

Bill No. 49
2023

By-law No. A.- _____ - _____

A by-law to appoint KPMG LLP auditors for The Corporation of the City of London for a five year term pursuant to section 296 of the Municipal Act, 2001; and to approve an Agreement between The Corporation of the City of London and KPMG LLP with respect to providing external audit services for the Corporation; and to authorize the Mayor and the City Clerk to execute the Agreement.

WHEREAS subsection 5(3) of the Municipal Act, 2001, S.O. 2001, c. 25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the Municipal Act, 2001 provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS section 10 of the Municipal Act, 2001 provides that the City may provide any service or thing that the City considers necessary or desirable for the public, and may pass by-laws respecting same, and respecting economic, social and environmental well-being of the City, and the financial management of the City;

AND WHEREAS section 296 of the Municipal Act, 2001 provides that a municipality shall appoint an auditor licensed under the Public Accounting Act, 2004 who is responsible for 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 performing duties required by the municipality or local board;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The firm KPMG LLP be appointed as auditors for The Corporation of the City of London and its local boards for a five year term commencing January 1, 2023 and ending December 31, 2027.
2. The agreement to be entered into between The Corporation of the City of London and KPMG LLP with respect to external audit services, substantially in the form attached as Schedule "A" to this by-law (the "Agreement"), is approved.
3. The City Treasurer is authorized to approve any amendments to the Agreement approved under section 2 prior to the Mayor and Clerk executing the Agreement approved under section 2 above.
4. The Mayor and the City Clerk are authorized to execute the Agreement approved under section 2, as may be amended by the City Treasurer under their authority pursuant to section 3 of this bylaw.
5. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on February 14, 2023.

Josh Morgan
Mayor

Michael Schulthess
City Clerk

First Reading – February 14, 2023
Second Reading – February 14, 2023
Third Reading – February 14, 2023

Schedule A

EXTERNAL AUDIT SERVICES AGREEMENT

THIS AGREEMENT IS EFFECTIVE AS OF January 1, 2023.

BETWEEN:

KPMG LLP

(hereinafter referred to as the “Auditor”)

AND

THE CORPORATION OF THE CITY OF LONDON

(hereinafter referred to as the “City”)

WHEREAS the City issued a Request for Proposal attached as Schedule “B” (the “RFP”) for an external auditor to perform the duties and responsibilities under section 296 of the Municipal Act, 2001 and other External Audit Services for the City and its local boards and commissions and entities as set out in the RFP 2022-255 (“Request for Proposal”) (the or its “**Local Boards and Commissions**”);

AND WHEREAS in response to the City’s Request for Proposal 2022-255, the Auditor has submitted a proposal dated October 26, 2022, to provide External Audit Services for the City and the Local Boards and Commissions;

AND WHEREAS the City and the Auditor desire to enter into this agreement for External Audit Services for the City and its Local Boards and Commissions;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the mutual covenants herein contained, the parties hereto covenant and agree, each with the other as follows:

1. DEFINITIONS

1.1 In this External Audit Services Agreement (“Agreement”) and any amendment to this Agreement, the following terms shall have the following meanings:

“All Inclusive hourly rates” means the hourly rates for all costs including but not limited to the cost of labour, material, travelling, mileage, accommodation

cost between the Auditor's place of business and the City's locations as outlined in the RFP, equipment required to complete the work, overheads, profits and all other associated expenses, exclusive of applicable taxes.

"Engagement Letter" means the engagement letter attached to this Agreement as Schedule "C", including the terms and conditions attached thereto.

"External Audit Services" means services described in 4.0 of the Agreement.

2. TERM

2.1 Subject to subsection 3.1, the Agreement will commence January 1, 2023 for a period of five (5) years terminating on December 31, 2027.

3. TERMINATION

3.1 The City reserves the right, at its absolute sole discretion, to terminate this Agreement with thirty (30) days written notice, without cause and without penalty.

3.2 Upon termination of this Agreement for any reason, the City will compensate the Auditor under the terms of this Agreement for the services performed and expenses incurred through the effective date of termination.

4. SCOPE OF EXTERNAL AUDIT SERVICES AND DELIVERABLES

4.1 The Auditor agrees to provide the City the audit services as set out in the RFP (Schedule "B") and the Proposal dated October 26, 2022, the Engagement Letter and this Agreement. The services will include auditing the accounts and transactions of the City and its Local Boards and Commissions and expressing an audit opinion on the financial statements of these bodies based on the audit. The services will be conducted in accordance with Canadian generally accepted auditing standards.

4.2.1 In addition to the audit services as set out in the RFP, the Auditor agrees to complete all work related to produce:

- i.** Audit requirements for City of London Trust Funds;
- ii.** London Public Library Trust Funds;
- iii.** The London Transit Commission Employees' Pension Plan;
- iv.** Dearness Services including the Long-Term Care Annual Reconciliation Report,
- v.** The Dearness Day Program Annual Reconciliation Report and
- vi.** Middlesex-London Health Unit Annual Reconciliation Report;
- vii.** audit requirements for the Homelessness Partnering Strategy;
- viii.** Audit opinion on compliance of London & Middlesex Community Housing Inc. with the Canada Mortgage and Housing Corporation (CMHC) Credit Agreement regarding the National Housing Co-

- Investment Strategy;
- ix. Ontario Ministry of Transportation (MTO) Driver Certification Program Audits as required;
- x. A review for the Province for the revenues and expenses of the Child Care program funding; and
- xi. Also included is a report on specified auditing procedures for the London Downtown Closed Circuit Television Program and report on the Records Retention Schedule review.

The work will generally not include accounting or the preparation of draft financial statements except in those limited circumstances as may be presented by some of the smallest municipal entities.

- 4.3 The requirements of the External Audit Services as set out in this Agreement may be amended from time to time with the prior written mutual consent of the City Representative and the Auditor.

5.0 EXTERNAL AUDIT FEES

- 5.1 The Auditor shall render quarterly billings to the City and to the applicable Board or Commission detailing the work and actual total hours expended based on standard All-Inclusive hourly rates in direct reference to the Base Audit Plan during each quarter with a maximum upset limit to the amount of the annual contracted fee as set out in Schedule A. The annual contracted fee as shown in Schedule A includes all costs, including but not limited to labour, profit, other overhead, materials, equipment, licences, analysis, travel, accommodations, communication, transportation and delivery costs (courier, long distance charges, etc.), staff time, meetings with the City or its Boards and Commissions, disbursements and any/all other operational costs and fees associated with the Services, excluding applicable taxes.
- 5.2 Invoices will be due and payable within 30 days of the invoice date. The Auditor shall keep records, receipts, vouchers and documents as will verify to the satisfaction of the City the direct costs incurred for which billings have been submitted. Upon the request of the City, the Auditor shall furnish such documentation to the satisfaction of the City to verify the direct costs incurred.
- 5.3 The annual contracted fee as set out in Schedule A will be adjusted to account for any changes in future ownership and structure of the City and Local Boards and Commissions due to deregulation and/or restructuring in accordance with the All-inclusive hourly rates as provided in Schedule A.
- 5.4 If, during the course of work, it appears that additional work may be required or out-of-scope work is identified, the Auditor will advise the City immediately and will not undertake additional work without approval by the Audit Committee and a separate change order or statement of work.

5.5 Fees for additional out-of-scope work, as approved by the Audit Committee will be billed in accordance with the All-Inclusive hourly rates as provided in Schedule A. Invoices will be due and payable within 30 days of the invoice date. The Auditor shall keep records, receipts, vouchers and documents as will verify to the satisfaction of the City the direct costs incurred for which billings have been submitted. Upon the request of the City, the Auditor shall furnish such documentation to the satisfaction of the City to verify the direct costs incurred.

5.6 HOURS OF INVOLVEMENT

The Auditor shall commit sufficient hours of its staff at appropriate levels to complete the work under this Agreement in the manner set out in the Proposal.

6.0 CITY'S RESPONSIBILITIES

The City shall cooperate with the Auditor in the performance by the Auditor of its Services hereunder, including, without limitation, providing the Auditor with reasonable facilities and timely access to data, information and personnel of the City. The City shall be responsible for the performance of its employees and for the accuracy and completeness of all data and information provided to the Auditor for purposes of the performance by the Auditor of its Services hereunder.

The City shall be solely responsible for, among other things: (i) making all management decisions and performing all management functions including those required as a result of the Services; (ii) designating a competent management member to oversee the Services; and (iii) evaluating the adequacy and results of the Services.

In addition to the foregoing, the City shall comply with its obligations under the Engagement Letter and perform any additional responsibilities as set out in the Statement of Work.

7.0 QUALIFIED STATEMENTS

The auditor shall immediately upon discovery of information or conditions which would otherwise lead to the inclusion of a qualified opinion with respect to any of the City's financial statements, inform and fully discuss such matters with the City Manager (or delegate) and the Deputy City Manager, Finance Supports and City Treasurer (or delegate) of the City. Also, the Auditor shall, as far as possible, allow a reasonable time for the City to investigate, analyze, report and take corrective action so as to avoid the inclusion of such qualifications.

8.0 SCHEDULE OF WORK

Before a date mutually agreed upon in November/December of each year, the Auditor shall meet with the City Manager (or delegate) and Deputy City Manager, Finance Supports and City Treasurer (or delegate) for the City and its Boards

and Commissions to discuss and agree upon;

- i. a schedule, which includes all aspects of the completion and audit of the various financial statements of the Municipality for the current year; and
- ii. a list of the necessary schedules, working papers, analyses and other information to be prepared by the staff of the City and its Boards and Commissions.

9.0 COMPLIANCE WITH LAWS AND POLICIES

9.1 The Auditor shall:

- comply with all applicable Federal and Provincial statutes, regulations, guidelines and rules, and its regulations, and all applicable municipal by-laws.
- maintain any and all licenses, permits, certificates and approvals required to deliver the External Audit Services ;
- assign a program lead representative of the Auditor(s) to liaise with City staff;
- comply the Information and Communications Standards as set out by the Accessibility for Ontarians with Disabilities Act (AODA), beginning January 1, 2021: all public websites and web content posted after January 1, 2012 must meet WCAG 2.0 Level AA;
- comply with all reasonable instructions of the City relating to the City's compliance requirements and obligations under the *Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c. M.56 ("MFIPPA")*;
- promptly notify City staff of any accident, incident, violation or contravention impacting the City of the *Occupational Health and Safety Act, R.S.O. 1990, Employment Standards Act, 2000, S.O. 2000, Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c. M.56 and Freedom of Information and Protection of Privacy Act, R.S.O., 1990 c. F.31*;
- adhere to the City of London's Respectful Workplace and Scent Free Policy.

9.2 COMPLIANCE WITH THE ACCESSIBILITY FOR ONTARIANS WITH DISABILITIES ACT, 2005

The Auditor shall ensure that all its employees, agents, volunteers, or others for whom the Auditor is legally responsible receive training regarding the provision of the goods and services contemplated herein to persons with disabilities in accordance with Section 6 of Ontario Regulation 429/07 (the "Regulation") made under the Accessibility for Ontarians with Disabilities Act, 2005, as amended the "Act"). The Auditor shall ensure that such training includes, without limitation, a review of the purposes of the Act and the requirements of the Regulation, as well as instruction regarding all matters set out in Section 6 of the Regulation.

The Auditor shall submit to the City, as required from time to time, documentation describing its customer service training policies, practices and procedures, and a summary of its training program, together with a record of the dates on which training was provided and a list of the employees, agents volunteers or others who received such training.

10.0 MEETINGS AND SUBSEQUENT ASSISTANCE

The Auditor shall attend such meetings as required to discuss their work and reports and shall provide such information as requested which will enhance the understanding of members of the Municipal Council and the Audit Committee of Council concerning matters pertaining to the external audit reports.

Attendance is required at all Audit Committee meetings as well as City Council and other committee meetings as required. There are a minimum of four (4) Audit Committee meetings annually.

11.0 AUDIT MANAGEMENT LETTER/AUDIT FINDINGS REPORT

No later than sixty (60) days following completion of the report on the audit of the annual statements, the Auditor shall prepare and deliver to the City Manager (or delegate) and Deputy City Manager, Finance Supports and City Treasurer (or delegate) draft letters/findings conveying any concerns relative to the internal accounting, operating controls and/or other matters of material importance with respect to the operations of the City, its Local Boards and Commissions.

The Auditor shall also provide recommendations as to such corrective measures as may be required and be prepared to provide assistance with regard to implementation, if required to do so. The Auditor shall meet with the City Manager (or delegate) and Deputy City Manager, Finance Supports and City Treasurer (or delegate) and any relevant City, Board or Commission head, to discuss the comments, following which an official management letter/findings report will be submitted to the City Manager (or delegate) and Deputy City Manager, Finance Supports and City Treasurer (or delegate), and to the City, Board or Commission head. The City Manager (or delegate) and Deputy City Manager, Finance Supports and City Treasurer (or delegate) shall, upon receipt of the final version of the Audit Management Letter/Audit Findings Report, coordinate the management response to the Auditor's comments and shall work with the Audit Committee Chair to schedule an Audit Committee meeting to receive the Report.

12.0 INSPECTION/REVIEW

The City, or any person authorized by the City, is entitled, at all reasonable times, to reasonable documentation and information to allow it to inspect or otherwise review the External Audit Services performed under this Agreement.

13.0 NOT AN AGREEMENT OF EMPLOYMENT

- 13.1 The Auditor acknowledges and agrees this Agreement shall in no way be deemed or construed to be an Agreement of Employment. Specifically, the parties agree that it is not intended by this Agreement that the Auditor nor any person employed

by or associated with the Auditor is an employee of, or has an employment relationship of any kind with the City or is in any way entitled to employment benefits of any kind whatsoever from the City whether under internal policies and programs of the City, the *Income Tax Act*, R.S.C. 1985 c.1 (1st Supp); the *Canada Pension Act*, R.S.C. 1985, c.C-8; the *Employment Insurance Act*, S.O. 1996,c.23; the *Workplace Safety and Insurance Act*, 1997 S.O. 1997, c.26 (Appendix "A"); the *Occupational Health and Safety Act*, R.S.O. 1990, c.o.1; the *Pay Equity Act*, R. S. O. 1990, c.P.7; the *Health Insurance Act*, R.S.O. 1990, c.H.6; or any other employment related legislation, all as may be amended from time to time, or otherwise.

