

## **Award of Doc4989142973 to KPMG LLP for Non-Exclusive External Audit Services and Other Professional Services for the City and Certain Agencies and Corporations**

**Date:** June 26, 2025

**To:** Audit Committee

**From:** Controller & Chief Accountant and the Chief Procurement Officer

**Wards:** All

### **REASON FOR CONFIDENTIAL INFORMATION**

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The attachment to this report contains financial information, supplied in confidence to the City of Toronto, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

### **SUMMARY**

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The purpose of this report is to advise on the results of Request for Proposal (RFP) Doc4989142973 for the Non-exclusive External Audit Services and Other Professional Services for the City and Certain Agencies and Corporations and to request authority to enter into an agreement with the recommended supplier, KPMG LLP, to be appointed as external auditor licensed under the Public Accounting Act, 2004 to perform the annual financial statement audits and other professional services.

The contract is for a five (5) year period from November 1, 2025 to October 31, 2030 in the amount of \$5,120,000 net of all applicable taxes and charges (\$5,210,112 net of Harmonized Sales Tax (HST) recoveries).

## RECOMMENDATIONS

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The Controller & Chief Accountant and the Chief Procurement Officer recommend that:

1. City Council, in accordance with Section 139 of the City of Toronto Act, appoint KPMG LLP as an external auditor, licensed under the *Public Accounting Act, 2004*, to perform the annual financial statement audits of the City and certain Agencies and Corporations and express an opinion on the financial statements of these entities, based on the audit.
2. City Council authorize the Controller & Chief Accountant to award and enter into an agreement in the amount of \$5,120,000 net of all applicable taxes and charges (\$5,210,112 net of HST recoveries) with KPMG LLP, the highest scoring supplier meeting the requirements of the RFP.
3. City Council, acting as shareholder, appoint KPMG LLP as the Auditor for fiscal year 2025 for each corporation listed below, and authorize the Board of Directors of each corporation to fix the Auditor's remuneration:
  - a. Build Toronto Inc.;
  - b. Toronto Economic Development Inc. (carrying on business as Toronto Port Lands Company);
  - c. Toronto Community Housing Corporation; and
  - d. Toronto Seniors Housing Corporation.
4. City Council direct that Confidential Attachment 1 remain confidential, as it pertains to financial information, supplied in confidence to the City of Toronto, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.
5. City Council authorize the public release of Confidential Attachment 1 upon the execution of the agreement contemplated in Recommendation 2.

## FINANCIAL IMPACT

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The total contract award value identified in this Report for City divisions, including Toronto Police Service, is \$5,120,000 net of all applicable taxes and charges and \$5,785,600 including all applicable taxes and charges. The total potential cost to the City is \$5,210,112 net of HST recoveries.

The total contract award value of the Agencies and Corporations included in this RFP (Appendix A), but not in this award, is \$6,329,000 net of all applicable taxes and charges and \$7,151,770 including all applicable taxes and charges. The total potential cost to the Agencies and Corporations is \$6,440,390 net of HST recoveries. Contract awards will be completed by each Agency or Corporation's respective Boards of Management.

The overall contract award value reflects expanded scope of services due to inclusion of new Agencies and Corporations and greater number of mandatory regulatory and/or contractual reporting requirements, increased complexity associated with the City's requested engagements due to changes in auditing and accounting standards, and increased cost of professional services resulting from inflation. It is important to note that the City's increased audit fees was consistent with the overall post-pandemic audit fee trends observed by third-party research institutions.

The City's Divisions, as well as affected Agencies and Corporations, will be notified of the expected costs and will be responsible for including the costs within funding included in their respective 2025 Operating Budgets and future Operating Budgets.

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

## **DECISION HISTORY**

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City Council approved a five-year agreement for external audit services for the City and certain Agencies and Corporations for the years 2020 to 2024 (inclusive) with KPMG LLP. The City's contract with KPMG LLP expires upon the completion of the financial statement audits and other attest audits for the year ended December 31, 2024.

<https://secure.toronto.ca/council/agenda-item.do?item=2020.AU5.7>

## **COMMENTS**

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### **Background:**

Under Chapter 27, Council Procedures, 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 Act), 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. The Act provides that the City's auditor shall not be appointed for a term exceeding five (5) years. In addition, the Act requires that the auditor shall not be a City employee or an employee of a local board of the City.

