

## **Request for Retroactive Authorization to Appoint Kwok & Associate for External Audit Services for Moss Park Arena, Ted Reeve Community Arena, and William H. Bolton Arena for 2022**

**Date:** February 7, 2024

**To:** Audit Committee

**From:** Auditor General

**Wards:** All

### **SUMMARY**

---

The purpose of this report is to provide the Audit Committee and City Council with a status update regarding the financial statement audits of Moss Park Arena, Ted Reeve Community Arena, and William H. Bolton Arena for the year ending December 31, 2022.

Due to the resignation by Welch LLP on December 6, 2023 to provide the 2022 audits of these three Arenas, this report requests retroactive authorization of the appointment of Kwok & Associate through a non-competitive procurement process. The agreement with Kwok & Associate was finalized by the Auditor General for the purpose of completing the outstanding 2022 financial statement audits for those three Arena Boards.

Starting with the 2023 year-end, the three Arena boards will use Grant Thornton LLP, the external auditors authorized by City Council to perform the annual financial statement audits of Arenas.

### **RECOMMENDATIONS**

---

The Auditor General recommends that:

1. City Council grant authority retroactively to the Auditor General to appoint Kwok & Associate to perform the financial statement audits for Moss Park Arena, Ted Reeve Community Arena, and William H. Bolton Arena for the year ending December 31, 2022, through a non-competitive procurement process.

## FINANCIAL IMPACT

---

The recommendation in this report has no financial impact.

## DECISION HISTORY

---

At its regular meeting on March 26, 2018, City Council authorized a five-year contract with Welch LLP to conduct external audit services for City arenas, community centres and other entities. 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>

At its regular meeting on July 19, 2023, City Council authorized a five-year contract (starting with the year ended December 31, 2023) with Grant Thornton LLP to conduct external audit services for City arenas, community centres and other entities.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.AU2.11>

At its regular meeting on December 13, 2023, City Council retroactively authorized the Auditor General to appoint Kwok & Associate to perform the financial statement audits for North Toronto Memorial Arena for the years ending December 31, 2021 and December 31, 2022, through a non-competitive procurement process.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.AU3.12>

## COMMENTS

---

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.

City Council at its March 26, 2018 meeting granted authority to the Auditor General to enter into an agreement with Welch LLP from the results of the Request for Proposal (RFP) for external audit services for City Arenas, Community Centres and Other Entities for the fiscal years 2018 to 2022. There have been ongoing challenges impeding effective cooperation between Welch LLP and several Arena Boards, that have also negatively impacted the ability for Welch LLP to complete these audits in a timely, efficient, and cost-effective manner. This delayed the completion of the 2022 and 2021 financial statement audits of some of the Arenas.

On December 6, 2023, Welch LLP sent their resignation to the Auditor General on providing audit services for the 2022 financial statement audits at three arenas: Ted Reeve Community Arena, Moss Park Arena, and William H. Bolton Arena. Considering the time constraints and that it was not possible to retain the incoming auditor (Grant Thornton LLP) for the 2022 audits, the Auditor General in collaboration with the City Manager's Office and Legal Services, evaluated different options. It was agreed that a viable solution was to engage a separate audit firm through a non-competitive procurement process.

The Auditor General through a non-competitive procurement has finalized an agreement with Kwok & Associate to complete the outstanding 2022 financial statement audits for the three Arena Boards. The Auditor General has confirmed that the firm is licensed under the Public Accounting Act, 2004 and possesses the qualifications required. In addition, the firm has been able to complete the 2021 and 2022 financial statement audits of North Toronto Memorial Arena in a timely and cost-effective manner.

## **CONTACT**

---

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

## **SIGNATURE**

---

Tara Anderson  
Auditor General