- 13.2 Notwithstanding paragraph 13.1 above, it is the sole and exclusive responsibility of the Auditor to make its own determination as to its status under the Acts referred to above and, in particular, to comply with the provisions of any of the aforesaid Acts, and to make any payments required thereunder.

14.0 RECORDS RETENTION

In the event that the Auditor ceases operation, it is agreed that the Auditor will not dispose of any records related to the External Audit Services provided for under this Agreement without the prior written consent of the City, and when requested by the City, shall return the records to the City forthwith. For clarity, in the absence of an event causing the Auditor to cease operation, the Auditor's records will be retained and disposed of in accordance with the Auditor's normal document retention policies and law and professional standards.

15.0 NOT AGENT OF CITY

Nothing in this Agreement shall entitle or enable the Auditor or any subcontractor to act on behalf of, or as agent for, or to assume or create any obligation on behalf of, or to make any representation, promise, warranty or guarantee binding upon, or otherwise to bind the City. Each of the Auditor, any subcontractor of the Auditor and the City is independent and not the agent, employee, partner or joint ventures of any of the others.

16.0 CONFLICT OF INTEREST

The Auditor shall manage conflicts of interests in accordance with its Engagement Letter.

17.0 PERFORMANCE OF THE AUDITOR

During the term of this Agreement, the Auditors' performance will be evaluated by the City based on the following criteria:

1. Persons assigned to the audit:

For the initial year of the engagement, the persons assigned to the audit should be those originally proposed; and any subsequent changes to audit personnel must be acceptable to the City Manager (or delegate) or Deputy City Manager, Finance Supports and City Treasurer (or delegate).

2. On-site participation of the audit senior:

It is expected that the audit senior will be present throughout the audit.

3. Performance in the manner proposed:

It is expected that the audit will be carried out in the manner proposed. Any changes in the audit program which impact staff and other resources of the City shall be discussed with and agreed to by the Deputy City Manager, Finance Supports and City Treasurer (or delegate).

4. Adherence to Audit Deadlines:

It is expected that the audit will be completed within the time frames agreed to in the annual schedule. Significant dates for the City and its Local Boards and Commissions currently include: completion of all financial statements by mid May; Audit Committee review by June; submission of the Financial Information Return to the Province by May 31 or such other date as stipulated by the Province. The dates are approximate and may require adjustment from year-to-year depending on issues facing the City.

18.0 REPRESENTATIONS AND WARRANTIES OF AUDITOR:

18.1 The Auditor represents and warrants to the City (and acknowledges that the City is relying thereon) that:

- i. the Auditor is a limited liability partnership formed under the laws of Ontario and is in compliance with all requirements imposed by such laws.
- ii. the Auditor has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement.
- iii. the execution and delivery of this Agreement and the consummation of the transactions contemplated under it have been duly authorized by all necessary partnership action on the part of the Auditor.
- iv. this Agreement constitutes a valid and binding obligation of the Auditor in accordance with the terms of this Agreement.
- v. the Auditor's facilities are suitable for providing External Audit Services under

this Agreement and otherwise are in compliance with all legislation affecting such matters, including but not limited to protection of privacy legislation.

vi. the Auditor shall staff the engagement with competent and qualified personnel.

19.0 INDEMNITY AND INSURANCE:

19.1 Indemnification

The Auditor undertakes and agrees to defend and indemnify the City and hold the City harmless, from and against all claims, demands, suits, losses, costs, damages and expenses that the City may sustain or incur by reason of:

1. any breach of this Agreement by any of the Auditor, the Auditor's employees, or persons for whom the Auditor is at law responsible.
2. any loss or misuse of money held by the Auditor, the Auditor's employees, or persons for whom the Auditor is at law responsible, under of this Agreement.
3. any claim or finding that any of the Auditor, the Auditor's employees, or persons for whom the Auditor is at law responsible are employees of, or are in any employment relationship with, the City or are entitled to any Employment Benefits of any kind; or,
4. any liability on the part of the City, under the *Income Tax Act* (Canada) or any other statute (including, without limitation, any Employment Benefits statute), to make contributions, withhold or remit any monies or make any deductions from payments, or to pay any related interest or penalties, by virtue of any of the following being considered to be an employee of the City, from Auditor; Auditor's employees or others for whom Auditor is at law responsible in connection with the performance of Services or otherwise in connection with Auditor's business.

19.2 Except to the extent caused directly by the Auditor's fraud or wilful misconduct, the full extent of the liability of the Auditor under or as a result of this Agreement shall not exceed the higher of: (a) \$2,000,000; or (b) the Auditor's minimum insurance coverage as required by the Agreement being, in the case of a liability covered by comprehensive general liability insurance under Section 20.1.1, \$5,000,000 per occurrence and in the annual aggregate, and in the case of a liability covered by professional liability insurance under Section 20.1.2, \$2,000,000 per claim and in the annual aggregate.

20. INSURANCE

20.1 The Auditor shall, at its own expense, obtain and maintain insurance until the termination of this Agreement. The Auditor agrees to carry the following coverage:

1. Comprehensive general liability insurance on an occurrence basis for an amount not less than five million (\$5,000,000.00) dollars and includes the City as an additional insured with respect to the Auditor's operations, acts and omissions relating to its obligations under this Agreement, such policy to include non-owned automobile liability, personal injury, broad form property damage, contractual liability, owners' and contractor's protective products and completed operations, contingent employers liability, cross liability and severability of interest clauses; and
2. Professional liability insurance covering the work and services described in the Agreement, such policy to provide coverage for an amount not less than two million (\$2,000,000) dollars per claim and shall continue for twelve (12) months following completion of work.

The Auditor agrees that coverage of the required policies will not be cancelled or permitted to lapse unless the insurer notifies the City, in writing, at least thirty (30) days prior to the effective date of cancellation or expiry

The Auditor agrees that it shall not commence work until such time satisfactory evidence of insurance has been filed with and approved by the City's Risk Management Division. The Auditor agrees to further provide that evidence of the continuance of said insurance is filed at each policy renewal date of the duration of this Agreement.

The City reserves the right to request such higher limits of insurance or other types of insurance as it may reasonably require from time to time; failure to procure and maintain said insurance shall constitute a default under this Agreement.

21.0 SAFETY POLICIES AND PROCEDURES AND RELATED DOCUMENTATION

Where required under Section 25(2)(j) of the Occupational Health and Safety Act, the Auditor shall adhere to its written health and safety policy and program.

If requested by the City, the Auditor agrees to provide reasonable documentation such as programs, procedures, documented safety protocol with respect to safety practices applicable to the work being performed on behalf of the City and as outlined in the RFP.

22.0 WORKPLACE SAFETY & INSURANCE BOARD (WSIB)

The Auditor agrees that it has a WSIB Clearance Certificate indicating its WSIB firm number, account number and that its account is in good standing.

The Auditor further agrees to submit a WSIB Clearance Certificate to the City upon request from time to time throughout the Agreement, and with the final invoice before payment is made. The Auditor agrees to maintain its WSIB

account in good standing throughout the term of the Agreement.

23.0 COMPLIANCE WITH ACCREDITATION

The Auditor agrees to ensure compliance with regulatory bodies governing the Auditor related to population served and/or services delivered.

24.0 DEFAULT AND TERMINATION:

Termination Where Default

The following are considered defaults of the Agreement for which the City may terminate the Agreement:

1. If the Auditor is in default in respect of any obligation provided for in this Agreement and such default, in the case of a default which is remediable, continues for seven (7) days following notice thereof to the Auditor (provided, however, that, if the nature of such default is such that it cannot be cured by a payment of money or cannot be cured within a period of five (5) days, the Auditor shall have such additional time as may be reasonably necessary as long as the curing of such default is begun promptly and is prosecuted with due diligence to completion);
2. The Auditor's operations, or its organizational structure, changes such that it no longer meets one or more of the requirements of the Project;
3. If any proceeding in bankruptcy, receivership, liquidation or insolvency is commenced against the Auditor or its property, and the same is not dismissed within thirty (30) days;
4. If the Auditor files a voluntary petition in bankruptcy or insolvency, makes any assignment for the benefit of its creditors, becomes insolvent, commits any act of bankruptcy, ceases to do business as a going concern, or seeks any arrangement or compromise with any or all of its creditors under any statute or otherwise.

Any of the above shall constitute an event of default by the Auditor under this Agreement; and upon the happening of any of the aforesaid events, the City may, upon notice to the Auditor specifying the default, terminate this Agreement immediately.

Such termination shall be without compensation, penalty or liability on the part of the City to the Auditor (other than compensation under this Agreement for the services performed and expenses incurred through the effective date of termination) and shall be without prejudice to any other legal or equitable right or remedy otherwise available to the City upon such default (including but not limited to damages suffered by the City in consequence of the same).

25.0 CONSEQUENCES OF EVENTS OF DEFAULT AND CORRECTIVE ACTION

If an Event of Default occurs, the City may, at any time, take one or more of the following actions:

- 1) provide the Auditor with an opportunity to remedy the Event of Default;
- 2) suspend the payment for such period as the City has given the Auditor to remedy the Event of Default;
- 3) cancel all further instalments of payment;
- 4) demand the repayment of an amount equal to any payment the City provided to the Auditor for services not yet rendered; and
- 5) terminate the Agreement at any time, including immediately, without liability, penalty or costs to the City upon giving Notice to the Auditor.

26.0 NOTICE

All notices required by this Agreement shall be in writing and shall be delivered in person or by prepaid courier or mailed by certified or registered mail, return receipt requested, with postage prepaid.

Notice to the City shall be addressed to:

The City Clerk
The Corporation of the City of London
300 Dufferin Avenue, Box 5035 London, ON N6A 4L9

Notice to the Auditor shall be addressed to:

KPMG LLP
333 Bay Street suite 4600
Toronto, ON M5H2S5
Telephone: 416-777-3911
Attention: Katie DenBok

All notices so sent shall be deemed to have been received by the Auditor on the date of delivery or on the second business day following the mailing thereof, whichever is applicable.

For the purposes of notice, "business day" means every day except Saturdays, Sundays and statutory holidays in the Province of Ontario.

The above address of either the City or the Auditor may be changed by giving the other party written notice of the new address.

If postal service is interrupted, or threatened to be interrupted, or is substantially delayed, any notice shall only be delivered by courier.

27.0 GENERAL

27.1 Schedules Forming Part of Agreement

- a) The parties understand and agree that the following Schedules “A”, “B”, “C”, and “D”, are attached to this Agreement are incorporated in and form part of this Agreement as if embodied in it and consist of:
- (i) Schedule “A” – Pricing Schedule
 - (ii) Schedule “B” – Request for Proposal 2022-255, any addenda issued as part of the RFP
 - (iii) Schedule “C” – The Engagement Letter
- (b) If there is a conflict or inconsistency between the wording of any documents or schedules which appear on the following list, the wording of the document or schedule which appears first on the list shall prevail over the wording of any document which appears subsequently on the list:
- (i) The Agreement;
 - (ii) Schedule “C” – The Engagement Letter
 - (iii) the Auditor’s RFP proposal dated October 26, 2022 and any written material from the Auditor’s interview/presentation/clarification
 - (iv) Schedule “B” – Request for Proposal 2022-255 and any addenda issued as part of RFP 2022-255.

28.0 0 PARTIAL SEVERABILITY

If any part of this Agreement is rendered invalid or illegal, the remainder of this Agreement continues to apply.

29.0 HEADINGS

The headings in this Agreement are for convenience only and shall not in any way limit or be deemed to construe or interpret the terms and provisions of this Agreement.

30.0 ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties pertaining

to the subject-matter hereof and supersedes all prior agreements, arrangements (interim or otherwise), letters of intent, understandings, negotiations and discussions, whether oral or written, of the parties pertaining to such subject-matter. There are no promises, guarantees, statements, claims, warranties, representations or other agreements between the parties with respect to the subject-matter hereof except those specifically set out herein. The execution of this Agreement has not been induced by, nor do any of the parties rely upon or regard as material, any representations not included in this Agreement.

31.0 AMENDMENTS

No subsequent alteration, amendment, change or addition to this Agreement shall be binding on the City or the Auditor unless in writing signed by each of them.

32.0 ASSIGNMENT

Neither this Agreement nor any part thereof or interest therein may be assigned, subcontracted or otherwise transferred by either party without the prior written consent of the other party, which consent may be arbitrarily withheld. Such written consent shall be within the sole and unfettered discretion of the City and may include such terms and conditions as the City considers appropriate, but shall not, under any circumstances, relieve the Auditor of its liabilities and obligations under this Agreement.

33.0 ENUREMENT

This Agreement shall enure to the benefit of and be binding on the parties and their respective heirs, executors, successors and permitted assigns.

34.0 GOVERNING LAW

This Agreement shall be governed and interpreted in accordance with the laws of Ontario and Canada, and shall be treated in all respects as an Ontario contract. The Auditor and the City specifically submit to the exclusive jurisdiction of the courts of Ontario and Canada.

35.0 OBLIGATIONS RELATING TO SUBCONTRACTORS

The Auditor is fully responsible for the duties, obligations, liabilities and responsibilities of any subcontractor of the Auditor under this Agreement.

36.0 EXECUTION

The Auditor acknowledges that it has read this Agreement, understands it and

agrees to be bound by its terms and conditions.

37.0 WAIVER

A waiver of any failure to comply with any term of this Agreement must be written and signed by the party providing the waiver. Each waiver must refer to a specific failure to comply and shall not have the effect of waiving any subsequent failures to comply.

38.0 CIRCUMSTANCES BEYOND THE CONTROL OF EITHER PARTY

Neither party shall be responsible for damage caused by delay or failure to perform under the terms of this Agreement resulting from matters beyond the control of the parties including strike, lockout, lockdown, public health regulations or orders, or quarantine, or any other action arising from a labour dispute, fire, flood, act of God, war, riot or other insurrection, lawful act of public authority, or delay or default caused by a common carrier which cannot be reasonably foreseen or provided against.

