

## **Award of Request for Proposal Doc3872102334 to Grant Thornton LLP for External Audit Services for City Arenas, Community Centres and Other Entities**

**Date:** June 22, 2023

**To:** Audit Committee

**From:** Auditor General and Chief Procurement Officer

**Wards:** All

### **SUMMARY**

---

The purpose of this report is to advise on the results of Request for Proposal (RFP) Doc3872102334 for external audits of the annual financial statement audits for the fiscal years 2023 to 2027 inclusive for City arenas, community centres and other entities (listed in Attachment 1), and to request authority to enter into an agreement with the recommended proponent, Grant Thornton LLP.

### **RECOMMENDATIONS**

---

The Auditor General and the Chief Procurement Officer recommend that:

1. City Council grant authority to the Auditor General to enter into an agreement in the amount of \$2,852,855 excluding all applicable taxes and charges, \$3,223,726 including HST and all applicable charges, \$2,903,065, net of HST recoveries, with Grant Thornton LLP being the highest ranked proponent that met all the requirements of the Request for Proposal for external audit services to perform the annual financial statement audits for the years ending December 31, 2023 to 2027 inclusive for City arenas, community centres and other entities listed in Attachment 1, on the terms and conditions set out in RFP Doc3872102334 and in a form satisfactory to the City Solicitor.
2. The City Manager, in consultation with the Chief Financial Officer and Treasurer, Controller, Legal Services, and Board Chairs of the City's arenas, community centres, and other entities, assess the ability for these Boards to select and have a direct engagement with their own auditors, and perform a cost-benefit analysis to consider that approach under their governance frameworks.

## FINANCIAL IMPACT

---

The total contract award value for the audits of the entities as identified in Attachment 1 is \$2,852,855 excluding all applicable taxes and charges, \$3,223,726 including all applicable taxes and charges (\$2,903,065 net of HST recoveries). The total contract award value for the new five-year fiscal period (2023 through 2027) has increased by 282 per cent from the total contract award value for the previous five-year period (2018 through 2022). This increase may be due in part to inflation and industry cost increases, due to the COVID-19 pandemic.

The total audit fees for the fiscal years from 2023 to 2027 inclusive, for the three (3) categories (City arenas, community centres and other entities) are shown in the table below.

Arenas (net of HST recoveries)	Community Centres (net of HST recoveries)	Other Entities (net of HST recoveries)	Total (net of HST recoveries)
\$913,754	\$1,477,728	\$511,583	\$2,903,065

The total annual fees for the audits for the fiscal year ending December 31, 2023, is \$525,987 (net of HST recoveries). The total annual audit fees will increase annually by approximately five (5) per cent, on average.

Each entity is responsible for providing for these fees in their respective budgets. Approval of this contract will result in a significant increase in annual audit fees of the entities for the fiscal periods of 2023 through 2027. Additional funds will be required for this service as part of the 2024 and future year budgets. Entities may be required to identify funding sources and/or manage within their respective budgets in order to reduce future year impacts.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

## DECISION HISTORY

---

In a report dated January 24, 2018, the Auditor General recommended that authority be granted for a five-year contract for external audit services with Welch LLP for the entities listed in Attachment 1. The contract expires with the completion of the financial statement audits for the year ended December 31, 2022.

<https://secure.toronto.ca/council/agenda-item.do?item=2018.AU11.5>

## COMMENTS

---

Under Chapter 27 of the Toronto Municipal Code, one of the responsibilities of the Audit Committee includes recommending the appointment of the City's external auditor.

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 Purchasing and Materials Management Division on behalf of the Auditor General's Office issued RFP Doc3872102334 through SAP Ariba on March 24, 2023. The RFP closed on April 21, 2023. One addendum was issued for this call. In addition, the Purchasing and Materials Management Division notified 59 firms of the posting. A total of two (2) submissions were received in response to the RFP from the following firms:

1. Grant Thornton LLP
2. Mo Raquib Farooqui Hedge Fund Bankers Law Corp<sup>1</sup>

The RFP was structured as a "three stage" process that included mandatory submission requirements, evaluation of the mandatory technical requirements and scoring of the submitted pricing. The selection process stipulated that the scoring of the pricing would only be undertaken for qualified bids that met the established minimum thresholds for the rated criteria.

The Selection Committee was comprised of seven (7) members, with two representatives from the Auditor General's Office and one representative from each of the other stakeholder groups.

- Auditor General's Office
- City's Accounting Services Division
- Social Development, Finance and Administration Division
- Toronto Atmospheric Fund
- Community centres
- Arenas

The Selection Committee evaluated one (1) technical proposal in accordance with the pre-established criteria outlined in the RFP. A minimum threshold score of 75 percent in Part 4 for subsection 5 and 6 and overall technical proposal (Stage 2) were required for Suppliers to proceed to the price evaluation stage. The cost of services was scored and added to the technical score to determine the overall score of 88.40.

---

<sup>1</sup> Supplier was found non-compliant with mandatory submission requirements

Following the review of the proposals submitted, the Selection Committee concluded that the proposal submitted by Grant Thornton LLP satisfied the overall project requirements and demonstrated an appropriate level of effort for the proposed work.

Upon completion of the process, and pursuant to the terms of the RFP, Grant Thornton LLP has been recommended for the award.

The supplier's score and staff analysis of the evaluation results can be provided in an in-camera presentation if requested by members of Council

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**

---

Gawah Mark, Auditor Director, Auditor General's Office  
Tel: (416) 392-8439, E-mail: [Gawah.Mark@toronto.ca](mailto:Gawah.Mark@toronto.ca)

Kelly McGarry, Manager, Purchasing and Materials Management Division  
Tel: (416) 338-5574, E-mail: [Kelly.McGarry@toronto.ca](mailto:Kelly.McGarry@toronto.ca)

## **SIGNATURE**

---

Tara Anderson  
Auditor General

Geneviève Sharkey  
Chief Procurement Officer

## **ATTACHMENTS**

---

Attachment 1: Listing of Entities

## **Attachment 1**

### **Request for Proposal No. 3872102334**

#### **Listing of Entities**

##### **Arenas**

1. Larry Grossman Forest Hill Memorial Arena
2. George Bell Arena
3. Leaside Memorial Community Gardens Arena
4. McCormick Playground Arena
5. Moss Park Arena
6. North Toronto Memorial Arena
7. Ted Reeve Community Arena
8. Willian 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. Ralph Thornton Community Centre
8. Scadding Court Community Centre
9. Swansea Town Hall Community Centre
10. Waterfront Neighbourhood Centre (formerly Harbourfront Community Centre)

##### **Other Entities**

1. Heritage Toronto
2. Toronto Atmospheric Fund
3. Yonge-Dundas Square