



# The Corporation of the Municipality of Arran-Elderslie

## Staff Report

Council Meeting Date: September 27, 2021

Subject: SRFIN.21.35 BDO Canada, External Auditors

Report from: Tracey Neifer, Treasurer

Appendices: None

---

### **Recommendation**

Be It Resolved that Council hereby,

1. Appoint BDO Canada LLP as external auditors for the 2020-2024 fiscal year-ends; and
2. That the necessary By-Law be prepared to re-appoint BDO Canada LLP as Municipal Auditor.

---

### **Report Summary**

Section 296 of the Municipal Act requires the appointment of an auditor, and that the appointment shall not exceed a five-year term. The purpose of the audit is to perform a review of the accounts and transactions of the municipality and its local boards and express an opinion on the financial statements of these bodies based on the audit. The auditor can also perform other duties required by the municipality or local board. The auditor reports to Council.

---

### **Background**

On October 9, 2015, By-Law 50-2015 was adopted, being a by-law to appoint BDO Canada LLP as the external auditors for the 2015-2019 fiscal year-ends. Staff recently identified that the appointment by-law required updating, and as such, this report has been prepared.

BDO has had an extensive history with the municipality, as noted in SRCLK.15.36 Appoint BDO Canada LLP as External Auditors (October 26<sup>th</sup>, 2015) that since amalgamation in 1999, BDO has been the auditor of choice.

Municipal staff continue to have a good working relationship with BDO, and BDO through their extensive years of service, can provide both their expertise and corporate knowledge during the audit, and for assistance throughout the year, as needed.

---

### **Analysis**

There are two options to consider:

1. Appoint BDO Canada LLP as external auditors
2. Proceed to market with an RFP (Request for Proposal)

The timing of the 2020 audit was complicated due to the pandemic and the staffing/resource issues endured by BDO. A change from a face-to-face audit to a virtual platform was required at the end of the 2019 audit with the first phase of the lockdown, to a fully virtually audit for 2020. It is staff's recommendation to continue to work with BDO, and that BDO Canada LLP be appointed as external auditors.

---

### **Link to Strategic/Master Plan**

Not applicable

---

### **Financial Impacts/Source of Funding**

The audit fees have reduced significantly in 2019 and 2020, as prior years required additional involvement by BDO due to staff turnover. Fees in 2017 and 2018 averaged \$62,000, with 2019 and 2020 being \$37,250 plus \$3,500 for the Chesley Fire Board. The fees include:

- An annual audit report on the financial statements of the Municipality
- Audited financial information for the Trust Funds
- Audited financial statements for the Chesley and District Fire Board
- Preparation of management letter (if applicable)
- Preparation of letter to Council
- Meetings with staff in the planning stage of the audit, execution stage of the audit and at the conclusion of the audit to discuss financial statements, management letter (if applicable) or any other matters as required
- Meeting with Council to discuss the audit, financial statements, letter to Council and any other matters as required; and
- Ongoing communication and questions from staff during the Year

In consultation with BDO, they anticipate the fee structure for 2021 to be comparable to 2020. A change may be required if there are new accounting standards that require additional work during the term of the agreement. A formal fee structure is expected from BDO.

---

Approved by: Sylvia Kirkwood, Chief Administrative Officer