

REPORT TO COUNTY COUNCIL

Auditor Appointment 2024 - 2028

To: Warden and Members of County Council

From: Director of Corporate Services

RECOMMENDATIONS

1. That By-law 6610-2024, being a by-law to appoint Christene Scrimgeour, operating under Scrimgeour & Company, as external auditor for the County of Oxford for the fiscal years ending December 31, 2024 through to December 31, 2026 with two one-year possible extensions for years 2027 and 2028 inclusive, be presented to Council for enactment;
2. And further, that notwithstanding By-law 6610-2024, appointing Christene Scrimgeour, CPA, CA, as the Municipal Auditor for the County of Oxford, Council hereby authorizes the County's Municipal Auditor to rely on audited statements prepared by the auditor appointed by the Southwestern Public Health Board, for the term, including any and all extensions, for proportionate consolidation with the County's Audited Financial Statements, subject to Southwestern Public Health's Board appointed auditor issuing an unqualified audit report and that the auditor is in good standing with CPA Ontario.

REPORT HIGHLIGHTS

- Appointing the County's auditor for five years aligns with the current term of Council and provides two optional one-year extensions under a new term of Council in years 2027 and 2028
- Southwestern Public Health external audit services will continue to be conducted by an auditor appointed by the Board

IMPLEMENTATION POINTS

Upon approval of the recommendations in this report and passing the appointment by-law, the County's auditor will commence with the 2024 audit processes in collaboration with staff in

preparation for year end audited financial statements and reporting to County Council.

Financial Impact

There is no financial impact on the current year’s budget that will result by adopting the recommendations contained in this report. Future years’ auditing fees will increase based on annual CPI only, unless additional work is required.

Communications

Staff have consulted with the Treasurer of Southwestern Public Health and confirmed their preference to continue the Board’s audit engagement with the long-standing auditor that has been retained since prior to the merger in 2018.

Staff will inform Southwestern Public Health and Scrimgeour & Company of County Council’s resolution.

2023-2026 STRATEGIC PLAN

Oxford County Council approved the **2023-2026 Strategic Plan** on September 13, 2023. The Plan outlines 39 goals across three strategic pillars that advance Council’s vision of “Working together for a healthy, vibrant, and sustainable future.” These pillars are: (1) *Promoting community vitality*, (2) *Enhancing environmental sustainability*, and (3) *Fostering progressive government*.

The recommendations in this report supports the following strategic goals.

Strategic Plan Pillars and Goals

PILLAR 1	PILLAR 2	PILLAR 3
		
Promoting community vitality	Enhancing environmental sustainability	Fostering progressive government
		<p>Goal 3.1 – Continuous improvement and results-driven solutions</p> <p>Goal 3.4 – Financial sustainability</p>

See: [Oxford County 2023-2026 Strategic Plan](#)

DISCUSSION

Background

The *Municipal Act, 2001* sets out the requirements for municipalities with respect to appointment for external audit services for the municipality and its local boards, which is defined to include board of health. The following are excerpts from the *Municipal Act, 2001*:

Subsection 296(1) of the *Municipal Act, 2001*, states that 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.

Subsection 296(3) states that the appointment term cannot exceed five years.

Further, Subsection 296(10) of the *Municipal Act, 2001*, states that “If a local board is a local board of more than one municipality, only the auditor of the municipality that is responsible for the largest share of expenses of the local board in the year is required to audit the local board in that year.”

In 2018, Oxford County Board of Health merged with Elgin St. Thomas Public Health (ESTPH) to form Southwestern Public Health (SWPH) – a new entity serving residents in Oxford County, Elgin County and the City of St. Thomas. Considering Subsection 269(10) of the *Municipal Act* would apply to the SWPH, the Board requested continuity of the auditor who had provided external audit services to the former ESTPH. In response, County Council passed a resolution authorizing the former ESTPH external auditor to perform the audit for SWPH subject to two conditions of the County’s auditor, who at the time was Scrimgeour & Company. The two underlying conditions were:

1. the appointed auditing firm for the Board issues a unqualified report; and
2. the appointed auditing firm is in good standing with CPA Ontario.

On that basis, County Council authorized the alternate arrangement and re-appointed Scrimgeour & Company as the County’s auditor for the years 2019 to 2023 inclusive.

Comments

Christene Scrimgeour was first appointed as the County’s Auditor in 2001 with continuous appointments since. Scrimgeour & Company is now appointed auditor for five of the County’s area municipalities. Based on discussion with finance staff in those respective municipalities, they too have been satisfied with the auditing services provided by Scrimgeour & Company. Staff feel there is benefit in having an Auditor in common with our Area Municipal partners as the Auditor has gained a better understanding of our shared service arrangements and the application of county-wide tax policy, which results in efficiencies in the audit processes and assists in identifying weaknesses and/or improvements to our financial work processes and

policies. The last competitive process for auditing services undertaken by the County was in 2018.

Considering the term of the Auditor's most recent appointment expires upon completion of the 2023 audit, a new appointment is required to remain compliant with the requirements of the *Municipal Act, 2001*. As such, Scrimgeour & Company has offered to continue their services for the next five years for a fee of based on the expiring appointment contract increasing annually by CPI only, unless additional work is required. A copy of the proposal is attached as Attachment 1.

Staff are satisfied with the level of expertise and service that has been received to date through the annual audits conducted by Scrimgeour & Company. Scrimgeour & Company specializes in municipal audits and is kept apprised of all recent and developing auditing requirements and standards as they relate the municipal sector. For example, municipalities are required to prepare 2023 and subsequent years' financial statement to include two new reporting standards regulated by the Public Sector Accounting Board, being PS 3280 – Asset Retirement Obligations and PS 3450 - Financial Instruments. Staff recently sought the Auditor's review and opinion on the draft Asset Retirement Obligations Policy approved by County Council at their January 24, 2024 meeting. Similarly, the County's Auditor has provided some advice and will comment on staff's proposed presentation of the new standard related to Financial Instruments in the 2023 financial statements.

The impetus of the County's Public Health merger with ESTPH in 2018 was in response to a Provincial mandate to review and consolidate public health units, however that mandate was subsequently paused due to the pandemic. At the 2023 AMO Conference, the Minister of Health announced that the Ministry was going to resume their review of the province's public health systems to reduce overlap and ensure public health care is aligned with provincial priorities. On that basis, retaining the existing external Auditors for the County and SWPH would be beneficial if there is to be any further consideration given to the structure of SWPH.

CONCLUSIONS

Staff are recommending re-appointment of the County's external Auditor, based on the wealth of knowledge related to County's financial activities and those of our Area Municipal partners' through past audit engagements, which will position us well for addressing the financial and service related challenges we foresee for the next three to five years.

SIGNATURES

Departmental approval:

Original signed by

Lynn S. Buchner, CPA, CGA
Director of Corporate Services

Approved for submission:

Original signed by

Benjamin R. Addley
Chief Administrative Officer

ATTACHMENT

Attachment 1 – Scrimgeour & Company correspondence, dated January 24, 2024 re:
Proposal for audit re-appointment for a five-year term ending December 31, 2028