

### External Auditor Services Contract Award

#### ISSUE

The contract for external audit services for the City of Saskatoon (City) will expire at the end of 2022 (for audit services up to and including December 31, 2021). It is the practice of the City to issue a Request for Proposal (RFP) for such services every five years.

#### RECOMMENDATION

That the Standing Policy Committee on Finance:

1. Approve the appointment of Deloitte LLP as the City's external auditor; and
2. That His Worship the Mayor and the City Clerk be authorized to execute the contract documents as prepared by the City Solicitor under Corporate Seal.

#### BACKGROUND

The external auditor is required to complete the requirements of Division 10 of *The Cities Act* and to express an opinion as to whether the financial statements present fairly the financial position of the enterprise or fund under review, results of its operations for the year, and whether reporting was done in accordance with stated accounting policies on a basis consistent with that of the preceding year. The engagement must be conducted in accordance with generally accepted auditing standards as prescribed by the Canadian Institute of Chartered Professional Accountants (CICPA) and the Public Sector Accounting Board (PSAB). As part of the external auditor's service, it will provide the City comments relating to required improvements in internal accounting controls and systems, where such improvements are important, but not critical, to the expression of an opinion.

The financial statements of the City are fully consolidated to include all entities directly controlled by City Council. However, the services provided exclude the Remail Modern Art Gallery, Sasktel Centre and TCU Place for which the auditor appointed by the City must review and be satisfied with the work of the auditors appointed by those Boards.

The last RFP issued was in 2017 for services covering the 2017 through 2021 fiscal year-end audits. Deloitte LLP was awarded that contract and has provided the external auditor service since 2002, after four contracts awarded through an RFP.

#### DISCUSSION/ANALYSIS

On March 2, 2022, an RFP for External Audit Services was issued on the Orbidder website with a closing date of March 30, 2022. Administration received three responses.

The evaluation committee comprised of three staff from the Finance Department evaluated the proposals for the stage 1 criteria as listed below and detailed in the RFP. Following that three members of the Standing Policy Committee on Finance evaluated

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the stage 2 criteria which was the presentation and interview portion of the RFP. The scoring from Stage 1 and Stage 2 was combined to determine the highest scoring proponent. Table 1 shows the evaluation criteria for stages 1 and 2.

Table 1 – Evaluation Criteria

#	Evaluation Criteria	Maximum Point Weighting
Stage 1		
1	Experience	15
2	Qualifications	20
3	Audit plan	20
4	Indigenous Participation	5
5	Pricing	20
Stage 2		
6	Presentation and Interview	20
	<b>TOTAL POINTS</b>	<b>100</b>

Deloitte LLP was the highest scoring proponent and met all the RFP requirements for external audit services for a period until the audit completion of the fiscal years ending December 31, 2022 through, and including, the fiscal year ending December 31, 2026.

### FINANCIAL IMPLICATIONS

The external auditor costs are budgeted within the approved 2022 and 2023 operating budgets. The current budget is \$223,100 for 2022, therefore future budgets will require increases to account for this new contract. The total cost for Deloitte LLP to provide the audit services for the five-year period will be \$1,380,514, plus applicable taxes as shown in Table 2.

Table 2 – Total Contract Costs

	2022	2023	2024	2025	2026	Total
Subtotal	\$260,117	\$268,035	\$275,953	\$283,871	\$292,538	\$1,380,514
PST 6%	15,607	16,082	16,557	17,032	17,552	82,831
GST 5%	13,006	13,402	13,798	14,194	14,627	69,026
<b>Total</b>	<b>\$288,730</b>	<b>\$297,519</b>	<b>\$306,308</b>	<b>\$315,097</b>	<b>\$324,717</b>	<b>\$1,532,371</b>

### OTHER IMPLICATIONS

There are no privacy, legal, social or environmental implications identified.

### NEXT STEPS

If approved, the City Solicitor will prepare the contract documents under Corporate Seal for His Worship the Mayor and the City Clerk to execute.

### REPORT APPROVAL

Written by: Kari Smith, Director of Finance

Approved by: Clae Hack, Chief Financial Officer

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