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## Appointment of Internal Audit Services Request for Proposal – Five-Year Contract

### Recommendation

That the Standing Policy Committee on Finance recommend to City Council:

1. That PricewaterhouseCoopers LLP (PWC) serve as internal auditor for the City of Saskatoon for a five-year term beginning January 1, 2015; and
2. That the City Solicitor prepare the necessary Agreement and that His Worship the Mayor and the City Clerk be authorized to execute the Agreement under the Corporate Seal.

### Topic and Purpose

The purpose of this report is to request authorization to engage PricewaterhouseCoopers LLP (PWC) as the City of Saskatoon's (City) internal auditor for a five-year contract beginning January 1, 2015.

### Report Highlights

1. On October 7, 2014, the City issued a Request for Proposal (RFP) for Internal Audit Services.
2. Your Administration, on behalf of the Standing Policy Committee on Finance, is recommending PricewaterhouseCoopers LLP (PWC), the Preferred Proponent, be awarded the contract for the Internal Audit Services.

### Strategic Goals

Internal audit and risk management programs support the Strategic Goal of Asset and Financial Sustainability by reviewing costs and revenues to ensure smart spending in all programs, as well as identifying risk in ongoing planning and operations.

Internal audit and risk management programs also support the long-term strategy of creating and encouraging a workplace culture of continuous improvement that encourages innovation and forward-thinking under the Strategic Goal of Continuous Improvement.

### Background

At its meeting of October 6, 2014, the Standing Policy Committee on Finance extended the current internal auditing contract to December 31, 2014. At the same meeting, the Administration received authorization to issue an RFP for Internal Audit Services on behalf of the Standing Policy Committee on Finance.

### Report

The RFP for Internal Audit Services was issued on October 7, 2014, with a closing date of November 7, 2014.

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The Administration received five responses to the RFP from the following firms:

- Deloitte LLP;
- Garman, Weimer & Associates Ltd.;
- KPMG LLP;
- MNP LLP; and
- PricewaterhouseCoopers LLP (PWC).

The RFP Review Committee and the Standing Policy Committee on Finance evaluated the proposals received based upon the following criteria as detailed in the RFP:

1. The Proponents demonstrated knowledge and experience in the internal audit of similar size municipalities and other large entities. This includes qualifications and expertise of partners and staff to be assigned to the internal audit. Education, position in firm, years and type of experience will be considered from the résumés submitted.
2. The Proponents internal audit plan and philosophy related to the City and related entities, including financial system audits and risk based program audits and evaluating and auditing exposures to risk.
3. Total internal audit fees based upon the 1,400 hours of work per year.
4. Interview.

The RFP award was not based solely on one factor. All four factors were considered in the determination of the successful candidate.

After reviewing the scores, the RFP Review Committee and the Standing Policy Committee on Finance determined the proposal submitted by PricewaterhouseCoopers LLP (PWC) best meets the selection criteria as detailed in the RFP. Therefore, your Administration, on behalf of the Standing Policy Committee on Finance, is recommending that the City engage the services of PricewaterhouseCoopers LLP (PWC) as internal auditor for a service fee of \$223,650 (plus applicable taxes and special assignment fees) for the first year of service, plus an increase of 2% for each subsequent year of the five-year contract.

The key business terms that will be in the Agreement are:

- auditing financial systems;
- auditing in conjunction with the Risk Based Management Program;
- auditing special projects;
- suggesting and assisting with modifications and improvements to risk management programs; and
- identifying and evaluating exposures to risk and audit management.

**Options to the Recommendation**

There are no other options.

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**Financial Implications**

The service fee of \$223,650 is within the current budget in the Corporate Governance and Finance Business Line.

**Other Considerations/Implications**

There are no policy, environmental, privacy, or CPTED implications or considerations, and a communication plan is not required.

**Due Date for Follow-up and/or Project Completion**

Pending City Council's approval, the contract will commence January 1, 2015, for a five-year term.

**Public Notice**

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

**Report Approval**

Written by: Kari Smith, Financial Analyst

Reviewed by: Linda Andal, Director of Financial Planning

Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management  
Department

Approved by: Murray Totland, City Manager

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