



The Corporation of the Town of LaSalle

To: Mayor and Members of Council

Prepared by: Dale Langlois, Director of Finance / Treasurer

Department: Finance

Date of Report: November 30, 2020

Report Number: FIN-29-2020

Subject: Appointment of External Auditors

Recommendation

That the report of the Director of Finance dated November 30, 2020 (FIN-29-2020) regarding the Appointment of External Auditors BE RECEIVED and Council resolve that KPMG BE APPOINTED as municipal auditors for the current year ended December 31, 2020 and the years ending December 31, 2021, December 31, 2022, and December 31, 2023.

Report

Under section 296 (1) the current Municipal Act:

A municipality shall appoint an auditor licensed under the Public Accounting Act who is responsible for,

- (a) Annually auditing the accounts and transactions of the municipality and its local boards and expressing an opinion on the financial statements of these bodies based on the audit; and*
- (b) Performing duties required by the municipality or local board.*

Under section 296 (3) of the current Municipal Act:

An auditor of a municipality shall not be appointed for a term exceeding five years.

The current municipal auditors have a long history with the municipality, despite having several name changes along the way. In 1965, Clarkson Gordon was appointed as the municipal auditors of the Township of Sandwich West. In 1991, Clarkson Gordon was acquired by Ernst & Young who continued as municipal auditors of the corporation. In the fall of 2000, the Windsor office and the staff of Ernst & Young were acquired by KPMG.

In each instance, the transition was seamless to the municipality as the existing audit team was always retained.

Over the past decade, the municipal audit team has not changed significantly. There was a transition of audit partners on the engagement three years ago, which was seamless. The firm and personnel have collectively have over 50 years of municipal audit experience.

A recent audit fees survey of the local municipalities in the region indicated that the LaSalle audit fees are among the lowest in the region. The results of the survey have been summarized in the following chart. Please note that the audit fees relate solely to the audit function and do not reflect any special work done by the respective auditor.

Municipality	Auditors	Audit Year	Audit fee (excl. HST)
LaSalle	KPMG	2019	\$20,500
Tecumseh	KPMG	2019	\$22,230
Kingsville	BDO	2019	\$24,000
Leamington	HMID	2019	\$21,963
Lakeshore	KPMG	2019	\$20,250
Essex	KPMG	2020	\$28,623
Amherstburg	KPMG	2019	\$26,000

The following quote was received by KPMG for the next four year-ends and relates solely to the audit function and do not reflect any special work to be performed in the future:

Year-end	Price (excl. HST)
2020	\$20,900
2021	\$21,500
2022	\$22,000
2023	\$22,500

There are some new accounting standards that will be required in fiscal 2023 (Asset Retirement Obligation standard and the Financial instruments standard). It is expected, with the Asset Retirement Obligation standard specifically, that there will be a fair amount of work that will need to be done by clients to prepare for this standard and a fair amount of auditor involvement in understanding the implementation plan and decisions made along the way, in order to opine on them in fiscal 2023. It would certainly be efficient to the Town to have the same auditor advise/assist throughout the pre-implementation period and conduct the audit in the year of implementation.

In reviewing the comparative audit costs and consideration for services received from KPMG, the Town of LaSalle continues to receive exceptional services at competitive rates. Tendering the audit services would not result in any significant savings. It would only result in additional work to be done by the municipality, in terms of the tender process and orienting the new auditors to the systems, procedures and policies used at the Town.

Consultations

None

Financial Implications

Refer to body of report.

Prepared By:

Director of Finance/Treasurer

Dale Langlois, CPA, CA

Link to Strategic Goals

Yes	Enhancing organizational excellence
	Sustain strong public services and infrastructure
	Strengthen the community's engagement with the Town
	Grow and diversify the local economy
	Build on our high-quality of life

Communications

	Not applicable
	Website
	Social Media
	News Release
	Local Newspaper
	Bids & Tenders
	Notification pursuant to the Planning Act

Notifications

Name	Address	Email

Report Approval Details

Document Title:	FIN-29-2020 Appointment of External Auditors.docx
Attachments:	
Final Approval Date:	Nov 30, 2020

This report and all of its attachments were approved and signed as outlined below:


Chief Administrative Officer

Joe Milicia