

Auditor General Services

**General Committee
November 9th, 2015**

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1. Background

April, 2015

Staff made a presentation to General Committee on the Auditor General role, including three optional approaches to the delivery of Auditor General services:

- Option 1 – In-House model
- Option 2 – Hybrid/Co-Sourced model
- Option 3 – Outsourced model

Staff received Council authorization to implement Option 3, an outsourced service model for an Auditor General, and to retain an Auditor General through a Request For Proposal (RFP) process.

June 2015

Council approved Auditor General Selection Committee members

Staff issued an RFP seeking proposals from interested parties to provide an outsourced model to the City.

2. RFP Details

The RFP was advertised publicly and in addition, Staff directly contacted the eight largest (based on revenue) auditing firms in Canada to ensure they were aware of the opportunity, and to maximize potential responses to the RFP.

During the RFP process, 9 firms picked up the document and on June 18th 2015, the RFP closed with submissions from the following five firms:

1. Deloitte LLP
2. MNP LLP
3. BDO Canada LLP
4. PricewaterhouseCoopers LLP
5. Grant Thornton LLP

3. RFP Process

The RFP submissions were evaluated using a two stage process.

Evaluation of Stage 1 – Qualifications / Technical and Financial

20 Points - Experience /qualifications of the Bidder, Audit Lead & Consulting Team

60 Points - Project understanding, methodology, delivery and management

20 Points - Financial Proposal

Bidders who scored a minimum of 75 points out of 100 would be selected for Stage 2 (Interview).

An internal team comprised of Staff members from Corporate Services: Legislative Services, Finance and facilitated by Staff from the Purchasing Department evaluated the firms under Stage 1.

3. RFP Process

Evaluation of Stage 2 – Interview

50 Points- The interviews were evaluated out of 50 points based on a presentation component and interview questions.

The Auditor General Selection Committee appointed by Council evaluated the firms under Stage 2.

4. RFP Results

Deloitte LLP and MNP LLP scored the highest on Stage 1 (Qualifications / Technical and Financial), and were the only 2 firms which attained a minimum score of 75 points out of 100.

Deloitte LLP and MNP LLP were selected to continue to Stage 2 (Interview) and participate in a formal interview process with the Auditor General Selection Committee.

As a result of Stage 1 & 2 evaluation, MNP LLP (MNP) scored the highest on both the technical submission and the interview, and demonstrated a thorough understanding of the project and its requirements.

Accordingly, it is recommended that the contract for Auditor General Services be awarded to MNP.

5. Recommended Firm

MNP demonstrated to the City's satisfaction that:

- The Audit Lead and Team Members have experience with similar projects
- The firm has the capability to fulfill the scope of work
- The Audit Lead has extensive experience
- The firm understood the project scope and “scope of work” items well;
- The firm has an excellent approach to the development of the four-year audit plan
- The project schedule and plan for resource utilization were well detailed
- The firm thoroughly articulated the process to be followed for completion of reports
- Comprehensive and detailed information was provided in relation to the means and measures employed by the firm to manage quality on projects (i.e., Key Performance Indicators for the Auditor General Office)

6. Recommendations

- That the Contract for Auditor General Services under Request for Proposal 110-R-15 be awarded to the highest ranked bidder, MNP LLP
- And that MNP LLP be appointed as the Auditor General for a four year term
- And that the Chief Administrative Officer be authorized to execute an agreement with MNP LLP in a form satisfactory to the City Solicitor

7. Next Steps

Once the contract is finalized, MNP LLP will develop an audit plan in consultation with Council and Senior Management. The audit plan would include the following considerations:

- Risk assessment of City “Audit Universe”
- Strategic relevance to the organization
- Areas which have been audited in the past three years
- Areas where there has been a history of errors / issues
- Timing of audits, including the addressing issues from prior audits
- The need for recurring audits to ensure continued compliance in certain areas
- Areas, functions, or processes where there has been significant change in the past year, or expected change over the next year
- Input from key stakeholders

MNP will present an audit plan to General Committee in the 1st Quarter 2016.

Questions and/or Comments