39.0 NON-RESIDENT WITHHOLDING TAX

Non-residents of Canada are subject to a withholding tax of 15% as per paragraph 153(1) (g) of the Canadian Income Tax Act and Section 105(1) of the Income Tax Regulations. As required by law, the City will withhold 15% on all amounts payable to a non-resident vendor for services rendered in Canada. A Canada Revenue Agency approved waiver/reduction form must be submitted prior to payment processing in order to exempt/reduce the vendors required withholding tax amount. The withholding tax does not apply to GST or HST charged as well as any reimbursable costs (e.g. airfare, meals) provided they are itemized on the invoice.

The City's withholding of tax under this section does not relieve the non-resident vendor of its obligation to withhold tax on payments to non-resident sub-contractors nor does it necessarily relieve the vendor of its total Canadian tax liability. Vendors should apprise themselves of the non-resident withholding tax rules prior to bidding on City requirements. Further information can be found on the [Canada Revenue Agency](#) website.

40.0 SURVIVAL

The provisions relating to, indemnity shall survive termination or expiry of this Agreement.

41.0 CONFIDENTIAL DATA

- 41.1 The Auditor shall at all times comply with the provisions of the Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c.M.5 (MFIPPA). Use, collection and maintenance of information, documents and records, communicated to and acquired, collected and created by it in the course of providing services under this Agreement shall be in accordance with MFIPPA.
- 41.2 The Auditor will provide access to such information only to those officers, partners and employees that are providing audit services under this Agreement and only to the extent that the said employees and agents need to have access to provide the audit service under this Agreement.
- 41.3 The Auditor shall treat all information, documents and records communicated to and acquired, collected and created by it in the course of providing the services under this Agreement as confidential and shall not release or disclose the same to any person without the express written consent of the City, except as may be required by law, professional standards applicable to the Auditor or by judicial or administrative process, or as otherwise permitted under the Engagement Letter.
- 41.4 The Auditor shall ensure that all commercially reasonable steps are taken to protect the said information, documents and records by making all necessary security arrangements against any and all risk including without limitation to unauthorized access, use, disclosure, publication or dissemination or destruction and to ensure that the said information, documents and records do not fall into the possession of unauthorized persons, in accordance with MFIPPA.
- 41.5 The Auditor shall identify as confidential at the time it is supplied or communicated to the City or its Local Boards and Commissions or enterprises any trade secret or scientific, technical, commercial, financial or labour relations information, which, if revealed to the public, could reasonably be expected to:
- a) prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of the Auditor with any other person or persons, or
 - b) result in undue loss to the Auditor or undue gain to any other person or persons.

Subject to MFIPPA, the City shall not divulge any such information so supplied without the consent of the Auditor.

IN WITNESS WHEREOF the Parties have duly executed this Agreement.

SIGNED, SEALED AND DELIVERED

KPMG LLP

Per: _____
Name:
Title:
Date:

I have authority to bind the Partnership.

THE CORPORATION OF THE CITY OF LONDON

Josh Morgan, Mayor

Michael Schulthess, City Clerk

SCHEDULE "A"
PRICING TABLE A

Annual Contracted Fee – Maximum Upset Limit

Item #	Description	Deliverables	2022	2023	2024	2025	2026	Sub-Total
1	City of London	Consolidated Financial Statements City of London	\$ 108,000	\$ 112,000	\$ 118,000	\$ 124,000	\$ 129,000	\$ 591,000
2		Consolidated Financial Statements City of London Trust Funds	\$ 4,000	\$ 4,150	\$ 4,300	\$ 4,500	\$ 4,600	\$ 21,550
3		Child Care Program – Review only for Province	\$ 6,700	\$ 7,000	\$ 7,250	\$ 7,500	\$ 7,800	\$ 36,250
4		Dearness Long Term Care Home – Annual Reconciliation Report (ARR) Audit	\$ 4,200	\$ 4,350	\$ 4,500	\$ 4,600	\$ 4,700	\$ 22,350
5		Dearness Day Program Annual Reconciliation Report (ARR)	\$ 4,200	\$ 4,350	\$ 4,500	\$ 4,600	\$ 4,700	\$ 22,350
6		Homelessness Partnering Strategy – Federal Audit March 31	\$ 4,700	\$ 4,800	\$ 5,000	\$ 5,200	\$ 5,400	\$ 25,100
7		Records Retention Schedule Review (s255(3) of Municipal Act 2001)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
8		London Downtown Closed Circuit Television Program – specified auditing procedures	\$ 4,000	\$ 4,150	\$ 4,300	\$ 4,500	\$ 4,600	\$ 21,550
9	Agencies, boards, and commissions	Argyle Business Improvement Area Board of Management including Corporate Tax Returns	\$ 5,000	\$ 5,200	\$ 5,400	\$ 5,600	\$ 5,800	\$ 27,000

Item #	Description	Deliverables	2022	2023	2024	2025	2026	Sub-Total
10		Covent Garden Market Corporation	\$ 11,000	\$ 11,400	\$ 11,850	\$ 12,300	\$ 12,800	\$ 59,350
11		Eldon House Corporation including Corporate Tax Returns	\$ 7,500	\$ 7,800	\$ 8,100	\$ 8,400	\$ 8,700	\$ 40,500
12		Hamilton Road Business Improvement Area Board of Management including Corporate Tax Returns	\$ 5,000	\$ 5,200	\$ 5,400	\$ 5,600	\$ 5,800	\$ 27,000
13		Housing Development Corporation London including Corporate Tax Returns	\$ 7,500	\$ 7,800	\$ 8,100	\$ 8,400	\$ 8,700	\$ 40,500
14		Hyde Park Business Improvement Association Board of Management including Corporate Tax Returns	\$ 5,000	\$ 5,200	\$ 5,400	\$ 5,600	\$ 5,800	\$ 27,000
15		London Convention Centre Corporation (RBC Place)	\$ 12,000	\$ 12,450	\$ 13,000	\$ 13,500	\$ 14,000	\$ 64,950
16		London Downtown Business Association	\$ 5,000	\$ 5,200	\$ 5,400	\$ 5,600	\$ 5,800	\$ 27,000
17		London Hydro Inc. including Corporate Tax Returns	\$ 55,000	\$ 57,500	\$ 59,000	\$ 62,000	\$ 65,000	\$ 298,500
18		London & Middlesex Community Housing Inc. including	\$ 18,500	\$ 19,200	\$ 20,000	\$ 20,800	\$ 21,600	\$ 100,100

Item #	Description	Deliverables	2022	2023	2024	2025	2026	Sub-Total
		Corporate Tax Returns						
19		London & Middlesex Community Housing Inc. – Canada Mortgage and Housing Corporation (CMHC) Contract Performance Audit (co-signed with City)	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 75,000
20		London Public Library Board	\$ 15,000	\$ 15,600	\$ 16,250	\$ 16,900	\$ 17,500	\$ 81,250
21		London Public Library Trust Funds	\$ 2,500	\$ 2,600	\$ 2,700	\$ 2,800	\$ 3,000	\$ 13,600
22		London Transit Commission	\$ 21,000	\$ 21,850	\$ 22,750	\$ 23,600	\$ 24,500	\$ 113,700
23		London Transit Commission Employees' Pension Plan	\$ 10,000	\$ 10,400	\$ 10,800	\$ 11,200	\$ 11,600	\$ 54,000
24		London Transit Commission – MTO Driver Certification Program audit as required	\$ 5,500	\$ 5,700	\$ 6,000	\$ 6,200	\$ 6,500	\$ 29,900
25		Middlesex-London Health Unit Consolidated – Year-ending Dec. 31	\$ 15,000	\$ 15,600	\$ 16,000	\$ 16,600	\$ 17,200	\$ 80,400
26		Middlesex-London Health Unit Consolidated – Year-ending Mar. 31	\$ 8,000	\$ 8,300	\$ 8,600	\$ 9,000	\$ 9,300	\$ 43,200

Item #	Description	Deliverables	2022	2023	2024	2025	2026	Sub-Total
27		Middlesex-London Health Unit – Annual Reconciliation Report (ARR) Audit – MOHLTC settlement process	\$ 3,500	\$ 3,650	\$ 3,800	\$ 4,000	\$ 4,100	\$ 19,050
28		Middlesex-London Health Unit – Schedule of Revenues and Expenditure for MOHLTC	\$ 5,500	\$ 5,700	\$ 6,000	\$ 6,200	\$ 6,500	\$ 29,900
29		Museum London	\$ 10,000	\$ 10,400	\$ 10,800	\$ 11,200	\$ 11,600	\$ 54,000
30		Old East Village Business Improvement Area Board of Management	\$ 5,000	\$ 5,200	\$ 5,400	\$ 5,600	\$ 5,800	\$ 27,000
31		Elgin Area Primary Water Supply System	\$ 8,500	\$ 8,800	\$ 9,100	\$ 9,500	\$ 9,800	\$ 45,700
32		Lake Huron Primary Water Supply System	\$ 8,500	\$ 8,800	\$ 9,100	\$ 9,500	\$ 9,800	\$ 45,700
		Total for Each Year	\$ 400,300	\$ 415,350	\$ 431,800	\$ 450,000	\$ 467,000	\$ 2,164,450

**PRICING TABLE B – ALL INCLUSIVE HOURLY RATES FOR
BASE AUDIT PLAN AND OPTIONAL PRICING**

Item #	Role Description	Hourly Rate - 2022	Hourly Rate - 2023	Hourly Rate - 2024	Hourly Rate - 2025	Hourly Rate - 2026
1	Partner	\$ 400	\$ 420	\$ 440	\$ 440	\$ 440
2	Senior Manager / Manager	\$300	\$315	\$330	\$330	\$330
3	Senior Accountant	\$ 200	\$ 210	\$ 220	\$ 220	\$ 220

SCHEDULE "B"



London
CANADA

Request for Proposal 2022-255
External Audit Services for City of London

This document is available in alternate formats upon request. For information about obtaining an alternate format, please contact purchasing@london.ca



London
CANADA

**Request for Proposal 2022 -255
External Audit Services for City of London**

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Appendices:

- Appendix A – Certificate of Insurances
- Appendix B – Non-Disclosure Agreement (NDA)
- Appendix C – External Audit Service Agreement
- Appendix D – Annual Audit Schedule



The Corporation of the City of London

Purchasing and Supply
267 Dundas Street, 4th Floor
London, Ontario N6A 1H2
[City of London](#)

October 5th, 2022

ELECTRONIC PROPOSAL SUBMISSIONS ONLY shall be received by Bids&tenders, no later than the closing time and date.

The following is a tentative schedule to assist interested Proponents with the anticipated schedule (dates and times) of significant events associated with this RFP process, in general. The City reserves the right to alter the schedule at its sole discretion.

Closing Time and Date	October 26, 2022 2:00:00 pm, local time
Question Period Closing Time and Date	October 19, 2022 2:00:00 pm, local time
Review and Evaluation of Submissions	Week of October 25 & 31, 2022
Interviews & Presentations/clarifications with short-listed proponents	Week of October 31, 2022
Award of Successful Proponent	November 2022
Commencement of Services	January of 2023

1.0 **Request for Proposal Details**

1.1 **Purpose**

The Corporation of the City of London (“the City”) is seeking proposal submissions (“Proposals”) from knowledgeable and licensed public accounting firms with audit experience in the municipal sector to provide External Audit Services as outlined in the Request for Proposal (“RFP”) documents to the City, including its Boards and Commissions.

1.2 **Background**

London, Ontario is a single-tier municipality in the Province of Ontario with an approximate population of 422,324 (2021) that is characterized by a diversified economic base - industrial, commercial and institutional. This has fostered an ideal climate for business investment and steady growth. The City provides the benefits of a large city with the convenience, responsiveness, economics and manageability of a smaller urban centre.

London has a fifteen (15) member City Council which includes the Mayor and fourteen (14) Councillors as the legislative and decision-making body of the Corporation.

The City, including its Boards and Commissions, provides the following types of services: fire, police, transit, courts administration and prosecutions, public works including roads, water and sewer, hydro, garbage and recycling services, public health services, long-term care services, social services, social housing, parks and recreation services, libraries, museums, planning and development, a convention centre, business improvement associations and a public market.

The City was recently reorganized into seven Service Areas effective May 4, 2021: Social and Health Development, Neighbourhood and Community-wide Services, Environment and Infrastructure, Planning and Economic Development, Finance Supports, Legal Services, Enterprise Supports. In addition, an Anti-Racism and Anti-Oppression unit as well as a Strategy and Innovation Unit report directly to the City Manager’s Office.

In addition, the related agencies, boards, commissions and corporations are listed below:

- Argyle Business Improvement Association Board of Management
- Covent Garden Market Corporation
- Eldon House Corporation
- Hamilton Road Business Improvement Area Board of Management
- Housing Development Corporation, London
- Hyde Park Business Improvement Association Board of Management
- London & Middlesex Community Housing Inc.

-
- London Convention Centre Corporation
 - London Downtown Business Association
 - London Hydro Inc.
 - London Police Services Board
 - London Public Library Board
 - London Transit Commission
 - Middlesex-London Health Unit (Joint local board)
 - Museum London
 - Old East Village Business Improvement Area Board of Management
 - Fair-City Joint Venture
 - Elgin Area Water Primary Water Supply System (Joint local board) and
 - Lake Huron Primary Water Supply System (Joint local board).

The City is the sole shareholder of London Hydro Inc. London Hydro is regulated by the Ontario Energy Board and report under the International Financial Reporting Standards (IFRS) accounting standard.

The Housing Development Corporation, London is the City's only municipal services corporation. It was incorporated on October 26, 2015 with the City as the sole shareholder and began operations during 2016.

The City is a member of the Joint Board of Management for each of the Lake Huron and Elgin Area Primary Water Supply Systems. The City of London has assumed the role of Administering Municipality responsible for the administration of the systems on behalf of the participating municipalities. As administering municipality, the City is responsible for keeping books, records and accounts, preparing capital and operating budgets, raising capital financing, holding reserve funds, and operating bank accounts. The City is also responsible with the Joint Boards for having the records audited on an annual basis.

