



**Meeting Date:** April 3, 2024

**Prepared By:** Tiffany Farrell, Director of Corporate Services

**Report No:** CPS-22-2024

**Subject:** Auditor Appointment

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**Recommendation:**

THAT Report CPS-22-2024, re: Auditor Appointment be received;

AND THAT the Treasurer's recommendation to continue with the on-going service contract for the municipal audit as outlined in CPS-07-2021 Procurement of goods and services policy is approved;

AND FURTHER THAT the Municipality of Middlesex Centre appoint the firm of Scrimgeour & Company CPA Professional Corporation as the external auditors for the Municipality of Middlesex Centre for the fiscal year ends 2024-2028;

**Purpose:**

To appoint an external auditor.

**Background:**

Section 296 of the Municipal Act, 2001 requires that the municipality shall appoint an auditor licensed under the Public Accounting Act, 2004 who is responsible for 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.

Further, the Act states that 'an auditor of a municipality shall not be appointed for a term exceeding five years. Scrimgeour & Company CPA Professional Corporation has worked side by side with Municipal staff to continue to deliver a full range of audit and accounting services. Their expertise in this area is well respected.

The audit for the fiscal year ended December 31, 2023, is underway.

## **Analysis:**

The current contract for external audit services will expire this year with the conclusion of the audit for the fiscal year ending December 31, 2023. At this time, staff is recommending that the audit firm of Scrimgeour & Company CPA Professional Corporation be re-appointed for a further five years, covering the fiscal year-ends from 2024 until 2028. The Municipality receives excellent service from the current auditors. Staff have enjoyed a long-standing relationship with Scrimgeour & Company CPA Professional Corporation that provides for continuity throughout the years. This continuity has resulted in the delivery of financial reports in a timely, efficient and cost-effective manner.

Additionally, staff are recommending that the Municipality single source the audit due to the low cost and high value we have been and will continue to receive.

Staff recommend proceeding with the appointment of Scrimgeour & Company CPA Professional Corporation as permitted in CPS-07-2021 Procurement of goods and services policy as a single source in section 34. Specifically, sub-sections:

(f) the extension of an existing or previous contract would prove more cost effective or beneficial for the Municipality.

(i) the acquisition is required or is beneficial in regard to the standardization of goods and services for the Municipality.

Additionally, the overall costs of this service are below the \$100,000 threshold. On an annual basis, the audit fees do not require staff to complete a competitive bid. The annual costs are \$17,500 for the municipal audit (including the trust funds). Over a five-year period, the costs are approximately \$92,910, which would also not require a competitive bid, however it would require 3 quotes. Staff have obtained the audit costs from surrounding municipalities to complete a comparative analysis on the costs.

### Other Municipal Audit Costs

Strathroy - \$63,000 (2023)

Thames Centre - \$40,000 (2024)

Lucan - \$15,550 (2022)

SWM - \$27,459 (2022)

Adelaide Metcalfe - \$28,589 (2024)

Based on the costs above, the audit fee for Middlesex Centre is cost effective and it is beneficial for the municipality to continue with Scrimgeour & Company CPA Professional Corporation.

Finally, Scrimgeour & Company CPA Professional Corporation has provided costing for the Middlesex Centre Regional Medical Clinic for the five-year term, however, the board will be responsible for appointing their external auditor. Staff will pass on the information to the Middlesex Centre Regional Medical Clinic board for their April meeting. The costs being proposed for 2024 are \$2,100 with a 3% annual increase for 2025-2028.

**Financial Implications:**

The proposed 2024-2028 audit fees, excluding HST (increased yearly by 3% for 2025-2028)

Audit, EFIR and financial statements for Municipality of Middlesex Centre \$16,500

Audit and financial statements for Trust Funds \$1,000

2024 total costs - \$17,500

**Strategic Plan:**

This matter aligns with following strategic priorities:

- Responsive Municipal Government

This report and appointment are a legislative requirement under the Municipal Act and additionally it responds directly to Objective 5.3 – Foster a culture of innovation, continuous improvement, and cost-effective services by sharing information and gathering input, by continuing our timely and effective communication to the public.

**Attachments:**

N/A