


MUNICIPALITY OF THE COUNTY OF ANNAPOLIS

SPECIAL MUNICIPAL COUNCIL AGENDA

10:00 a.m. – Monday, November 28, 2022

Municipal Administration Building, 752 St. George Street, Annapolis Royal, NS

1. **ROLL CALL**
2. **DISCLOSURE OF INTEREST**
3. **APPROVAL of the AGENDA (Order of the Day)**
That municipal council approve the Order of the Day as circulated.
4. **IN-CAMERA**
That municipal council meet in-camera in accordance with Section 22(2)(e) contract negotiations of the *Municipal Government Act*.
5. **NEW BUSINESS**
 - 5.1 **SR2022-30 Appointment of Municipal Auditor**
That municipal council appoint Grant Thornton as the Municipal Auditor for the County of Annapolis for the fiscal years ending March 31, 2022 and March 31, 2023.
6. **ADJOURNMENT**
That Municipal Council adjourn this special session.



STAFF REPORT

Report To: Special Council
Meeting Date: November 28, 2022
Prepared By: Angela Anderson, Manager of Finance
Report Number: SR2022-30 Appointment of Municipal Auditor
Subject: Appointment of Municipal Auditor

RECOMMENDATION(S):

That Municipal Council appoint Grant Thornton as the Municipal Auditor for the County of Annapolis for the fiscal years ending March 31, 2022 and March 31, 2023.

LEGISLATIVE AUTHORITY

Municipal Government Act, Section 42(1).

BACKGROUND

Section 42(1) of the MGA states the following:

“The council shall appoint a municipal auditor who is registered pursuant to this Act to be the auditor for the municipality.”

Kent Duffett was our Municipal Auditors for the past 5 plus years and as a result of cumulative delays internally at the County the deadlines have put a strain on their internal capacity. The audit was going to be on hold until after the income tax season in order to satisfy the other commitments of the firm as well. This would result in a completion date as late as July 2022.

The implications of this were as follows:

- Inability to secure debt financing until next Fall should Council wish to do so as the request to revisit the issue in the Spring was made
- Further withheld funds from the Province including gas tax funding – this puts strain on the cash flows and removes the ability to capitalize on investment opportunities
- Further delays next year with the same implications

DISCUSSION

In Nova Scotia there is a list of registered Municipal Auditors issued by the province, and staff reached out to numerous auditors on the list to determine if any had the capacity to meet our deadlines.

There were two responses with potential capacity and staff pursued the lower cost estimate. With any first time audit there is additional work to verify opening balances, therefore, they have asked for a 2-year commitment. In order to meet future deadlines and considering the new asset retirement obligation standard in effect for the March 31, 2023 year-end this is beneficial to the County as well.

FINANCIAL IMPLICATIONS

2022/23 Budget for Audit	\$35,000
Grant Thornton Quote	\$45-50,000
BDO Quote	\$60,000
Prior year audit cost	\$43,000

Based on the above estimates and budget provided the increase in cost can be accommodated within the existing budget and staff do not anticipate any adverse financial impacts.

POLICY IMPLICATIONS

There are no policy implications as a result of this report beyond the MGA requirements.

ALTERNATIVES / OPTIONS

Alternative – proceed with BDO at the \$60,000 cost estimate to determine if they have the capacity to meet the deadlines. The further we push the commencement of the audit the less likely staff will be able to have the audited financial statements in front of the Audit Committee.

NEXT STEPS

Staff will enter into a two year agreement with Grant Thornton with the intention of going to RFP following the March 31, 2023 fiscal audit. This is best practice and will ensure the lowest cost option going forward, since there was no time for that process in this situation.

ATTACHMENTS

NA

Prepared by:

Angela Anderson, Manager of Finance

Approved by:



Doug Patterson
Interim Chief Administrative Officer

Approval Date:

Nov 23, 2022
(Date)