Financial Information

The Consolidated Financial Statements combine the financial results of the City's departments with the financial results of the boards, commissions and government business enterprises that the City effectively controls. Financial information and the City's Strategic Plan can be found at the following links:

- 2021 Consolidated Financial Report:
<https://london.ca/sites/default/files/2022-07/2021%20Financial%20Report%20Website.pdf>
- 2021 Consolidated Financial Statement:
<https://london.ca/sites/default/files/2022-07/2021%20Consolidated%20Financial%20Statements.pdf>

- 2021 Financial Information Return (FIR) – London:
<https://efis.fma.csc.gov.on.ca/fir/index.php/en/year-municipality/year-2021-2/>
- 2020-2023 Approved Multi-year Budget:
<https://london.ca/sites/default/files/2020-11/2020-2023%20MYB%20Document%20Property%20Tax%20-%20AS%20OF%20OCTOBER%2028.ah%20FINAL.pdf>
- 2019-2023 Strategic Plan
<https://london.ca/sites/default/files/2020-09/2019%20Strategic%20Plan.pdf>

Each year Moody's Investors Service reviews the credit worthiness of the City and then assigns the City a credit rating for the year. Moody's is provided access to numerous documents, including the above noted documents as part of their review. Moody's Investors Service is a leading provider of credit ratings, research, and risk analysis. The firm's ratings and analysis track debt covering more than 130 countries, 11,000 corporate issuers, 21,000 public finance issuers, and 76,000 structured finance obligations. For 2021, the City received the highest possible rating, Aaa, for the 45th consecutive year.

Internal Audit Services

An internal audit function has been in place at the City of London since 1983. As part of the City efforts to promote greater independence, openness, transparency and accountability of the audit function, Council authorized the outsourcing of internal audit services on April 19, 2010. The internal audit services includes conducting of financial, compliance, value for money, operational, performance and other audits and reviews. The internal audit services includes providing business advisory services such as efficiency and effectiveness reviews, benchmarking, continuous improvement and best practices reviews.

No firm will be allowed to provide both services. The City's current internal auditor is MNP LLP.

It is expected that the firm providing external audit services and the firm providing internal audit services will co-ordinate their efforts to maximize the audit coverage provided to the City.

Financial and Other Systems

The City uses the Oracle JD Edwards EnterpriseOne version 9.2 as it's backbone financial system. The suite of modules includes payroll, accounts payable, accounts receivable, general ledger, budget, fixed assets, fleet and facility management, purchasing and inventory.

The City implemented CaseWare over the past few years. For the 2021 year-end, the following financial statements were generated from the financial reporting module of CaseWare:

- Consolidated Financial Statements of the City of London
- Elgin Area Primary Water Supply System
- Lake Huron Primary Water Supply System
- Housing Development Corporation, London

CaseWare was implemented with the goal of improving efficiencies and gaining potential savings:

- Reduction in time - financial statements are completely automated, and tracking and clearing of all outstanding queries are centralized ensuring nothing is overlooked. Number of spreadsheets will be reduced.
- Reduction in Risk of Errors - users do not need to manually input values and a full audit trail is maintained from initial import to final printing of statements.
- Achievement of more reliable results - workflow functionality allows easy oversight of the year-end.
- Potential lower audit fees - audit working papers will be in a format that auditors are familiar with, which would improve navigation time.
- Support Environmental Policies - working papers would drastically reduce the amount of paper.
- Improve efficiency - many of the time-consuming year-end steps become more efficient, including creation of leadsheets, referencing of supporting documentation, last minute adjustments that must update leadsheets, statements, schedules, and notes – once entered, all linked values are automatically and instantly updated throughout.

Now that the financial statements module has been implemented, the staff will be focusing on improving the audit working paper automation.

There are also other significant systems in use at the City, including: Xplor (PerfectMind) for Recreation and other services; CLASS Point of Sale for Building and Parking; Ultimate Kronos Group (Kronos) for employee time and attendance; Vailtech VTax for property taxes; Calytera Amanda for building permits and licensing; Microsoft Dynamics 365 for Customer Relationship Management, ESRI ArcGIS for geographic information, CaseWare Working Papers for Financial Reporting, PointClickCare for Dearness Home Services; SAMS for Social Services; Gtechna for Parking; and ICON for Courts Administration of Provincial Offences.

In total, the City's Information Technology Services (ITS) area oversees over 200 applications. Most major corporate systems are administered following a consistent process within ITS. There are a few industry specific systems that are administered departmentally.

The underlying database management systems are either based on Oracle or Microsoft SQL Server. The City’s operating systems are Microsoft based.

There are seventy (70) different locations, one data centre, with both voice and data. The City has its own fibre network and also contracts out some managed network services for WAN.

Many of the Boards and Commissions have their own systems for both accounting and operational needs. In most instances, the Boards and Commissions will include a download of transactional data provided to the auditors from the various systems.

The Housing Development Corporation, London, and the Lake Huron and Elgin Area Primary Water Supply Systems’ accounting records are maintained by the City, within the City’s corporate financial system, JD Edwards.

The Systems utilized by the other various Boards and Commissions are summarized below:

Board/Commission/Other	Accounting System	Database Management System	Operating System
Argyle Business Improvement Area Board of Management	QuickBooks	N/A	Windows Server
Covent Garden Market Corporation	Yardi Breeze	N/A	Windows 10 Professional
Eldon House Corporation	Quickbooks Online	N/A	N/A
Hamilton Road Business Improvement Area Board of Management	Quickbooks	N/A	Windows 10 Professional
Hyde Park Business Improvement Association Board of Management	Quickbooks	Excel & Insightly	Windows 10 Professional
London & Middlesex Community Housing Inc.	Yardi Voyager 7S	Yardi Managed (SaaS)	Yardi Managed (SaaS)
London Convention Centre Corporation	Ungerboeck	Microsoft SQL Server	Win32NT

Board/Commission/Other	Accounting System	Database Management System	Operating System
London Downtown Business Association	Sage 50	Salesforce	Windows 10 Professional
London Hydro Inc.	J.D. Edwards (accounting system) SAP (billing system)	Oracle	Windows 2016 Server
London Public Library Board	SAGE 300 ERP	MS SQL	Windows Server
London Transit Commission	Sage PFW ERP V5.9.2 (GL- A/R, A/P, Bank Rec, Financial Reporting)	Pervasive SQL	Windows 7 Professional
	Enrich Equipment Management System V6.0.00 – for Inventory Control and Fixed Assets Maintenance	iSeries Access	IBM AS/400
Middlesex-London Health Unit	Microsoft Dynamics 2018	SQL Server Database	Windows Server 2016 Workstations are Windows 10 Enterprise
Museum London	Sage 300	MS SQL 2016	Windows 11
Old East Village Business Improvement Area Board of Management	Sage 50 Premium Accounting (converting to Quickbooks)	N/A	Windows 10

1.3 Reporting Structures

The External Auditors are appointed in accordance with the Municipal Act, 2001. They provide specific reports to the Audit Committee of Council through the Administration. The Administration has the authority to address audit-related issues. The External Auditors are required to report to the governing bodies of local Boards and Commissions where separate audited financial statements are issued.

1.4 Audit Committee

The Audit Committee is a committee of City Council. It is composed of four (4) members of the Municipal Council and one citizen appointee (with a professional accounting designation). Recommendations for appointment to the Audit Committee are made by the Strategic Priorities and Policy Committee, or the Striking Committee, as the case may be, and appointments are made by City Council. The Committee meets at least four (4) times annually and at such other times as shall be required and determined by the Chair. It reports directly to the Municipal Council.

The responsibilities of the Committee include satisfying itself as to the existence and terms of an Engagement Letter from the external auditors; reviewing the arrangements for the annual audit's scope, accounting principles, materiality limits, and fees; reviewing the auditors' report and audited financial statement and satisfying itself that the external auditors have no reservations about the statements; satisfying itself that there are no unresolved issues between Administration and the external auditors; reviewing the external auditors' management letter and recommending the appointment of new auditors on the advice of the Administration.

1.5 Scope of Work

1.5.1 General

- a) The Municipal Act, 2001 Section 296 allows for the appointment of external auditors for a term of five years or less. The intent of the City of London is to appoint external auditors for the five (5) year term, subject to satisfactory performance, beginning with the audit of the 2022 Financial Statements.
- b) The audits shall include the examination of the records and financial statements of the City and each local Board and Commission to the degree necessary to express an audit opinion on such statements. All proposals shall provide a plan and separate pricing for audit reports of each entity audited in 2022 from section 1.5.4, along with individual pricing for the annual reports required as noted in 1.5.1.c) and d).

-
- c) Also included will be all related examinations required in order to produce audit or review requirements for:
- City of London Trust Funds,
 - London Public Library Trust Funds,
 - London Transit Commission Employees' Pension Plan, noting that the current requirement does not require an audit to be completed but the Commission has chosen to continue with the audit at this time. The Commission may opt out of this particular audit in the future.
 - Dearness Services including the Long Term Care Annual Reconciliation Report,
 - Dearness Day Program Annual Reconciliation Report and
 - Middlesex-London Health Unit Annual Reconciliation Report;
 - Homelessness Partnering Strategy,
 - Audit opinion on compliance of London & Middlesex Community Housing Inc. with the Canada Mortgage and Housing Corporation (CMHC) Credit Agreement regarding the National Housing Co-Investment Strategy,
 - Ontario Ministry of Transportation (MTO) Driver Certification Program Audits as required, and
 - A review for the Province for the revenues and expenses of the Child Care program funding.
- d) Also included is a report on specified auditing procedures for the London Downtown Closed Circuit Television Program and report on the Records Retention Schedule review.
- e) The work will generally not include accounting or the preparation of draft financial statements except in those limited circumstances as may be presented by some of the smallest municipal entities.
- f) There are also audit or review requirements on a variety of federal and provincial funding envelopes and certification programs. These are generally quoted and scheduled when they arise, as they are not consistent from year to year and are requirements through the funding program. There may also be requests for additional work at the request of Council resolution.
- g) It is anticipated that in certain years, there will be additional audit work required to provide audit assurance over the implementation of new accounting standards such as PS 3280, Asset Retirement Obligations and PS 3450, Financial Instruments.

1.5.2 Annual Schedule

Before a date mutually agreed upon in November/December of each year, the auditors shall meet with the City Manager (or delegate) and Deputy City Manager, Finance Supports and City Treasurer (or delegate) for the City and its Boards and Commissions to discuss and agree upon;

- i) a schedule, which includes all aspects of the completion and audit of the various financial statements of the Municipality for the current year; and
- ii) a list of the necessary schedules, working papers, analyses and other information to be prepared by the staff of the City and its Boards and Commissions.

Appendix D provides information on the approximate start time of interim and year-end fieldwork for the audits of the 2021 financial statements.

1.5.3 Qualified Statements

The auditors shall immediately upon discovery of information or conditions which would otherwise lead to the inclusion of a qualified opinion with respect to any of the City's financial statements, inform and fully discuss such matters with the City Manager (or delegate) and the Deputy City Manager, Finance Supports and City Treasurer (or delegate) of the City. Also, the auditors shall, as far as possible, allow a reasonable time for the City to investigate, analyze, report and take corrective action so as to avoid the inclusion of such qualifications.

1.5.4 Entities Requiring External Audit Service

This RFP is a call for external audit services for:

- Consolidated – The Corporation of the City of London;
- Consolidated City of London Trust Funds;
- Argyle Business Improvement Area Board of Management;
- Covent Garden Market Corporation;
- Eldon House Corporation;
- Hamilton Road Business Improvement Area Board of Management;
- Housing Development Corporation, London;
- Hyde Park Business Improvement Association Board of Management;
- London Convention Centre Corporation (RBC Place);
- London Downtown Business Association;
- London Hydro Inc.;
- London & Middlesex Community Housing Inc;
- London Police Services Board (consolidated in City records);
- London Public Library Board;

-
- London Public Library Trust Fund;
 - London Transit Commission;
 - London Transit Commission Employees' Pension Plan;
 - Middlesex-London Health Unit (Joint local board);
 - Museum London;
 - Old East Village Business Improvement Area Board of Management;
 - Elgin Area Water Primary Water Supply System (Joint local board); and
 - Lake Huron Primary Water Supply System (Joint local board).

1.5.5 Meetings and Subsequent Assistance

The auditors shall attend such meetings as required to discuss their work and reports and shall provide such information as requested which will enhance the understanding of members of the Audit Committee of Council concerning matters pertaining to the annual financial statements. There is a minimum of four (4) Audit Committees annually and generally the auditors would attend one (1) annual meeting at each of the Boards and Commissions.

1.5.6 Audit Management Letter/Audit Findings Report

No later than sixty (60) days following completion of the report on the audit of the annual statements, the auditor shall prepare and deliver to the City Manager (or delegate) and Deputy City Manager, Finance Supports and City Treasurer (or delegate) draft letters/findings conveying any concerns relative to the internal accounting, operating controls and/or other matters of material importance with respect to the operations of the Corporation, local boards and other entities.

The auditors shall also provide recommendations as to such corrective measures as may be required and be prepared to provide assistance with regard to implementation, if required to do so. The auditors shall meet with the City Manager (or delegate) and Deputy City Manager, Finance Supports and City Treasurer (or delegate) and any relevant City, Board or Commission head, to discuss the comments, following which an official management letter/findings report will be submitted to the City Manager (or delegate) and Deputy City Manager, Finance Supports and City Treasurer (or delegate), and to the City, Board or Commission head. The City Manager (or delegate) and Deputy City Manager, Finance Supports and City Treasurer (or delegate) shall, upon receipt of the final version of the Audit Management Letter/Audit Findings Report, coordinate the management response to the Auditors' comments and shall work with the Audit Committee Chair to schedule an Audit Committee meeting to receive the Report.

