

**STAFF REPORT: Financial and Information Services**



**REPORT TO:** Finance and Administration Committee  
**MEETING DATE:** Tuesday, October 20<sup>th</sup>, 2009  
**REPORT NO.:** FIS.09.55  
**SUBJECT:** Appointment of a Municipal Auditor  
**PREPARED BY:** Elizabeth Thompson, Deputy Treasurer

**A. Recommendations**

THAT Council receive Staff Report FIS.09.55, "Appointment of a Municipal Auditor" and

THAT Council appoint BDO Dunwoody for a one year period at an estimated cost of \$48,500 to audit the accounts and transactions of the municipality for 2009, and

THAT Council authorize staff to have BDO Dunwoody audit the opening balances of the Town's Tangible Capital Assets under the requirements of PSAB 3150.

**B. Background**

Under the requirement of Section 296 of the Municipal Act, RSO., 2001, a municipality shall appoint an auditor licensed under the *Public Accounting Act, 2004* who is responsible for,

- (a) annually auditing the accounts and transactions of the municipality and its local boards and expressing an opinion on the financial statements of these bodies based on the audit; and
- (b) performing duties required by the municipality or local board.

A municipal auditor shall not be an employee of the Town and shall report to Council.

To ensure accountability and transparency, public disclosure of the financial position of the Town is provided each year through the annual financial statements, financial information return and the reporting of the municipal performance measures program. BDO Dunwoody has provided a quote of \$48,500.00 to audit and express an opinion of the accounts and transactions of the Town for 2009. The Town's Purchasing of Goods and Services Policy requires services expected to be more than \$2,501 to follow the Request For Proposals procedure. The Director of Financial and Information Services would recommend this be completed for 2010 year end audit process.

New in 2009, the Public Sector Accounting Board (PSAB) will require the audit to extend to the Tangible Capital Assets, with opening balances established at the end of 2008, collected and valued being audited. Under the parameters of audit the Town is required to establish policies for the methodology used for the valuation of assets, capitalization thresholds and the criteria surrounding pooling of assets. Each asset of the Town must have supporting documentation substantiating the valuation of each asset. The cost of providing this audit has not been provided by BDO Dunwoody at this time. The time required for the scope of the PSAB 3150 audit is unknown and will be in addition to the 2009 audit.

The estimate for 2008 audit fees was quoted at \$46,000. The costs have come in substantially higher than estimated at \$56,000. Typically additional work is required during the audit to accommodate various balancing entries and additional supporting documentation. This has been billed in addition to the quoted service.

### **C. The Blue Mountains' Strategic Plan**

Providing a strong, well managed municipal government.

### **D. Budget Impact**

The audit of the Tangible Capital Assets will be an additional cost to the Town. The 2009 Budget includes \$8,000 for the Tangible Capital Assets audit.

### **E. Attached**

1. September 9<sup>th</sup>, 2009 – BDO Dunwoody quote for 2009 Audit services

Respectfully submitted,

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Signature

Elizabeth Thompson  
Deputy Treasurer, Manager of Budget and Accounting



**BDO Dunwoody LLP**  
Chartered Accountants  
and Advisors

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September 9, 2009

Town of The Blue Mountains  
Box 310  
26 Bridge Street  
Thornbury, Ontario  
N0H 2P0

**Attention: Robert Cummings**

Dear Robert:

As requested we have provided an estimate for audit services for the Town of The Blue Mountains for the year ended December 31, 2009.

We very much would like the opportunity to continue our relationship with the Town of The Blue Mountains as your auditors and advisors.

**We estimate the annual audit fee for 2009 to be \$48,500 plus applicable taxes.**

*Our audit estimate includes the following:*

- Audit report on the following:
  - Consolidated Financial Statements of the Town of The Blue Mountains
  - Separate audit opinions on:
    - Trust Funds administered by the Town of The Blue Mountains
    - The Blue Mountains Public Library Board
- Auditors' Comments on Supplementary Financial Information for the Town of the Blue Mountains Museum (if required)
- Preparation and review of the Financial Information Return financial section.
- Preparation of a Management Letter for Council.
- Meetings with staff in the planning stage of the audit, execution stage of the audit and at the conclusion of the audit to discuss the audit, financial statements, management letter or any other matters as required.
- Meeting with the Finance Committee to discuss the audit, financial statements, management letter or any other matters as required.

These fees include all out-of-pocket expenses but excludes any applicable taxes (i.e. GST).

*The fee estimate assumes that:*

- All account analysis and working papers according to the attached listing will be **prepared by Town staff prior to our commencement of the audit.**
- Continuity schedules will be prepared by Town staff for the capital fund, reserve funds and reserves and all transfers between funds will be balanced and recorded in the general ledger prior to our commencement of the audit.
- **Few, if any, journal entries will be required after the commencement of the audit.**
- Town staff will continue to assist us in the retrieval of documents necessary for us to conduct our audit.

*The proposed fee for services does not include the fee for the audit of the opening balances of capital assets as required under PSAB.* The audit of the opening balances is outside of the scope of the annual audit. The fee will be dependent on the requirements of the profession, the amount of assets to be audited and the organization of the material that backs up the numbers reported by the Town.

We have prepared our estimate based on the existing Town structure and service levels and the existing reporting requirements of the Town. Should any significant changes occur to the existing structure of the Town, programs operated by the Town or reporting requirements from senior levels of government, we will certainly review with you the impact of that on the audit and, if necessary, adjust the fees after discussions with management.

This fee assumes that we will have the full co-operation and assistance we need from your staff, and that the records are in order. Where there are difficulties with bookkeeping matters, these will be discussed with you and a course of action determined.

We are proud to have been the auditors for the Town of The Blue Mountains and predecessor municipalities for well over 20 years.

We have tried to carry out our duties in a professional, cost effective manner. We have added value to the annual audit process through suggestions for improvements in internal controls and accounting processes, and other business matters in our management letters.

Although BDO is located in the City of Owen Sound, we bring the resources of a National firm to the table. If we come across an issue that we have not seen before it is more than likely that someone within our firm has addressed the issue already. This reduces the time and cost of finding an answer for the Organization.

You are an important and valued client of BDO and we would very much like to continue our long-term relationship.

If you have any questions, please feel free to contact me.

Yours truly,

BDO DUNWOODY LLP  
Chartered Accountants

A handwritten signature in cursive script, appearing to read "Traci Smith".

Traci Smith, C.G.A.

TS:nb