



## AGENDA ITEM

### Auditing Services Request for Proposal

September 23, 2021

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#### BACKGROUND

At the July 8, 2021, regular meeting of Council, Lacombe County Council directed Administration to seek out proposals for auditing services for the County. Administration took the opportunity as well to add the Sylvan Lake Regional Wastewater Commission and Highway 12/21 Regional Water Commission auditing services contracts to the request for proposal.

The request for proposal (RFP) was issued on August 18, 2021, and sought out proposals for each organization. In this way, each organization will be able to award the auditing services to the firm that best meets its needs. The RFP was for 5 years.

Due to the expected contract value of the proposal, the RFP was issued on the Province's Alberta Purchasing Connection. The RFP deadline was September 2, 2021, and the County received 2 proposals.

#### ANALYSIS

The RFP was issued through the Province's Alberta Purchasing Connection (APC) which is the public tendering system and meets the requirements of the New West Partnership Trade Agreement which requires public advertisement of municipal services contracts with a value over \$75,000.

The APC also tracks vendors who access or review the proposal. There were 11 vendors who accessed the proposal package of which 6 were accounting firms. In addition to the incumbent auditing firm, BDO LLP, there was one other firm who submitted a proposal that being Livesey Shen LLP. Administration was hoping for more submissions. There are likely a number of factors that influenced the RFP results, including time of year, timelines for submission and the existing auditing relationship.

The request for proposal evaluation used the following criteria:

Mandatory Elements	10%
Technical Quality	40%
Price	30%
Schedule	<u>20%</u>
Total	100%



Both proposals were evaluated based on the RFP proposal guidelines mentioned above. There were three evaluators whose score was then averaged for each proposal.

The aggregate evaluation score for each of the proposals was as follows:

BDO LLP	88.33%
Livesey Shen LLP	78.33%

BDO had the better proposal in terms of scheduling and technical capabilities, including experience. Livesey had the better proposal related to price. However, the best over proposal was from BDO LLP.

Based on the results of the RFP process, Administration is recommending that Council accept the proposal from BDO LLP for a five-year term.

If Council would like to discuss details of the individual proposals, this could be done on an in-camera basis.

## **ALTERNATIVES**

1. Council can award contract to BDO LLP
2. Council can reject contract recommendation and issue revised RFP.
3. Council can direct Administration to take another course of action as determined by Council.

## **BUDGET IMPLICATIONS**

Audit expenses vary based on the number of additional reviews required for that particular year as some audit work such as the pension review is done on a three-year basis.

The estimate in the 2022 financial plan for the year-end audit is \$54,790 and includes the preparation of audited financial statement and financial information return, if required.

The cost of both proposals is within the proposed budget for 2022.

## **LEGISLATIVE RESPONSIBILITIES**

Section 280(1) of the Municipal Government Act states that Council must appoint one or more auditors for the municipality.



Section 276(1) of the Municipal Government Act (MGA) states that each municipality must prepare annual financial statements of the municipality for the immediately preceding year.

Section 281(1) of the MGA states that the auditor for the municipality must report to the Council on the annual financial statements and financial information return on the municipality.

Section 281(3) of the MGA states that the auditor must separately report to the Council any improper or unauthorized transaction or non-compliance with this (the MGA) or another enactment or a bylaw that is noted during an audit.

Section 281(4) of the MGA states that the Council or the Minister may require any further examination and report from the auditor.

## **PUBLIC PARTICIPATION**

Lacombe County sees the value in engaging and informing the public/stakeholders through a variety of mediums as outlined in the Policy AD(40): Public Participation Policy. The appropriate level of engagement for each public participation opportunity is selected on a project-to-project basis.

For this item, the following engagement will take place: Administration will inform the public and the RFP proponents of Council's decision.

## **STRATEGIC PLAN**

The following elements of the County's Strategic Plan are relevant to this issue:

Our Vision: "An attractive, balanced and progressive community".

Our Mission: "Building a safe and vibrant community through leadership, innovation and the development of healthy relationships".

Key Principles: 1) "Integrity: Honesty and Trustworthy", 2) "Accountability and Transparent for our decisions and for our actions" and 3) "Professionalism in our ethics and in the image, we present"

Key Success Measures – Financial/Viability: "Success at working within budgets" and "Taxation and fee levels"

Key Success Measures – Sustainability: "Current services are maintainable and provide benefits for the future, while minimizing negative impacts on the community"



**RECOMMENDATION**

That Council approve the following resolution:

*Council award the 2021-2025 auditing services contract to BDO LLP based on terms outlined in its September 2021 RFP submission.*

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**PREPARED BY: Michael Minchin, Director of Corporate Services**

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**REVIEWED BY: Tim Timmons, County Manager**

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