1.6 Evaluating the Auditors' Performance

During the contract period, the auditors' performance will be evaluated based on the following criteria:

i) Persons assigned to the audit:

For the initial year of the engagement, the persons assigned to the audit should be those originally proposed; and any subsequent changes to audit personnel must be acceptable to the City Manager (or delegate) or Deputy City Manager, Finance Supports and City Treasurer (or delegate).

ii) On-site participation of the audit senior:

It is expected that the audit senior will be present throughout the audit.

iii) Performance in the manner proposed:

It is expected that the audit will be carried out in the manner proposed. Any changes in the audit program which impact staff and other resources of the City shall be discussed with and agreed to by the Deputy City Manager, Finance Supports and City Treasurer (or delegate).

iv) Adherence to Audit Deadlines:

It is expected that the audit will be completed within the time frames agreed to in the annual schedule. Significant dates for the Corporation and its Boards currently include: completion of all financial statements by mid May; Audit Committee review by June; submission of the Financial Information Return to the Province by May 31 or such other date as stipulated by the Province. The dates are approximate and may require adjustment from year-to-year depending on issues facing the Municipality.

1.7 Reporting and Privacy

Full and timely audit reports with issues, observations, recommendations and management responses from the client will be provided to the Audit Committee. All final public audit reports will be published on the City's website subject to any MFIPPA, privacy and other confidentiality issues. It is critical that the successful Proponent understands the unique environment in which the City operates, along with the requirement for the City to be compliant with Web Content Accessibility Guideline (WCAG) 2.0 level AA.

a) The City is subject to the Municipal Freedom of Information and Protection of Privacy Act ("MFIPPA"-also referred to as the Act). The Act requires municipal institutions to protect the privacy of an individual's personal

information existing in government records. The Act creates a privacy protection scheme, which the government must follow to protect an individual's right to privacy. The scheme includes rules regarding the collection, use, disclosure and disposal of personal information in the custody and control of a municipal institution. Also, the Act provides individuals the right to access municipal government information, including most general records, subject to very specific exemptions and exclusions. Personal information collected and records related to work performed on behalf of the City may be subject to MFIPPA.

- b) The City is also subject to the Municipal Act, 2001. Section 239 of the Municipal Act, 2001 provides for seven separate subject matter exceptions to the requirement that meetings be open to the public.
- c) As per the Information and Communications Standards as set out by the Accessibility for Ontarians with Disabilities Act (AODA), beginning January 1, 2021: all public websites and web content posted after January 1, 2012 must meet WCAG 2.0 Level AA.

1.8 Working Hours and Locations

City's working hours are from 8:30 a.m. to 4:30 p.m. from Monday to Friday, excluding Saturday, Sunday and statutory holidays. The primary location is at 300 Dufferin Ave but could involve other City locations within the City of London (i.e. locations of boards and commissions identified in the RFP).

1.9 Required Meetings

The Auditors shall attend such meetings as required to discuss their work and reports and shall provide such information as requested which will enhance the understanding of members of the Municipal Council and the Audit Committee of Council concerning matters pertaining to the internal audit reports.

Attendance is required at all Audit Committee meetings as well as City Council and other committee meetings as required. There are a minimum of four (4) Audit Committee meetings annually.

1.10 The Payment Schedule

The Service Provider shall render quarterly billings to the City and to the applicable Board or Commission detailing the work and actual total hours expended based on standard All-Inclusive hourly rates in direct reference to the Base Audit Plan during each quarter with a maximum upset limit to the amount of the annual contracted fee as set out in Pricing Table A. Invoices will be due and payable within 30 days of the invoice date.

The Service Provider shall keep records, receipts, vouchers and documents as will verify to the satisfaction of the City the direct costs incurred for which billings have been submitted. Upon the request of the City, the Service Provider shall furnish such documentation to the satisfaction of the City to verify the direct costs incurred.

2.0 **General Submission Requirements**

2.1 **General Requirements**

The City is requesting Proposals from firms who are both interested and capable of undertaking the project.

The onus is on the Proponent to show their knowledge, understanding and capacity to conduct the work outlined in the RFP.

Proposals will be assessed according to how well they assure the City's success in relation to the RFP requirements. The detail and clarity of the Proposal will be considered indicative of the Proponent's expertise and competence.

All information provided in response to this RFP must contain sufficient detail to support the services being proposed. Incomplete Proposals will not be considered.

2.2 **Pricing**

- a) The City is seeking firm prices for the initial Agreement period of five (5) years.
- b) All prices must be stated in **Canadian** funds. Prices must also be inclusive of customs, duty and freight.
- c) HST shall not be included in the pricing proposed.

All Proponents shall provide their Harmonized Sales Tax (H.S.T.) registration number in Bids&tenders System. Note: If the Proponent is located outside of Canada and is not a H.S.T. Registrant, this may not apply for the tax requirements, refer to section 6.13 - Non-resident Withholding Tax.

- d) The City and three (3) Boards (Housing Development Corporation, London, the Elgin Area Water Primary Water Supply System, and the Lake Huron Primary Water Supply System) implemented the use of CaseWare for the production of their financial statements in 2020/2021. The use of CaseWare in the production of the Financial Statements, including account mapping and trial balance provided in CaseWare

format, will improve efficiencies for the audit. Audit working papers, in the future, will be in a format that auditors are familiar with, which will improve navigation time. It is anticipated that this implementation will be reflected in the professional fee as a savings.

- e) The City is seeking firm prices for the contract period; proponents must fully complete and submit the Financial Proposal per section 8 of the RFP on Bids&tenders Step 1.

2.3 Agreement Period

- a) The term of the contract will be for a period of up to five (5) years with no option to renew or extend the contract period.
- b) The City will monitor the performance of the successful proponent during the contract period. The City at its absolute sole discretion reserves the right to cancel the contract due to poor performance without penalty.

3.0 Specific Submission Requirements

The Proponent's submission must provide the information requested below. The Evaluation Team will review and evaluate the information received from Proponents in response to the items listed in this section. Failure to respond to any requested information will be deemed as unresponsive to that item and subsequently a score of zero will be assigned to that item during the evaluation process. Information submitted is subject to verification, and further pertinent information may be obtained from references.

The proposal submission shall be limited to a maximum of fifty (50) pages of 8.5" X 11" paper, printed double-sided in portrait format, fonts used should not be smaller than 12 point with margins of a minimum size of 1/2" top, bottom, left and right, pages numbered. Any information provided in excess of the stipulated maximum within the core body of the proposal submission will not be taken into account in the evaluation of the proposal.

Title pages, table of contents, tabbed dividers and appendices will not be included in this limit, and therefore must not include material intended for evaluation.

Note: **Do Not** include any pricing information in the technical submission, full contract pricing is to be completed on Bids&tenders website Step 1 – Schedule of Prices only. If a Proponent attempts to indicate pricing outside of the process indicated above, the Proponent shall, at the City's sole discretion, be deemed non-compliant and given no further consideration.

The Proponent must provide the information under the same order, headings and numbering sequence, as well as the forms as listed below.

3.1 Firm Profiles, Past Experience, and References

a) Firm Profile

Provide a brief narrative addressing the following points:

1. Provide confirmation that the firm is registered with CPA Ontario to practice public accounting, noting that the lead engagement person holds an active public accounting license in Ontario.
2. Describe the relevant perceived strengths and weaknesses of the firm in the field of audit.
3. Describe what your firm believes are the critical success factors for External Audit and how you will demonstrate value to the City.
4. Identify any Subcontractors, subconsultants, their relevant skill set and what area of the proposal they will be contributing to.

b) Municipal Audit Services Past Experience

1. Provide a list of the firm's current and prior largest municipal clients indicating the type(s) of service performed, the number of years served for each client. Please include specific examples related to external auditing in the public sector of similar size and scope to the City.
2. Provide evidence the firm has experience in auditing a large, complex, and computerized municipality.

c) Electrical Distribution Entities Audit Experience

1. Please provide a list of any experience auditing Electrical Distribution entities. Provide a list of the firm's current and prior largest Electrical Distribution entities clients indicating the type(s) of service performed, and the number of years served for each client.
2. Provide evidence of any research, education and knowledge with respect to International Financial Reporting Standards (IFRS).

3. Please elaborate on any involvement with the Ontario Energy Board (OEB), and/or any special task forces or projects that the firm has been involved with in the Ontario Electricity Regulation Environment.

d) **References:**

Other than the City of London, please provide a minimum of three (3) references from municipalities within the last 5 years of recent successful engagements of similar size and complexity.

Further, please provide the contact names, titles and telephone numbers of senior staff of at least two (2) Electrical Distribution entities that may be contacted as references.

Proponents shall provide, at a minimum, the following information with respect to each reference. Information submitted is subject to verification, and further pertinent information may be obtained from references.

References (using the City's form is preferred)	
Client name and address	
Client contact info Name: Email: Telephone:	
Size of the Municipality/ Electrical Distribution Entity	
Number of years dealing with the municipality/ Electrical Distribution Entity	
Services that were provided by the Proponent (i.e. financial statement audit and/or other advisory or attest services)	

e) **Specialized Advisory Services**

1. Indicate the firm's experience in providing auxiliary services to include commodity tax services, corporate tax services, technology, and security

audit expertise to municipal clients by listing the name of each client, the type(s) of services performed, and the local office which provided the service.

2. Show evidence of well-developed professional auditing techniques to evaluate systems of internal control and review for audit work performed.
3. Please provide in the proposal any advisory services which may be available to the municipality free of charge on routine matters. These may include staff assistance and/or publications relating to the economy, income tax, payroll tax, commodity and excise taxes, employment benefit plans, management, cash management, fraud prevention, cybersecurity, Scientific Research and Experimental Development Tax Credits, etc.

3.2 Proposed Project Team and Personnel Qualifications

- a) Provide *curriculum vitae* (CV) and experience profile of the Proponent's principal contact person(s) who will be responsible for this contract. CV should indicate whether the individuals are licensed to practice public accounting in Ontario, noting that the lead engagement person must hold an active Public Accounting License, in accordance with the Public Accounting Act, 2004.
- b) Describe the experience in municipal audits of the partner, manager/supervisor, and senior assigned to the audit including years on each job and their position on each audit. Describe the role of each member of the audit team assigned to the audit including staff in specialized areas such as computer auditing or commodity tax specialists.
- c) Indicate the local office(s) where the staff will be located, which office will be assigned the audit and provide a detailed list of audit staffing and their positions.
- d) Describe the relevant educational background of each individual assigned to the audit. This should include seminars and courses attended within the past two years related to PSAB and IFRS. Also include any related details on corporate income tax and Scientific Research and Experimental Development Tax Credits.
- e) Describe any specialized skills, training and background in public finance by assigned individuals. This may include participation in municipal or provincial consulting assignments, speaker or instructor roles in conferences or seminars or authorship of articles and books.
- f) It is important that key project individuals (i.e. major areas of responsibility) be named, with accompanying indication of guaranteed availability. Please indicate the Proponent's commitment to ensure continuity of key personnel. Include strategies and individuals that can fulfill the roles and responsibilities for any unforeseen events requiring replacement of team members.

- g) Each Proponent must indicate the percentage of time allocated to the external audit by Senior Staff (Partner and Senior Manager) for the Base Audit Fee.

Item No.	Base Audit Year	Service Deliverables Description	% of Total Audit Hours
1	2022	% of Time allocated by Senior Staff	
2	2023	% of Time allocated by Senior Staff	
3	2024	% of Time allocated by Senior Staff	
4	2025	% of Time allocated by Senior Staff	
5	2026	% of Time allocated by Senior Staff	

- h) Sub-consultant: Sub-consultants will be considered during the term of the project. If any, please list sub-consultant including but not limited to **(do not provide TBD - to be decided, or TBA - to be announced)**:
- The role on this project,
 - years of experience with your firm,
 - the reason of using this consultant
 - contact name, email, and telephone
 - the resumes

- i) If any team changes are required, provide your change management plan including communication and approval processes.

Only team members that will be assigned to assist with the project, for the duration of the project should be included with your response. Do not include team members that will be only minimally involved in the project (<35 hours).

No change shall be made to the list of submitted Proponent Team Members and/ or sub-consultant after the closing time of this RFP, without the written approval by the City.

3.3 Approach to Project Delivery

- a) The Proponent is required to show evidence they have substantial expertise, resources and support services available to perform the audits consistently from one year to the next, in an expeditious manner and within the required time frames.
- b) Provide a work plan for completing the annual financial statement audits indicating estimated timelines for each audit, including commencement and completion dates of significant activities and milestones that includes the following:

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1. Staff capacity assigned for significant activities and milestones within the work plan. The senior/in-charge auditor should be present throughout most of the audit;
 2. Key dates for major deliverables should be clearly defined in the Proponent's work plan;
 3. Statement of assumptions regarding roles and involvement of City staff and the estimated amount of their time involvement.
- c) Business Transition Plan
1. If you are an existing vendor, please provide any transition plans for changes proposed as part of your submitted proposal.
 2. If you are a new vendor, please provide a detailed transition strategy of how your firm will onboard staff, learn and understand the City organization, continue seamless external audit services from the current service provider. Include how you plan to follow through on outstanding observations from past audits.
- 3.4 Audit Fees Schedule
- a) A listing of fixed lump sum annual fees to be charged for each of the five (5) years, detailed by specific municipal entity must be included with the written submission per Section 8.1 Pricing Table A. In addition, per Section 8.2 Pricing Table B hourly fees must be submitted for each of the five (5) years for other annual requirements.
 - b) For each municipal entity and annual report, a schedule of the estimated hours of involvement of each member of the audit team is to be included.
 - c) The total fixed flat fee quoted per financial statement audit must include all audit work necessary to express an opinion on each of the financial statements, including audit work related to any changes in auditing or accounting standards. The total fixed flat fee quoted per other attest work must include all audit/review work necessary to meet reporting requirements in accordance with funding agreements and/or program guidelines.
 - d) A lump sum total fee to complete the Scope of Work must include all labour, profit, other overhead, materials, equipment, licences, analysis, travel, accommodations, communication, transportation and delivery costs (courier, long distance charges, etc.), staff time, meetings with the City or its Boards and

Commissions, disbursements and any/all other operational costs and fees associated with the Services, excluding applicable taxes.

The City and its Boards and Commissions shall not be responsible for any additional costs.

