

Township of
Langley



Est. 1873

REPORT TO MAYOR AND COUNCIL

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| PRESENTED: | SEPTEMBER 9, 2019 – REGULAR AFTERNOON MEETING | REPORT: | 19-129 |
| FROM: | FINANCE DIVISION | FILE: | 1680-01 |
| SUBJECT: | APPOINTMENT OF THE EXTERNAL AUDITOR FOR THE TOWNSHIP | | |

RECOMMENDATION:

That Council appoint KPMG LLP as the Auditor for the Township for an additional 3 years (2019-2021).

EXECUTIVE SUMMARY:

Section 169 of the Community Charter requires Council to appoint an Auditor who must report to Council on the annual financial statements of the Township.

In 2006, the Township issued a Request for Proposal (RFP) for external audit services for a six year period. They were awarded the contract from 2006 to 2011. Subsequently, Council approved an appointment for an additional 5 years, from 2012 to 2016. The most recent extension of the contract for audit services was for 2017 and 2018.

Staff are requesting an extension of current KPMG LLP audit services contract for an additional 3-year period based on the following:

- KPMG has demonstrated the ability to provide a full range of audit and other financial services for the Township, including LEAN continuous improvement expertise.
- KPMG have agreed to freeze the rate for 2019 (at 2017/2018 rate) and increase 2020/2021 by 2.5% in total.
- 2018 Audit finalized late in 2019 due to delayed financial planning process as a result of the 2018 election. Inadequate time to go to a request for proposal.
- Finance resourcing is currently significantly extended as senior staff move to fill vacant positions and address currently announced and imminent retirements over the next 3-5 years.
- KPMG has extensive knowledge about the Township which will have allowed them to grow with us without significant increases in fees.

PURPOSE:

The purpose of this report is to recommend that Council appoint KPMG as External Auditor for the Township in accordance with Section 169 of the Community Charter for an additional 3 years.

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BACKGROUND/HISTORY:

Section 169 of the Community Charter requires Council to appoint an Auditor who must report to Council on the annual financial statements of the Township.

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Staff's recommendation is to extend the engagement for an additional 3 years after which consideration can be given to go out to the market in the following year. This period will give the Finance Division much needed continuity over the next few years.

DISCUSSION/ANALYSIS:

KPMG is one of the larger accounting and professional services firms in Greater Vancouver, with 10 offices across British Columbia and many offices across Canada and worldwide. They opened an office in Langley in February of 2014.

KPMG has many long-term B.C. municipal clients of all sizes, and are actively involved with the Public Sector Accounting Board and the B.C. Government Finance Officers Association. They have provided valuable guidance and assistance to the Township including implementing Public Sector Accounting Board standards such as reporting for tangible capital assets, contaminated property and, more recently are working with staff on accounting for retirement obligations. In addition, they have proven to be an integral partner when it comes to providing advice on complex accounting and business transactions among Township corporations.

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- Finance resourcing is currently significantly extended as senior staff move to fill vacant positions and address currently announced and imminent retirements over the next 3-5 years.
- KPMG has extensive knowledge about the Township which will have allowed them to grow with us without significant increases in fees.

If Council wishes to proceed with an RFP process this year additional resources (staff) will be required or other Council initiatives will need to be deferred.

Respectfully submitted,

Karen Sinclair
DIRECTOR OF FINANCE
for
FINANCE DIVISION