




INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	October 19, 2023
SUBJECT/REPORT NO:	Selection of External Auditor for the City of Hamilton and its Consolidated Entities (FCS23105) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Nikki Freeman (905) 546-2424 Ext. 3020
SUBMITTED BY:	Shelley Hesmer Acting Director, Financial Services and Taxation Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

Not applicable.

INFORMATION

On December 7, 2022, Council approved Report FCS22068(a), 2022 External Audit Services 1 Year Contract Extension, a single source procurement, pursuant to Procurement Policy #11 – Non-competitive Procurements, for a one-year contract extension to Contract C12-12-11 for External Audit Services for fiscal year end 2022 for the City of Hamilton (“City”) and its Consolidated Entities. It was outlined within the report that Accounting Services will proceed with issuing and awarding a new Request for Proposal (“RFP”) for external audit services covering fiscal year ends 2023-2027 starting in the Fall of 2022. Report FCS23105 is to inform Council of the results of the RFP.

The RFP for External Audit Services for the City and its Consolidated Entities was issued to obtain an independent external auditor for various audits commencing upon the City’s notification of Contract award to the Successful Proponent and ending December 31, 2024. The Contract may be extended by the City for a maximum of four additional one-year terms.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

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RFP C12-08-23 was issued on July 18, 2023. The closing date for submissions was August 21, 2023.

A two-step process was used for the RFP for External Audit Services:

- Step 1 – Technical Proposal: Information included the evaluation criteria of:
 - I. Proponent’s Understanding of Services
 - II. Proponent Profile, Experience & Qualifications
 - III. Proponent Audit Team Technical Expertise and Knowledge
 - IV. Audit Strategies and Methodologies
- Step 2 – Schedule of Prices: Pricing Information was required for the various City audits.

In the two-step process, the Step 2 Schedule of Prices is not opened until evaluation of the Step 1 Technical Proposal is completed. Step 2 Schedule of Prices are only opened if the proponent met the minimum benchmark set out in the RFP for the Step 1 Technical Proposal of 80% or greater.

One (1) proposal was received in response to the RFP, that being from KPMG LLP (KPMG). The proposal was reviewed and evaluated by staff according to the criteria in the RFP document. The proposal passed Step 1, scoring above the 80% benchmark. Then, the Step 2 Schedule of Prices was opened and the total contract price for all five years of the Contract (including optional years) is \$1,736,815. The 2023 audit fee for the City and its Consolidated Entities represents a \$39,400 or 13.7% increase from the 2022 audit fee across 40 engagements.

KPMG will be awarded the City’s contract for External Audit Services for audits of fiscal year 2023, with options to extend for a maximum of four additional one-year terms. This represents fiscal years 2023 through 2027.

KPMG has been the City’s external auditors since 2012, being awarded the contract through C12-12-11, a competitive procurement process. KPMG understands the business of the City and its related entities, key issues and the audit requirements. KPMG has partners, managers and staff with excellent municipal experience.

APPENDICES AND SCHEDULES ATTACHED

N/A

NF/dt