This procurement was conducted jointly with select City agencies to leverage the City's purchasing power, as well as achieve efficiencies through the use of a joint procurement approach.

### **Procurement process:**

The City issued RFP Doc4989142973 on March 28, 2025 using the City's electronic bidding system, SAP Ariba. The RFP was advertised on both the City's and Ariba Discovery websites. A total of eight (8) firms expressed interest in the RFP. Three (3) addenda were posted. When the RFP closed on May 6, 2025, the City received one (1) bid from supplier KPMG LLP.

### **Evaluation of the proposal submissions:**

The RFP was structured as a "two-envelope" submission model that included a detailed Technical Proposal (Envelope 1) and a separate sealed envelope with a Cost of Services Proposal (Envelope 2). The selection process stipulated that the envelopes containing the Cost of Services Proposals would not be opened until the evaluation of the Technical Proposals had been completed.

The Bid Evaluation Team (Team) consisted of one (1) representative from each of the following City Divisions and/or Agencies and Corporations:

- Auditor General's Office
- City's Accounting Services Division
- City's Social Development, Finance and Administration Division
- Toronto Transit Commission
- Toronto Community Housing Corporation.

The Team submitted their Non-Disclosure Agreement and Declaration of Conflict of Interest Forms prior to starting their evaluation of the supplier's proposal.

In Stage 1, Supplier complied with the mandatory submission requirements of the RFP. The Team proceeded with Stage 2 and evaluated the supplier's technical proposal. On May 20, 2025, a consensus meeting was held to discuss the Team's final scores and comments. The supplier met the minimum technical threshold of 60% under Stage 2 Evaluation.

Subsequently, Supplier's Envelope 2 was opened for Stage 3 Evaluation (Cost of Services). The submitted pricing was validated for mathematical accuracy and alignment with the evaluation criteria established by the RFP.

Once the combined score (95.6 out of 100.0) of the technical proposal and pricing submission was considered, the Team concluded that KPMG LLP met the requirements of the RFP. In accordance with City Council's approved policy, the supplier's scores and the bid evaluation panel's analysis of the supplier's proposal can be provided to the Councillors as part of an in-camera session, if requested.

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

### **Other Agencies and Corporations:**

Section 149(2) of the Ontario Business Corporations Act ("OBCA") requires that the City, as sole shareholder of each corporation referred to in recommendation 3, at each annual general meeting ("AGM"), appoint one or more auditors to hold office until the close of the

next annual meeting. Additionally, section 149(7) of the OBCA requires a corporation's shareholders to fix the auditor's remuneration, or to authorize the corporations directors to do so.

This year, there is a timing difference between this report to appoint and enter into an agreement for external audit services for the aforementioned corporations and the corporations' AGMs. As a result, the aforementioned corporations' AGM reports have recommendations which dispense with the requirement to appoint and auditor. This is permitted through Section 148 of the OBCA which exempts a corporation from appointing an auditor at its AGM if,

- (a) the corporation is not an offering corporation; and
- (b) all of the shareholders consent in writing to the exemption in respect of that year.

The aforementioned corporations are not offering corporations and the City (as shareholder) will consent via a recommendation in the AGM report to an exemption under s. 149(2) to the requirement to appoint the auditor at the 2025 AGM meeting. Instead, the auditor to serve during 2025 will be appointed by the shareholder through this report. As a result, this report recommends that KPMG be appointed as the Auditor for each aforementioned corporation for fiscal 2025 and that the auditor's remuneration be fixed by each respective corporation's Board of Directors.

## **CONTACT**

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## **SIGNATURE**

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Jason Li  
Controller & Chief Accountant

Geneviève Sharkey  
Chief Procurement Officer

## **ATTACHMENTS**

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Confidential Attachment 1 – Breakdown of Audit Fees

## **Appendix A: Agencies and Corporations Included in the RFP**

- Board of Governors of Exhibition Place
- Board of Management of the Toronto Zoo
- Build Toronto Inc.
- City of Toronto Economic Development Corporation c.o.b Toronto Port Lands Company
- CreateTO
- TO Live
- Toronto Community Housing Corporation
- Toronto Public Library Board
  - Toronto Public Library Foundation
- Toronto Parking Authority
- Toronto Seniors Housing Corporation
- Toronto Transit Commission
  - TTC Insurance Company Limited
  - Toronto Transit Commission Pension Fund Society
  - Toronto Transit Commission Sick Benefit Association