- e) If the level of service required is reduced (i.e. audits are no longer required) during the term of the contract, the cost of services will be reduced by the price per audit for each of the remaining years of the contract.
- f) The Proponent is required to submit a schedule of proposed hourly rates for all project personnel (names optional) by classification for a determination of pricing for additional and/or optional work. Section 8.2 - Pricing Table B – Optional Pricing should be completed online at Bids&tenders with this information. This supplemental information is not part of the evaluation criteria.

3.5 Other Information

- a) Provide a brief explanation of why your firm should be selected (specific, detailed, verifiable information).
- b) Attach any additional material which is not specifically referred to or requested above but which the Proponent believes is relevant to its Submission or that will demonstrate the required abilities, qualifications and expertise described in this RFP document.

4.0 Evaluation Criteria and Methodology

4.1 Submission Weighting

Submissions will be evaluated by an Evaluation Team based on, but not limited to the following categories. The disclosure of the allocated weightings for each category is provided to assist Proponents in preparing a Proposal that best meets the requirements of the City.

		Evaluation Categories	Weightings (Percentage %)
Technical	3.1 Firm Profiles, Past Experience, and References	a) Firm Profile	25%
		b) Municipal Audit Services Past Experience	
		c) Electrical Distribution Entities Audit Experience	10%
		d) References	
	e) Specialized Advisory Services	10%	

	3.2 Proposed Project Team and Personnel Qualifications	Proposed Audit Team and Resources	10%
	3.3 Approach to Project Delivery	Approach to Project Delivery	13%
	3.5 Other Information	Other relevant information of firm and services.	2%
Pricing		Audit Fees (Section 3.4 and Section 8 Pricing table A)	25%
Interview		Interview/Presentation/Clarification	5%
		Total	100%

The order of the items listed in this section should not be taken as an indication of the relative importance of any particular criteria in the evaluation process.

By responding to this RFP, Proponents agree to accept the decision of the Evaluation Team as final.

4.2 Evaluation Team

Proposal submissions will be evaluated by an External Audit Services Evaluation Team with staff representation from all key functional areas of the City including Financial Services, and Boards and Commissions, with the assistance of Purchasing & Supply.

By responding to this RFP, Proponents acknowledge that The External Audit Services Evaluation Committee will recommend a short list of Proponents to the Evaluation Team for an interview and presentation.

The Evaluation Team will use the following evaluation scale to score the technical proposals

Rating	Points	Criteria
Excellent	5	Response meets all requirements and adds distinct value.
Very good	4	Response meets all requirements.
Good	3	Response meets most requirements but lacks in non-critical areas.
Satisfactory	2	Response meets some requirements but lacks in critical areas.
Poor	1	Response does not meet any requirements.
Unsatisfactory	0	No information provided.

4.3 Evaluation Process

Each Proposal will be evaluated by the City based on the information provided by the Proponent in its Proposal. Each Proposal will be reviewed to assess compliance with the requirements set out in this RFP. Evaluation results will be the property of the City. The City does not intend to disclose details of the evaluation results, under any circumstances.

After receipt of the Proposal, the City may request clarification to ascertain a Proponent's understanding of, and level of responsiveness to, the Proposal for the purpose of the evaluation process.

The City, in its sole discretion may adjust the evaluation score or ranking of Proposals as an outcome of the clarifications. The City reserves the right to limit clarification to any number of Proponents as determined by the City regardless of the number of the Proponents that submitted Proposals.

4.4 Interview and Presentation

At the City's sole discretion, a short-list of the top scoring proponents will proceed for an interview and presentation. Interviews and presentations will be conducted in the week of October 31, 2022. The interview and presentation process shall be based on the following criteria and are to be attended by the Proponent's representatives who will be servicing the City's account.

Interview and Presentation Agenda:

- i) Brief introduction of evaluation team and Proponents team, 5 minutes;
- ii) Presentation by the Proponent, no more than 30 minutes; and
- iii) Question & answer period, 25 minutes.

The interview and presentation phase for short-listed Proponents (based on their initial scoring) shall be evaluated by the Audit Committee based on the following criteria:

Once the interview and presentations are complete, the Audit Committee shall recommend the chosen Proponent to Council. City Council makes the final decision on the appointment of an audit firm.

4.5 Evaluation Methodology

The Proponent's Proposal will be evaluated in two phases:

Phase I: Technical

Part 1: Completeness and Compliance Review

This RFP requires that Proponents respond on the online Bidding System forms. The City will review the electronic submission of each Proponent to ensure that the submission is substantially complete and complies with the requirements of the RFP.

Bidding submissions which are not compliant with the requirements of the RFP shall be deemed non-compliant and shall not receive further consideration.

Part 2: Request for Information - Pre-qualification of Proponents

Phase I of this RFP requires that Proponents respond to the section 3 - Specific Requirements requesting Proponent information and specific responses regarding the services that are being proposed. All submissions will be given consideration.

A short-list of the highest scoring technical Proposals from Proponents with compliant submissions and with services which are deemed, at the sole discretion of the City, to meet the needs of the City will be selected to participate in Phase II - Pricing Evaluation of this Proposal Call.

Phase II: Pricing Evaluation

Only those Proponents who have been deemed best qualified in Phase I: Technical will enter into Phase II: Pricing Evaluation and the separate pricing file of the Proponent's submission will be unsealed and evaluated for contract award recommendation.

NOTE: The Proponent's Proposal for this Request for Proposal with the lowest price will receive the maximum score (25 per cent) for the Financial Proposal category. The remaining Proposals will each receive a pro-rated Financial Proposal Score in accordance with the following formula:

Financial Proposal Score = (Lowest Priced Financial Proposal /Financial Proposed Price) x 25 (assigned weighting for Financial Proposal)

Phase III: Interviews

Part 3: Invitation to Short-Listed Proponent(s) to present the Proponent's proposed Services Submission.

Short-listed Proponents may be invited to participate in Phase III – Part 3 of this Proposal Call. Each short-listed Proponent will be requested to give a complete presentation of the proposed External Audit Services and/or provide clarifications of the proposed services.

4.6 Best and Final Offer

Following the closing of the RFP, the City may, but shall not be obligated to, choose to invite Proponents to participate in a Best and Final Offer (“BAFO”) process. The Best and Final Offer process is as follows:

The invited Proponents who agree to participate will then individually be requested to meet with the City to:

- a) Clarify the particulars of the City’s scope of work;
- b) Clarify the Proponent’s suggestions, solutions and methods of work;
- c) Discuss options for alternative methods of achieving the City’s desired results; and
- d) Explore alternative ways the City can achieve the best possible service, supply and / or performance of the Project.

Following any such discussions and meetings, the City may request the Proponents who have agreed to participate in this BAFO process to submit a best and final offer by a fixed date and time chosen by the City.

The City will then evaluate such BAFO Proposals that it has received against the evaluation criteria previously described in the RFP.

Thereafter the City may select a preferred Proponent with whom to enter into negotiations for the award of all or part of the RFP who has in the City’s opinion offered the most value for money to the City. The City is not however bound to select the highest scoring or any Proposal received and may cancel this BAFO process at any time. Note: this option will only be invoked if a satisfactory outcome to the specified evaluation process is not achieved.

4.7 Award Recommendation to City Council

The evaluation team will present its award recommendation to the Deputy City Manager, Finance Supports, and City Treasurer, and to the Manager of Purchasing and Supply for their perusal and endorsement to proceed with the award recommendation for final approval. City Council (or delegate) makes the final decision on the appointment of an external auditor.

4.8 Selection Process

- a) Receive written responses from Proponents
- b) Evaluate technical and pricing Proposals
- c) Clarifications/Interviews/presentations with the shortlisted Proponents
- d) BAFO if required

- e) Award Recommendation
- f) Council Approval
- g) Agreement/ Contract Record

4.9 Agreement

Following award notification, the selected Proponent shall be required to complete and execute the Agreement for External Audit Services with the City ("Agreement"). The Agreement is provided in Appendix C of the RFP, and all issued addenda, shall be included with and will form the Agreement between the City and the Successful Proponent, whether mentioned specifically by reference in the executed Agreement or not.

An engagement letter with terms and conditions **will not be accepted**.

Upon receipt of written notice from the City that it has been awarded the contract, the Successful Proponent shall provide within ten (10) business days of such notice, a fully executed Agreement.

Proponents are advised that by submitting a response to this RFP, they are agreeing that they have reviewed in its entirety the Agreement in the form provided in this RFP or in any addenda to this RFP issued by the City.

If upon review of the Agreement, Proponents have objections or concerns regarding the terms contained in the Agreement, they may, **during the bid open period only**, submit questions or requests for changes to the Agreement which the City will consider. Should the City elect to make changes pursuant to the questions submitted by Proponents, the City will issue an addendum containing a revised Agreement prior to the deadline for receipt of electronic bid submissions.

Proponents shall note that Proposals which have been selected by the City, based upon the terms it wishes to negotiate after the deadline for electronic submission, or Proposals which contain any other form of bid qualification, may not be accepted. Proposals containing such qualifications may be deemed non-compliant and not be given further consideration for award.

5.0 Submission Information

5.1 Proposals must be received online through [Bids&tenders](#) no later than the specified closing time and date.

5.2 Proponents may edit or withdraw a submitted Proposal at any time up to the official closing time. Proponents are solely responsible to:

- Make any required adjustments to their Proposal;
- Acknowledge the Addendum/Addenda; and

-
- Ensure the re-submitted Proposal is **RECEIVED** by Bids&tenders no later than the closing time and date.
- 5.3 Proponents are to refer to standard terms and conditions (https://london.ca/sites/default/files/2022-01/Standard%20Terms%20and%20Conditions_0.pdf)
The Proposal and any resulting purchase will be based on these conditions unless otherwise agreed to in writing. In the event of any conflict between the Standard Terms and Conditions and the terms or conditions of this RFP, the terms and conditions of this RFP shall prevail.
- 5.4 The City reserves the right to accept or reject any and all Proposals. The City further reserves the right to award the contract as split-order, lump sum or individual-item basis, or such combination as shall best serve the interests of the City in the opinion of the Manager of Purchasing and Supply and the applicable Deputy City Manager/City Manager, unless otherwise stated.
- 5.5 Proposals are to remain firm for acceptance for a period of one hundred twenty (120) days from the closing time and date.
- 5.6 Proposals containing prices which appear to be unbalanced as to likely affect the interests of the City adversely may be rejected.
- 5.7 The acceptance and award of the Proposal and execution of an agreement, contract record or purchase order may be subject to approval by the City's management or City Council.
- 5.8 By submitting a Proposal, the Proponent acknowledges and accepts all terms and conditions in this RFP, including the Standard Terms and Conditions referred to above in 5.3, and all policies and procedures in the [Procurement of Goods and Services Policy](#).
- 5.9 It is the Proponent's responsibility to make sure the uploaded file(s) are not defective or corrupted and are able to be opened and viewed by the City. If the attached file(s) cannot be opened or viewed, the Proponent's bid call document may be rejected.
- 5.10 It is the Proponent's sole responsibility to ensure their bidding submission is received by the time and date specified within the RFP. The receipt of Proponent submissions can be delayed due to a number of factors including, but not limited to, "Internet traffic", file transfer size, and transmission speed. The Proponent should allow sufficient time to upload its bidding submission, including any attachments. Late bidding submissions will not be accepted by the City's bidding system.
- 5.11 The City is not responsible for any incomplete or misdirected bidding submission

due to electronic technical problems arising out of the Proponent's use of the City's bidding system.

- 5.12 Only Proponents that are registered as a Plan Taker for this RFP with bids and Tenders at <https://london.bidsandtenders.ca/Module/Tenders/en> and have obtained this Document from Bids and Tenders, may submit a bidding submission.
- 5.13 Any documents forming part of the Proponent's bidding submission uploaded to London.bidsandtenders.ca by the Proponent in response to this RFP must:
- NOT have a security password
 - Not be defective, corrupted or blank
 - Be able to be opened and viewed by the City
- 5.14 The Proponent's bidding submission must be made on the online forms supplied by the City.
- 5.15 Proponents will be sent a confirmation email by the City's bidding system to the email address provided by the Proponent when it registered as a Plan Taker in the bidding system for the RFP advising that their bidding submission was submitted successfully. Proponents should not consider their bidding submission to have been submitted until they have received the confirmation email.

6.0 Terms and Conditions

6.1 Questions/Addenda

- a) All questions, inquiries and clarifications regarding this RFP are to be submitted using the "Submit a Question" button available on Bids&tenders. Inquiries must not be directed to City employees or Elected Officials. Submitting inquiries outside of Bids&tenders may result in the Proposal being rejected.
- b) The City assumes no responsibility for any verbal (spoken) information from any City staff or from any Consultant firms retained by the City, or from any other person or persons who may have an interest in this RFP.
- c) Amendments or changes to this RFP prior to the closing date and time stated herein will only be in the form of written addenda issued by the City's Purchasing and Supply Division and distributed through Bids&tenders. It is the Proponent's sole responsibility to inform itself of any posted addenda. Proponents will be unable to submit their Proposal until all addenda are acknowledged electronically.
- d) The City makes no promise or guarantee that addenda will be delivered by any means to any Proponent. By submitting a Proposal, the Proponent acknowledges

and agrees that addenda shall only be posted on Bids&tenders and it is the sole responsibility of the Proponent to check for said addenda.

- e) Where a request results in a change or a clarification to the RFP, the City will prepare and issue an addendum. Addenda will be issued within the forty-eight (48) hours prior to closing - not including Saturdays, Sundays and Statutory Holidays observed by the City for regular business hours with the exception of an addendum postponing the closing or cancelling this RFP. Proponents that have submitted Proposals prior to the date and time cut-off for addenda issuance are solely responsible to monitor Bids&tenders for further addenda and are therefore also solely responsible for submitting a complete new Proposal acknowledging any said addenda prior to the closing date and time of the RFP solicitation.

6.2 Cancellation

- a) The City reserves the right, at its absolute sole discretion, to cancel the Agreement with thirty (30) days written notice, without cause and without penalty.
- b) The City reserves the right, at its absolute sole discretion, to cancel the Agreement with seven (7) days written notice, with cause and without penalty.
- c) The City reserve the right to cancel this RFP, without any award, for any reason, at any time and in its sole discretion, re-issue, sole-source or do nothing in the future in respect of the subject of this RFP.

