2028 would be brought back to Council in early 2027.

**Legislative authority / plans / reports:**

	Official Community Plan		Master Plan (list actual plan)
X	Community Charter/LGA	X	Audit Services Policy No. 7.6
	Bylaw/Policy		Corporate Strategic Plan
	Zoning Bylaw	X	2024-2028 Financial Plan
			Long Term Financial Plan

Pursuant to Section 169 of the *Community Charter*, the Municipal Auditors must be appointed by Council.

**Financial Considerations:**

The 2024 Budget for Audit and Accounting Services is \$45,000. The proposed fees for 2024 are within the remaining available 2024 Budget.

**Alternatives & Implications:**

Council could choose to cancel the RFP and re-issue with the objective of soliciting more compliant submissions. However, this would delay the contract award process and likely negatively effect the interim audit work for 2024 which is typically scheduled for mid October to November. The tentative audit timeline is as follows:

- Audit Plan and Schedule – September 30th
- Interim Audit – mid October to late November;
- Year-end Audit – mid March
- Audit Report and Financial Statement Presentation to City Council – end of April to beginning of May; and
- Audit Findings Report and Management Letter – end of April to beginning of May

**Communication:**

Should the motion for consideration be supported, staff will proceed with contract execution with the successful proponent.

Prepared by: Chief Financial Officer  
 Approved by: Chief Administrative Officer

Attachments:

- NA