



AGENDA ITEM

2020 Appointment of Auditor

June 25, 2020

BACKGROUND

Lacombe County engages the services of an accounting firm to perform our annual external financial audit and prepare our financial statements and financial information return. The County appoints the auditor on annual basis.

Administration is recommending that Council appoint BDO LLP as the auditors for the County's 2020 fiscal year.

ANALYSIS

Lacombe County has used BDO Canada LLP as its auditor for well over a decade. The primary benefit of using the same audit firm on an on-going basis is that it provides continuity with respect to the expectations and requirements of the auditor and County staff. BDO also provides audit services for the Highway 12/21 Regional Water Services Commission, Sylvan Lake Regional Water Commission, Sylvan Lake Regional Wastewater, and the Lacombe Regional Waste Services Commission.

As has been done since 2016, the auditors will present the annual audit plan to Council in December or early January prior to initiating the audit.

For 2020, the auditors have provided a proposal which includes pricing. County staff are examining the potential to prepare the financial statements for the County internally and this would result in a lower audit price. Accordingly, the auditors have provided range of pricing.

For 2020, BDO LLP has provided a quote of \$58,820. This would cover all requirements for 2020 including audit of financial statements, preparation of statements for the County and Shared Fire accounts and separate reviews and audits for FCSS and the Local Authorities Pension Plan. Should staff prepare statements for 2020, the price would drop to \$53,785. A decision on who will prepare the statements will be made toward the end of the year when the audit scope is determined.

ALTERNATIVES

1. Council can appoint BDO LLP as the County's external auditors for the 2020 fiscal year (Administration recommendation).
2. Council can direct Administration to seek out proposals for audit services.



3. Council can direct Administration to take another course of action as determined by Council.

BUDGET IMPLICATIONS

The County expenses its audit services in the year the work is carried out, i.e. the 2020 audit will be expensed in 2021.

Audit expenses for the past four years have been as follows:

2019	\$48,322
2018	\$58,660
2017	\$54,660
2016	\$59,227

The Budget for 2020 was \$59,800 and to date the actual cost is \$39,917.

Audit expenses vary based on the number of additional reviews required for that particular year as some audit work such as the pension review is done on a three-year basis.

The estimate in the 2021 budget for the year-end audit is \$61,000 and includes the preparation of audited financial statement and financial information return, if required.

LEGISLATIVE RESPONSIBILITIES

Section 280(1) of the Municipal Government Act states that Council must appoint one or more auditors for the municipality.

Section 276(1) of the Municipal Government Act (MGA) states that each municipality must prepare annual financial statements of the municipality for the immediately preceding year.

Section 281(1) of the MGA states that the auditor for the municipality must report to the Council on the annual financial statements and financial information return on the municipality.

Section 281(3) of the MGA states that the auditor must separately report to the Council any improper or unauthorized transaction or non-compliance with this (the MGA) or another enactment or a bylaw that is noted during an audit.

Section 281(4) of the MGA states that the Council or the Minister may require any further examination and report from the auditor.



PUBLIC PARTICIPATION

Lacombe County sees the value in engaging and informing the public/stakeholders through a variety of mediums as outlined in the Policy AD(40): Public Participation Policy. The appropriate level of engagement for each public participation opportunity is selected on a project-to-project basis.

For this item, the following engagement will take place: Administration will inform the public and BDO LLP of Council’s decision.

STRATEGIC PLAN

The following elements of the County’s Strategic Plan are relevant to this issue:

Our Vision: “An attractive, balanced and progressive community”.

Our Mission: “Building a safe and vibrant community through leadership, innovation and the development of healthy relationships”.

Key Principles: 1) “Integrity: Honesty and Trustworthy”, 2) “Accountability and Transparent for our decisions and for our actions” and 3) “Professionalism in our ethics and in the image we present”

Key Success Measures – Financial/Viability: “Success at working within budgets” and “Taxation and fee levels”

Key Success Measures – Sustainability: “Current services are maintainable and provide benefits for the future, while minimizing negative impacts on the community”

RECOMMENDATION

That Council approve the following resolution:

- 1. That BDO Canada LLP be appointed as the Lacombe County auditor for 2020.

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