6.3 Rights Reserved by the City

- a) The lowest Proposal will not necessarily be accepted. The City reserves the right to accept/reject any or all Proposals and/or reissue the RFP in its original or revised form.
- b) The City reserves the right to modify any and all requirements stated in the RFP at any time prior to the possible awarding of a contract.
- c) The City reserves the right to cancel this RFP at any time, without penalty or cost to the City. This RFP should not be considered a commitment by the City to enter into any contract.
- d) In the event of any disagreement between the City and the Proponent regarding the interpretation of the provisions of the RFP, the Manager of Purchasing and Supply or an individual acting in that capacity, shall make the final determination as to interpretation.

6.4 Non-Disclosure

Except as the City may otherwise consent in writing, the Successful Proponent shall not use, other than for the City, and not directly or indirectly publish or otherwise disclose at any time (except as the Proponent's duties for the City require) either during or subsequent to the Proponent's work, any of the City's appendices, attachments or other written material (whether or not conceived, originated, discovered, or developed in whole or in part by the Proponent).

6.5 Confidentiality

- a) Except as may be necessary in the performance of an order under the Agreement, the Successful Proponent shall not at any time or in any manner make or cause to be made any copies, pictures, duplicates, facsimiles or other reproduction or recordings of any type, or any abstracts or summaries of any reports, studies, memoranda, correspondence, manuals, records, plans or other written, printed or otherwise recorded material of the City, or which relate in any manner to the present or prospective business of the City. The Successful Proponent shall have no interest in any of this material and agrees to surrender any of this material which may be in its possession to the City immediately upon the termination of the Agreement or at any time prior to the termination upon the request of the City.
- b) The Successful Proponent shall not at any time (except under legal process) divulge any matters relating to the business of the City or any customers or agents of the City which may become known to it by reason of its services under an order, orders or otherwise and shall be true to the City in all dealings and transactions relating to the services contemplated by the Agreement and any order. Furthermore, the Successful Proponent shall not use at any time (whether during the continuance of the Agreement or after its termination) for its own benefit or purposes or for the benefit or purposes of any other person, firm, corporation, association or other business entity, any trade secrets, business development programs, or plans belonging to or relating to the affairs of the City, including knowledge relating to customers, clients, or employees of the City.

6.6 Ownership of Materials, Reports, Designs, Specifications & Training Materials

Any work completed at the City's expense, on-site or remotely during the course of the project, including videos, training materials, reports, designs, custom applications, specifications or otherwise shall become the exclusive property of the City.

6.7 Access to Information

The information submitted in response to this RFP will be treated in accordance with the relevant provisions of the Municipal Freedom of Information and Protection of Privacy Act and in accordance with Council Policy – The Procurement of Goods and Services Policy.

The Proponent accepts, by the submission of a Proposal, that the information contained in it will be treated in accordance with the process set out in this section of this RFP.

6.8 Joint Submission

Joint submissions of two (2) or more firms are to be submitted as a single Proposal coordinated and submitted by the lead firm with the required information. The lead firm shall act as the Proponent in all contractual obligations of any resulting award and agreement, or as determined by the City.

6.9 Personal Information

In accordance with the Municipal Freedom of Information and Protection of Privacy Act, the Service Provider, its directors, officers, employees, agents, volunteers and persons for whom it is at law responsible will hold confidential and will not disclose or release to any person at any time during or following the term of the Agreement, except where required by law, any information or document without obtain the written consent of the individual/organisation concerned prior to the release or disclosure of such information or document and shall comply with the requirements of the provisions regarding Personal Information and Confidentiality.

6.10 Records Retention

In the event that the Successful Proponent ceases operation, the Successful Proponent shall not dispose of any records related to the Successful Proponent and services it provided under the Agreement without the prior written consent of the City, and when requested by the City, shall return the records to the City forthwith.

6.11 Nomination of Sub-Consultants or Sub-Contractor

- a) Unless otherwise stipulated in this RFP or any Addendum thereto, the Proponent shall indicate the names and addresses of all nominated sub-consultants or Sub-Contractor that it proposes to use in the provision of services and/or work contemplated by this RFP.
- b) The City reserves the right to reject any sub-consultant or Sub-Contractor so nominated, without penalty or liability to the City of any kind whatsoever.
- c) No change shall be made to the list of nominated sub-consultants or Sub-Contractors after the closing time of the RFP, without the prior written approval of the City and only on such terms and conditions as the City in the exercise of an absolute discretion may require.

6.12 Assignment

Following award of the contract, the Successful Proponent shall not, without written consent of the Manager of Purchasing and Supply or designate, make any assignment or any subcontract for the execution of any service or product hereby quoted on. The consent of the Manager of Purchasing and Supply or designate may be arbitrarily withheld.

6.13 Non-resident Withholding Tax

Non-residents of Canada are subject to a withholding tax of 15% as per paragraph 153(1) (g) of the Canadian Income Tax Act and Section 105(1) of the Income Tax Regulations. As required by law, the City will withhold 15% on all amounts payable to a non-resident vendor for services rendered in Canada. A Canada Revenue Agency approved waiver/reduction form must be submitted prior to payment processing in order to exempt/reduce the vendors required withholding tax amount. The withholding tax does not apply to GST or HST charged as well as any reimbursable costs (e.g. airfare, meals) provided they are itemized on the invoice.

The City's withholding of tax under this section does not relieve the non-resident vendor of its obligation to withhold tax on payments to non-resident sub-contractors nor does it necessarily relieve the vendor of its total Canadian tax liability. Vendors should apprise themselves of the non-resident withholding tax rules prior to bidding on City requirements. Further information can be found on the [Canada Revenue Agency](#) website.

6.14 Verification of Information

The Proponent shall cooperate in the verification of information and is deemed to consent to the City verifying such information.

The City shall have the right to:

- a) Verify any Proponent statement or claim by whatever means the City deems appropriate, including contacting persons in addition to those offered as references.
- b) Access the Proponent's premises where any part of the work is to be carried out to confirm Proposal information quality of processes and to obtain assurance of viability.

6.15 Debriefing

Not later than thirty (30) days following the date of posting of a contract award notification in respect of the RFP, a Proponent may contact Purchasing and Supply requesting a debriefing from the City.

The intent of the debriefing information session is to aid the Proponent in presenting a better Proposal in subsequent procurement opportunities. Any debriefing provided is not for the purpose of providing an opportunity to challenge the procurement process.

Any request that is not timely received will not be considered and the Proponent will be notified in writing. The City will not disclose submission information from other Proponents.

6.16 Exclusion of Proponent in Litigation

- a) The City may, in its absolute discretion, reject a Proposal submitted by a Proponent if the Proponent, or any officer or director of the Proponent is or has been engaged, either directly or indirectly through another corporation, in a legal action against the City, its elected or appointed officers and employees in relation to:
- Any other contract or services; or
 - Any matter arising from the City's exercise of its powers, duties, or functions.
- b) In determining whether or not to reject a Proposal under this clause, the City will consider whether the litigation is likely to affect the Proponent's ability to work with the City, its consultants and representatives, and whether the City's experience with the Proponent indicates that the City is likely to incur increased staff and legal costs in the administration of the contract if it is awarded to the Proponent.

6.17 Exclusion of Proponent Due to Poor Performance

- a) The Deputy City Manager / City Manager shall document evidence and advise Purchasing and Supply in writing where the performance of a supplier has been unsatisfactory in terms of failure to meet contract specifications, terms and conditions or for Health and Safety violations.
- b) The City Treasurer may, in consultation with the City Solicitor, prohibit an unsatisfactory supplier from bidding on future contracts for a period of up to three (3) years.

6.18 Declaration of Conflict of Interest

No elected official, appointed officer or employee of the City shall have any pecuniary or controlling interest, either direct or indirect, in any competitive bid or

contract for the supply of goods or services to the City, unless such pecuniary interest is disclosed by the contractor, bidder, or person submitting a Proposal, as the case may be, or unless such pecuniary interest would be exempt under the Municipal Conflict of Interest Act. Please disclose any potential conflicts as requested on Bids&tender system – Declarations.

Failure to disclose any conflict of interest shall result in the Proposal being rejected.

7.0 Requirements at Time of Execution

Subject to an award notification of the contract, the Successful Proponent is required to submit the following documentation in a form satisfactory to the City for execution within ten (10) working days after being notified to do so in writing:

1. Insurance Documents, as contained in Appendix A;
2. Clearance Certificate from the Workplace Safety and Insurance Board;
3. Non-Disclosure Agreement, as contained in Appendix B;
4. Agreement for External Audit Services, as contained in Appendix C
5. Safety Policy, Procedures and Related Documentation;

If the Successful Proponent for any reason, defaults or fails in any matter or thing referred to under "Requirements at Time of Execution", the City reserves the right to accept any other Proposal, advertise for new quotations or carry out the work in any way as the City may, at its sole discretion, deem best.

7.1 Insurance

The Successful Proponent shall at its own expense obtain and maintain insurance until the termination of the Agreement. The City requires evidence of the indicated insurance coverage.

The indicated policies will not be cancelled or permitted to lapse unless the insurer notifies the City, in writing, at least thirty (30) days prior to the effective date of cancellation or expiry. The City reserves the right to request such higher limits of insurance or other types of policies appropriate to the work as the City may reasonably require.

- a) The Successful Proponent shall carry comprehensive general liability insurance on an occurrence basis for an amount not less than five million (\$5,000,000) dollars and shall include the City as an additional insured with respect to the Successful Proponent's operations, acts and omissions relating to its obligations under the Agreement, such policy to include non-owned automobile liability, personal injury, broad form property damage, contractual liability, owners' and contractors' protective, products and completed operations, contingent employers liability, cross liability and severability of interest clauses.

-
- b) The Successful Proponent shall carry professional liability insurance covering the work and services described in the Agreement, such policy to provide coverage for an amount not less than two million (\$2,000,000) dollars and shall continue for twelve (12) months following completion of work.
 - c) The Successful Proponent shall not commence work until such time satisfactory evidence of insurance has been filed with and approved by the City's Risk Management Division. The Successful Proponent shall further provide that evidence of the continuance of said insurance is filed at each policy renewal date of the duration of the Agreement.
 - d) The City reserves the right to request such higher limits of insurance or other types of insurance as it may reasonably require from time to time; failure to procure and maintain said insurance shall constitute a default under the Agreement.
 - e) The Successful Proponent shall indemnify and hold the City harmless from and against any liability, loss, claims, demands, costs and expenses, including reasonable legal fees occasioned wholly or in part by any acts or omissions either in negligence or nuisance whether willful or otherwise by the Successful Proponent, its agents, officers, employees or other persons for whom the Successful Proponent is legally responsible.

Certificates of Insurance:

The Successful Proponent shall provide evidence of insurance at time of execution in the City's standard form, attached as Appendix A of this RFP.

7.2 Workplace Safety & Insurance Board (WSIB)

- a) Within 10 days of award notification, the Successful Proponent shall furnish a WSIB Clearance Certificate ("Certificate") indicating its WSIB firm number, account number and that its account is in good standing. The Successful Proponent shall also provide the certificate to the City every ninety (90) days or as required from time to time throughout the Agreement, and with final invoice before payment is made. The Successful Proponent shall maintain its WSIB account in good standing throughout the Agreement period.
- b) If the Successful Proponent is a non-construction, self-employed individual, partner or executive officer who does not pay WSIB premiums and is recognized by WSIB as an 'independent operator', the Successful Proponent shall provide a letter from WSIB acknowledging independent contractor status and confirming that WSIB coverage is not required to the City within 10 days of award notification and/or prior to commencement of work.

7.3 Non-Disclosure Agreement

The Successful Proponent shall execute and submit to the City a Non-Disclosure Agreement (NDA) in the City's form, attached as Appendix B of this RFP.

7.4 Safety Policy, Procedures and Related Documentation

The Successful Proponent shall submit a copy of its health and safety policy as required under Section 25 (2) (j) of the Occupational Health and Safety Act. If the Successful Proponent is a proponent of Sec. 25 (4) whereby it regularly employs five (5) or less employees, a policy is not required under the Act; under such circumstances it shall provide procedures or a written description of safety practices applicable to the work that will be performed under the Agreement.

The Successful Proponent may be required to provide additional documentation such as programs, procedures - documented safety protocol with respect to safety practices applicable to the work being performed on behalf of the City and as outlined in the RFP requirements.

7.5 Compliance with the Accessibility for Ontarians with Disabilities Act, 2005

The successful Proponent shall ensure that all its employees, agents, volunteers, or others for whom the successful Proponent is legally responsible receive training regarding the provision of the goods and services contemplated herein to persons with disabilities in accordance with Section 6 of Ontario Regulation 429/07 (the "Regulation") made under the Accessibility for Ontarians with Disabilities Act, 2005, as amended the "Act"). The successful Proponent shall ensure that such training includes, without limitation, a review of the purposes of the Act and the requirements of the Regulation, as well as instruction regarding all matters set out in Section 6 of the Regulation.

The successful Proponent shall submit to the City, as required from time to time, documentation describing its customer service training policies, practices and procedures, and a summary of its training program, together with a record of the dates on which training was provided and a list of the employees, agents volunteers or others who received such training. The City reserves the right to require the successful Proponent to amend its training policies to meet the requirements of the Act and the Regulation

To Be Completed on Bids&tenders Step 1 – Schedule of Prices

8.0 Financial Proposal

The City is seeking firm annual pricing for the initial Agreement term of five (5) years.

All pricing submitted is to include all costs necessary to perform the work. All-inclusive hourly rates must include all costs, including but not limited to the costs of labour, material, travelling mileage, accommodation cost between Proponent's place of business and the City's locations as outlined in the RFP, equipment required to complete the work, overheads, profits, and all other associated Proponent expenses.

No additional payments will be made to the Proponent for any unforeseen or additional work, it is the responsibility of the Proponent to know the extent of the work required to successfully carry out the work. Extra items/fees will not be considered unless the Proponent receives prior written approval from the City.

If during the course of work, it appears that additional work may be required or out-of-scope work is identified, the Proponent will advise the Corporation immediately and will not undertake additional work without approval by the Audit Committee and a separate change order or statement of work.

