



**SUBJECT: Evaluation of external auditors**

**TO: Audit Committee**

**FROM: Finance Department**

Report Number: F-26-22

Wards Affected: not applicable

File Numbers: 430-04

Date to Committee: September 12, 2022

Date to Council: September 20, 2022

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### **Recommendation:**

Receive and file finance department report F-26-22 providing an evaluation of the external auditors.

### **PURPOSE:**

#### **Vision to Focus Alignment:**

- Deliver customer centric services with a focus on efficiency and technology transformation

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### **Background and Discussion:**

The evaluation categories were defined as follows:

- Independence, Objectivity and Professionalism
- Quality of the engagement team
- Communication and interaction with the external auditor
- Quality of service

The matrix for the Audit Committee places more focus on independence and objectivity as well as communication while that for management is more focused on quality of the engagement team and quality of service.

Generally, Audit Committee members and management rated the performance as “meeting expectations”. Management appreciated the auditors support of completing the audit in a virtual environment for the second year, and the timely and open communication of any issues encountered. Comments from Audit Committee included a desire for increased discussion on auditing issues to help broaden the committee’s understanding of the matter. As well it was noted that sharing views on potential business issues/risks and improving internal controls were significant to the committee. The importance for the City to review its own assessment for potential risks of fraud was also noted.

The annual external audit for the 2021 yearend was completed successfully. Staff and the external auditors continue to work together to act on improvement opportunities for the external audit process and addressing the areas of significant importance noted by committee.

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## **Financial Matters:**

In addition to an evaluation of the external audit, another area of oversight for the Audit Committee is a review of the annual audit fees as well as any additional management consulting or other engagements undertaken by the Audit firm on behalf of the City.

Fees, inclusive of HST, paid to the audit firm from August 2021 to December 2021 were \$28,250 which encompasses the 2021 interim external audit billing and final billings for the 2020 external audit. Fees paid from January 2022 to July 2022 total \$83,055 and are related to the external audit final billings (including various local boards). Amounts related to the external audit are in accordance with the pricing schedule in the response to RFP-222-15.

## **Total Financial Impact**

External audit fees are included as part of the City’s annual operating budget.

## **Source of Funding**

Not applicable

## **Other Resource Impacts**

Not applicable

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## **Climate Implications**

Not applicable

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## **Conclusion:**

Report F-26-22 provides information on the evaluation of the external auditor's performance for the 2021 yearend audit. Finance staff will continue to work closely with the external auditors to improve effectiveness and efficiency of the annual audit process.

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Respectfully submitted,

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Controller and Manager of Financial Services

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**Report Approval:**

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.