



**STAFF REPORT
ACTION REQUIRED**

**REQUEST FOR PROPOSAL 9171-08-7025
EXTERNAL AUDIT SERVICES FOR ARENAS,
COMMUNITY CENTRES AND MISCELLANEOUS
ENTITIES**

Date:	April 4, 2008
To:	Audit Committee
From:	Auditor General Director, Purchasing and Materials Management Division
Wards:	All
Reference Number:	P:\2008\Internal Services\pmmd\ac08005pmmd (AFS 7489)

SUMMARY

The purpose of this report is to advise on the results of Request for Proposal (RFP) 9171-08-7025 for external audit services to perform the financial statement audits for City Arenas, Community Centres and Miscellaneous Entities (Heritage Toronto, Yonge-Dundas Square, the Toronto Atmospheric Fund and the Clean Air Partnership) for the years 2008 to 2012 inclusive and to request authority to enter into an agreement with the recommended proponent.

RECOMMENDATIONS

The Auditor General and the Director of Purchasing and Materials Management recommend that:

1. authority be granted to enter into an agreement in the amount of \$646,095.00 net of GST to Grant Thornton LLP having submitted the highest scoring proposal meeting the requirements of the RFP for external audit services to perform the financial statement audits for City Arenas, Community Centres and Miscellaneous Entities for the years 2008 to 2012 inclusive; and
2. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

FINANCIAL IMPACT

The total contract award identified in this report is \$678,399.75, including all applicable taxes and charges. The cost to the City net of GST is \$646,095.00. The total annual audit fees for the three categories of entities (Arenas, Community Centres and Miscellaneous Entities) listed in Attachment 1 for the years 2008 to 2012 inclusive are shown in the table below. The cost of audit fees (excluding 2008 fees for the Clean Air Partnership and the Toronto Atmospheric Fund) for 2008 is \$108,100.00, representing a 55% increase over 2007 audit fees. Audit fees will increase by \$190 per year per entity for the years 2009-2012, representing annual increases of approximately 3-4%.

Arenas (net of GST)	Community Centres (net of GST)	Miscellaneous Entities (net of GST)	Total (net of GST)
\$219,450.00	\$307,895.00	\$118,750.00	\$646,095.00

Each entity is responsible for providing for these fees in their respective budgets.

The Deputy City Manager and Chief Financial Officer has reviewed this report and concurs with the financial impact statement.

ISSUE BACKGROUND

Under Section 139 of the City of Toronto Act, 2006, the City is required to appoint an auditor licensed under the Public Accounting Act 2004, who is responsible for annually auditing the accounts and transactions of the City and its local boards and expressing an opinion on the financial statements of these bodies based on the audit. In addition, the Act requires that the auditor shall not be a City employee or an employee of a local board of the City. In creating the Auditor General's Office, City Council assigned the Auditor General the responsibility for managing the external audit contracts.

The five-year contract for external audit services with Grant Thornton LLP expires with the completion of the audit for the year ended December 31, 2007.

COMMENTS

The RFP was available for download on the City's Internet website. In addition, forty-two (42) firms were notified of the posting. This resulted in a total of five (5) submissions being received on February 29, 2008 from the following firms:

1. Akler, Browning, Frimet & Landzberg LLP
2. BDO Dunwoody LLP
3. Grant Thornton LLP
4. Horwath Orenstein LLP
5. Smith Nixon LLP

The selection committee comprised of one representative from the Auditor General's Office, one from the Accounting Services Division and one from the Social Development, Finance and Administration Division. The evaluation criteria used were the experience and qualifications of the firm, staff team and resources and audit approach (60 per cent weighting) and cost of services (40 per cent weighting).

The scores for the five proponents ranged from 59.8 per cent to 85.2 per cent.

On completion of the evaluation process, the proposal from Grant Thornton LLP was ranked first with the highest overall point score. The selection committee concluded that the proposal submitted by Grant Thornton LLP satisfied the overall RFP requirements and demonstrated an appropriate level of effort for the proposed work.

In accordance with Council approved policy, proponents' scores, financial comparison and staff analysis of the evaluation results can be provided to Councillors in an in-camera presentation if requested by Committee members

The Fair Wage Office has reported that the recommended firm has indicated that it reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

CONTACT

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SIGNATURE

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07-AAS-08

ATTACHMENTS

Attachment 1- Listing of Entities

Request for Proposal 9171-08-7025

Listing of Entities

Arenas

1. George Bell Arena
2. Larry Grossman Forest Hill Memorial Arena
3. Leaside Memorial Community Gardens
4. McCormick Playground Arena
5. Moss Park Arena
6. North Toronto Memorial Arena
7. Ted Reeve Community Arena
8. William H. Bolton Arena

Community Centres

1. 519 Church Street Community Centre
2. Applegrove Community Complex
3. Cecil Street Community Centre
4. Central Eglinton Community Centre
5. Community Centre 55
6. Eastview Neighbourhood Community Centre
7. Harbourfront Community Centre
8. Ralph Thornton Community Centre
9. Scadding Court Community Centre
10. Swansea Town Hall Community Centre

Other Miscellaneous Entities

1. Clean Air Partnership
2. Heritage Toronto
3. Toronto Atmospheric Fund
4. Yonge-Dundas Square