

## **MEMO**

To: Mayor and Council

From: Robert Higson, CPA

**Subject: RFP – FINANCIAL AUDITING SERVICES**

Date: July 8, 2019

### **Background**

As part of the ongoing process to review all services provided by external third parties to the Town, an RFP for the external audit of the Town's financial statements was issued with a closing date of May 31, 2019. Four (4) submissions from CPA firms were received as follows:

AC Stevenson & Partners

KPMG

Grant Thornton

Teed Saunders Doyle

The Town has utilized the services of AC Stevenson & Partners, CPA firm for well over the past twenty years.

The contract award is for a period of five (5) years with two (2) option years. An RFP should be reissued at the end of the contract period.

### **Selection Committee and Criteria**

A selection Committee consisting of the Chief Administrative Officer, Director of Finance and Accounting Supervisor each individually initially scored the submissions for the below noted criteria (excluding pricing). Once this process was completed the Committee met to review and discuss the submissions and scoring rationale for each of the criteria. After this discussion, at this same meeting, the separate pricing envelopes were then opened. The scoring related to the pricing component was based on a simple mathematical formula using the dollar amount of fees relative to each submission. The lowest fee submission received the maximum 25 points available and the others were scored proportionately to their fee amounts. The higher the fees the lower the points awarded.

As with most Request for Proposals specific criteria are used to determine the best proponent. In this case the criteria included:

- i) Qualifications and Experience of the CPA firm and staff assigned to the audit (15%);
- ii) References from identical or similar clients (20%);
- iii) Project Work Plan, Methodology, Quality Assurance Process, Work Schedule and Transition Management Plan (30%)
- iv) Local Autonomy and Decision Making Ability of Audit Partners (10%); and
- v) Pricing (25%)

As noted above, the pricing was submitted in a separate envelope and each proponent was required to meet a minimum point score on the first four criteria in order to be eligible for the pricing component to be considered. All four submissions exceeded the minimum score and, therefore, pricing became a significant component in the selection process.

### **Scoring Results**

While there were some noteworthy differences in the scoring of the submissions related to the non-pricing criteria, when the pricing was factored into the overall score, the results were very equal.

The pricing offered by the recommended proponent was sufficient to offset the difference in scoring for the non-pricing criteria, resulting in this recommendation.

### **Recommendation**

The Committee recommends that the incumbent AC Stevenson, CPA firm be awarded the contract for *Financial Auditing Services* for a five (5) year period effective for the fiscal year commencing on January 1, 2019 plus two (2) option years.