



City of  
**Peterborough**

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**To:** **Members of the Committee of the Whole**

**From:** **Sandra Clancy, Director of Corporate Services**

**Meeting Date:** **May 29, 2017**

**Subject:** **Report CPFS17-026**  
**Appointment of Auditor for Audit Services for the City of**  
**Peterborough and Related Local Boards and Agencies**

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## **Purpose**

A report to appoint Collins Barrow Kawarthas LLP, for Audit Services for The City of Peterborough and related local boards and agencies for the fiscal years ending December 31, 2017 to 2019 inclusive, with the option to extend for two additional years.

## **Recommendation**

That Council approve the recommendation outlined in Report CPFS17-026 dated May 29, 2017 of the Director of Corporate Services as follows:

That Collins Barrow Kawarthas LLP, 272 Charlotte Street, Peterborough, Ontario, K9J 2V4, be appointed the Auditor for the City of Peterborough and related local boards and agencies for the fiscal years ending December 31, 2017 to 2019 inclusive, at a cost of \$247,525 plus HST of \$32,178 for a total of \$279,703 for Year 1, with an additional two year extension for the fiscal years ending December 31, 2020 and 2021 subject to satisfactory performance, changing requirements and successful negotiation.

## **Budget and Financial Implications**

The net \$78,355 (2016 - \$77,083) requirement for the City portion of the Audit, after applicable HST rebates, can be accommodated within the approved 2017 operating

budget. For 2018 and subsequent years, sufficient funds will be budgeted in the City's operating budget.

The related local boards and agencies budget for their auditing service costs.

## Background

For the past ten years, Collins Barrow (CB) has completed the audit for the City of Peterborough and, for the past fifteen years with the exception of Peterborough Housing Corporation, the related local boards and agencies. CB has been auditing Peterborough Housing Corporation for the past five years. All have been awarded based upon various competitive bid processes.

The experience, the audit team assigned to the engagement, public sector knowledge and approach to the audit, have all contributed to CB providing excellent audit services to the City and local boards and agencies. During their tenure with the City, the fees charged have been very competitive and any fee increases have aligned with inflationary increases.

### **Appointment – Three Years (2017 – 2019) Plus two Additional years (2020 – 2021)**

Section 296 (3) of the **Municipal Act, 2001** requires that a municipality appoint an auditor at least once every five year term. The current five year engagement with Collins Barrow Kawartha LLP ends with the 2016 fiscal year.

Staff are recommending that CB be appointed for the next three years. The rationale centres on the sale of Peterborough Distribution Inc. (PDI) to Hydro One (H1). That is:

- The sale of PDI may close in 2018 with H1 and CB are nominated in the Purchase Agreement to do the working capital and close adjustments. The Utilities would prefer to retain CB as they are familiar with the cost allocation process which may be important during the Transition Services Agreement with H1. It is possible that this may be an ongoing issue with H1 as well.

Staff are further proposing that the appointment include an option to renew for an additional two year extension for the fiscal years ending December 31, 2020 and 2021, subject to satisfactory performance, changing requirements and successful negotiation. If all goes according to plan, the City will be implementing a new Enterprise Resource Planning Software with an expected go-live in 2019. This is a major undertaking for Financial Services staff and having auditor's who are familiar with both the City and its business processes and can offer guidance subsequent to go-live, would certainly be beneficial during this time.

Appendix A lists the fees submitted by Collins Barrow Kawarthas LLP for Year 1 for the City and each of the related local boards and agencies.

Submitted by,

Sandra Clancy  
Director of Corporate Services

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Attachment:

Appendix A – Audit Fees submitted by Collins Barrow Kawarthas LLP



**Collins Barrow Kawarthas LLP**  
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May 3, 2017

Ms. Sandra Clancy  
Treasurer/Director of Corporate Services  
City of Peterborough  
500 George Street North  
Peterborough, Ontario  
K9H 3R9

Dear Ms. Clancy:

We appreciate the opportunity to submit our fee quotation for the provision of external audit services to the City of Peterborough and the related local boards and agencies. Please find attached the quote for the 2017 audit accompanied with the basis of our quotation. We expect that the 2018 and 2019 fees will be in line with inflation.

Please don't hesitate to contact me if you have any questions. It has been a pleasure to work with you and we look forward to many more years.

Yours very truly,

**Collins Barrow Kawarthas LLP**

A handwritten signature in black ink, reading "Joanna Park", with a stylized flourish at the end.

Joanna Park, CPA, CA  
Partner

## *Fee Quotation*

	<b>2017 Proposed Fee</b>
City of Peterborough	77,000
City of Peterborough Holdings Inc.	7,000
Peterborough Utilities Services Inc.	13,400
Peterborough Utilities Inc.	22,000
Peterborough Distribution Inc.	22,000
Peterborough Utilities Commission	14,000
Lily Lake Solar Inc.	6,600
Trent Rapids Inc.	6,600
Trent Energy Inc.	6,600
Peterborough County-City Health Unit	16,500
Fairhaven Home	11,500
Peterborough Housing Corporation	21,500
GPAEDC (PED)	4,750
Greater Peterborough Region DNA Cluster	6,450
Peterborough Downtown BIA	3,125
Village BIA	900
The Art Gallery of Peterborough	4,100
The Peterborough Public Library Board	3,500
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	247,525

## *Basis for Fee Quotation*

Quotation is based on the following:

- We will prepare the financial statements for the following:
  - Peterborough Utilities Commission
  - Fairhaven Home
  - Peterborough Housing Corporation
  - GPAEDC (Peterborough Economic Development)
  - Greater Peterborough Region DNA Cluster (Greater Peterborough Innovation Cluster)
  - Peterborough Downtown BIA
  - Village BIA
  - The Art Gallery of Peterborough
  - The Peterborough Public Library Board
- We will attend meetings of council or the board to present or discuss the financial statements and our reports
- Staff of the organizations will provide working papers and other requested information required to perform the audit

The quote does not include:

- Year end bookkeeping except for standard adjusting entries
- Special work related to the sale of PDI
- Special audits or reviews required for funding