Fees for additional out-of-scope work, as approved by the Audit Committee will be billed in accordance with the hourly rates as provided in the section 8.2.

8.1 Pricing Table A

Proponents are required to complete the table to submit a fee for the external audit services.

For each base audit year, proponents are to provide an All-Inclusive cost derived as follows, which includes attendance at applicable committee/board meetings:

All the Pricing must exclude applicable taxes.

Item	Deliverables	Audited Financial Statement Year Ending				
		2022	2023	2024	2025	2026
	City of London					
1	Consolidated Financial Statements City of London	\$	\$	\$	\$	\$
2	Consolidated Financial Statements City of London Trust Funds	\$	\$	\$	\$	\$
3	Child Care Program – Review only for Province	\$	\$	\$	\$	\$
4	Dearness Long Term Care Home – Annual Reconciliation Report (ARR) Audit	\$	\$	\$	\$	\$
5	Dearness Day Program Annual Reconciliation Report (ARR)	\$	\$	\$	\$	\$
6	Homelessness Partnering Strategy – Federal Audit March 31	\$	\$	\$	\$	\$
7	Records Retention Schedule Review (s255(3) of Municipal Act, 2001)	\$	\$	\$	\$	\$
8	London Downtown Closed Circuit Television Program – specified auditing procedures	\$	\$	\$	\$	\$
	Agencies, boards and commissions					
9	Argyle Business Improvement Area Board of Management, including Corporate Tax Returns	\$	\$	\$	\$	\$
10	Covent Garden Market Corporation ¹	\$	\$	\$	\$	\$
11	Eldon House Corporation, including Corporate Tax Returns ¹	\$	\$	\$	\$	\$
12	Hamilton Road Business Improvement Area Board of Management, including Corporate Tax Returns ¹	\$	\$	\$	\$	\$

Item	Deliverables	Audited Financial Statement Year Ending				
		2022	2023	2024	2025	2026
	City of London					
13	Housing Development Corporation, London, including Corporate Tax Returns	\$	\$	\$	\$	\$
14	Hyde Park Business Improvement Association Board of Management, including Corporate Tax Returns ¹	\$	\$	\$	\$	\$
15	London Convention Centre Corporation (RBC Place) ¹	\$	\$	\$	\$	\$
16	London Downtown Business Association ¹	\$	\$	\$	\$	\$
17	London Hydro Inc., including Corporate Tax Returns	\$	\$	\$	\$	\$
18	London & Middlesex Community Housing Inc., including Corporate Tax Returns	\$	\$	\$	\$	\$
19	London & Middlesex Community Housing Inc. – Canada Mortgage and Housing Corporation (CMHC) Contract Performance Audit (co-signed with City)	\$	\$	\$	\$	\$
20	London Public Library Board	\$	\$	\$	\$	\$
21	London Public Library Trust Funds ¹	\$	\$	\$	\$	\$
22	London Transit Commission	\$	\$	\$	\$	\$
23	London Transit Commission Employees' Pension Plan ¹	\$	\$	\$	\$	\$
24	London Transit Commission – MTO Driver Certification Program audit, as required	\$	\$	\$	\$	\$
25	Middlesex-London Health Unit Consolidated – Year-ending Dec. 31	\$	\$	\$	\$	\$
26	Middlesex-London Health Unit Consolidated – Year-ending Mar. 31	\$	\$	\$	\$	\$
27	Middlesex-London Health Unit – Annual Reconciliation Report (ARR) Audit – MOHLTC settlement process	\$	\$	\$	\$	\$

Item	Deliverables	Audited Financial Statement Year Ending				
		2022	2023	2024	2025	2026
	City of London					
28	Middlesex-London Health Unit – Schedule of Revenues and Expenditure for MOHLTC	\$	\$	\$	\$	\$
29	Museum London ¹	\$	\$	\$	\$	\$
30	Old East Village Business Improvement Area Board of Management ¹	\$	\$	\$	\$	\$
31	Elgin Area Primary Water Supply System	\$	\$	\$	\$	\$
32	Lake Huron Primary Water Supply System	\$	\$	\$	\$	\$
Total for Each Contract Year		\$	\$	\$	\$	\$
Total for five (5) Contract Year		\$				

¹Denotes preparation of financial statements as outlined in Section 1.5.1 e).

8.2 Pricing Table B - Optional Pricing

The Proponent may from time to time be required to perform additional work that may not be part of the base audit plan outlined in the request for proposal based on specific request of City Council, the Service Provider or Civic Administration. These additional services would not be included in the annual audit budget and would be separately billed in accordance with the terms of the Contract. This work will be done on an hourly basis. The Proponent shall in all cases obtain written authorization from the City Contact person prior to proceeding with such work. All prices must be in Canadian Dollars. The City reserves its right to negotiate the pricing proposed with the successful proponents.

Proponents will provide a schedule of proposed All-Inclusive hourly rates for all project personnel by classification for the term of the contract to be charged for Additional Services if requested. All-Inclusive hourly rates must include all costs, including but not limited to the costs of labour, material, travelling mileage, accommodation cost between Proponent’s place of business and the City’s locations as outlined in the RFP, and equipment required to complete the work, including but not limited to, overheads, profits and all other associated Proponent expenses.

These prices are not evaluated, however, the City reserves the right to negotiate the reasonable market hourly rate with the Successful Proponent.

Item	Role Description	Hourly Rate (excluding applicable taxes)					
		Audited Financial Statement Year Ending	2022	2023	2024	2025	2026
1			\$	\$	\$	\$	\$
2			\$	\$	\$	\$	\$
3	Proponent to add rows as needed in Bids&tender system		\$	\$	\$	\$	\$

RFP-2022-255 - External Audit Services for City of London

Opening Date: October 5, 2022 12:00 PM

Closing Date: October 26, 2022 2:00 PM

Schedule of Prices

The Bidder hereby Bids and offers to enter into the Contract referred to and to supply and do all or any part of the Work which is set out or called for in this Bid, at the unit prices, and/or lump sums, hereinafter stated. HST is additional.

* Denotes a "MANDATORY" field

Do not enter \$0.00 dollars unless you are providing the line item at zero dollars to the Owner; unless otherwise stated in the bid document.

If the line item and/or table is "NON-MANDATORY" and you are not bidding on it, leave the table and/or line item blank. Do not enter a \$0.00 dollar value.

Pricing Table A - Audited Financial Statement Year Ending

Financial Proposal

The City is seeking firm annual pricing for the initial Agreement term of five (5) years.

All pricing submitted is to include all costs necessary to perform the work. All-inclusive hourly rates must include all costs, including but not limited to the costs of labour, material, travelling mileage, accommodation cost between Proponent's place of business and the City's locations as outlined in the RFP, equipment required to complete the work, overheads, profits, and all other associated Proponent expenses.

No additional payments will be made to the Proponent for any unforeseen or additional work, it is the responsibility of the Proponent to know the extent of the work required to successfully carry out the work. Extra items/fees will not be considered unless the Proponent receives prior written approval from the City.

If during the course of work, it appears that additional work may be required or out-of-scope work is identified, the Proponent will advise the Corporation immediately and will not undertake additional work without approval by the Audit Committee and a separate change order or statement of work.

Fees for additional out-of-scope work, as approved by the Audit Committee will be billed in accordance with the hourly rates as provided in the section 8.2.

All the Pricing must excludes applicable taxes

Line Item	Description	Deliverables	2022 *	2023 *	2024 *	2025 *	2026 *	Total
1	City of London	Consolidated Financial Statements City of London						
2	City of London	Consolidated Financial Statements City of London Trust Funds						
3	City of London	Child Care Program – Review only for Province						
4	City of London	Dearness Long Term Care Home – Annual Reconciliation Report (ARR) Audit						
5	City of London	Dearness Day Program Annual Reconciliation Report (ARR)						
6	City of London	Homelessness Partnering Strategy – Federal Audit March 31						
7	City of London	Records Retention Schedule Review (s255(3) of Municipal Act, 2001)						

8	City of London	London Downtown Closed Circuit Television Program – specified auditing procedures						
9	Agencies, boards and commissions	Argyle Business Improvement Area Board of Management, including Corporate Tax Returns						
10	Agencies, boards and commissions	Covent Garden Market Corporation						
11	Agencies, boards and commissions	Eldon House Corporation, including Corporate Tax Returns						
12	Agencies, boards and commissions	Hamilton Road Business Improvement Area Board of Management, including Corporate Tax Returns						
13	Agencies, boards and commissions	Housing Development Corporation, London, including Corporate Tax Returns						
14	Agencies, boards and commissions	Hyde Park Business Improvement Association Board of Management, including Corporate Tax Returns						
15	Agencies, boards and commissions	London Convention Centre Corporation (RBC Place)						
16	Agencies, boards and commissions	London Downtown Business Association						
17	Agencies, boards and commissions	London Hydro Inc., including Corporate Tax Returns						
18	Agencies, boards and commissions	London & Middlesex Community Housing Inc., including Corporate Tax Returns						
19	Agencies, boards and commissions	London & Middlesex Community Housing Inc. – Canada Mortgage and Housing Corporation (CMHC) Contract Performance Audit (co-signed with City)						
20	Agencies, boards and commissions	London Public Library Board						
21	Agencies, boards and commissions	London Public Library Trust Funds						
22	Agencies, boards and commissions	London Transit Commission						
23	Agencies, boards and commissions	London Transit Commission Employees' Pension Plan						
24	Agencies, boards and commissions	London Transit Commission – MTO Driver Certification Program audit, as required						
25	Agencies, boards and commissions	Middlesex-London Health Unit Consolidated – Year-ending Dec. 31						
26	Agencies, boards and commissions	Middlesex-London Health Unit Consolidated – Yea-ending Mar. 31						

27	Agencies, boards and commissions	Middlesex-London Health Unit – Annual Reconciliation Report (ARR) Audit – MOHLTC settlement process						
28	Agencies, boards and commissions	Middlesex-London Health Unit – Schedule of Revenues and Expenditure for MOHLTC						
29	Agencies, boards and commissions	Museum London						
30	Agencies, boards and commissions	Old East Village Business Improvement Area Board of Management						
31	Agencies, boards and commissions	Elgin Area Primary Water Supply System						
32	Agencies, boards and commissions	Lake Huron Primary Water Supply System						
Subtotal:								

Pricing Table B - Optional Pricing_Audited Financial Statement Year Ending

The Proponent may from time to time be required to perform additional work that may not be part of the base audit plan outlined in the request for proposal based on specific request of City Council, the Service Provider or Civic Administration. These additional services would not be included in the annual audit budget and would be separately billed in accordance with the terms of the Contract. This work will be done on an hourly basis. The Proponent shall in all cases obtain written authorization from the City Contact person prior to proceeding with such work. All prices must be in Canadian Dollars. The City reserves its right to negotiate the pricing proposed with the successful proponents.

Proponents will provide a schedule of proposed All-Inclusive hourly rates for all project personnel by classification for the term of the contract to be charged for Additional Services if requested. All-Inclusive hourly rates must include all costs, including but not limited to the costs of labour, material, travelling mileage, accommodation cost between Proponent’s place of business and the City’s locations as outlined in the RFP, and equipment required to complete the work, including but not limited to, overheads, profits and all other associated Proponent expenses.

These prices are not evaluated, however, the City reserves the right to negotiate the reasonable market hourly rate with the Successful Proponent.

Line Item	Role Description	Hourly Rate -2022 *	Hourly Rate -2023 *	Hourly Rate -2024 *	Hourly Rate -2025 *	Hourly Rate -2026 *
1						
2						
3						
4						

Summary Table

Bid Form	Amount
Pricing Table A - Audited Financial Statement Year Ending	
Subtotal Contract Amount:	

Bid Questions

Provide remittance address:

Provide payment terms:

Provide H.S.T Number:

Documents

It is your responsibility to make sure the uploaded file(s) is/are not defective or corrupted and are able to be opened and viewed by the Owner. If the attached file(s) cannot be opened or viewed, your Bid Call Document may be rejected.

The Proponent’s submission must provide the information requested below. The Evaluation Team will review and evaluate the information received from Proponents in response to the items listed in this section. Failure to respond to any requested information will be deemed as unresponsive to that item and subsequently a score of zero will be assigned to that item during the evaluation process. Information submitted is subject to verification, and further pertinent information may be obtained from references.

The proposal submission shall be limited to a maximum of fifty (50) pages of 8.5” X 11” paper, printed double-sided in portrait format, fonts used should not be smaller than 12 point with margins of a minimum size of 1/2” top, bottom, left and right, pages numbered. Any information provided in excess of the stipulated maximum within the core body of the proposal submission will not be taken into account in the evaluation of the proposal.

Title pages, table of contents, tabbed dividers and appendices will not be included in this limit, and therefore must not include material intended for evaluation.

Note: **Do Not** include any pricing information in the technical submission, full contract pricing is to be completed on Bids&tenders website Step 1 – Schedule of Prices only. If a Proponent attempts to indicate pricing outside of the process indicated above, the Proponent shall, at the City’s sole discretion, be deemed non-compliant and given no further consideration.

The Proponent must provide the information under the same order, headings and numbering sequence, as well as the forms as required.

- 3.1 Firm Profiles, Past Experience, and References * (mandatory)
- 3.2 Proposed Project Team and Personnel Qualifications * (mandatory)
- 3.3 Approach to Project Delivery * (mandatory)
- Other Information (not evaluated) * (mandatory)

Declarations

I/WE agree to be bound by the terms and conditions and have authority to bind the Corporation and submit this Bid on behalf of the Bidder.

Declaration of Conflict of Interest

No elected official, appointed officer or employee of the City shall have any pecuniary or controlling interest, either direct or indirect, in any competitive bid or contract for the supply of goods or services to the City, unless such pecuniary interest is disclosed by the contractor, bidder, or person submitting a quotation, as the case may be, or unless such pecuniary interest would be exempt under the Municipal Conflict of Interest Act. Please disclose any potential conflicts below by clicking "yes", otherwise click "no" if you do not have any conflict of interest. Failure to disclose any conflict of interest shall result in your bid being rejected.

Yes **No**

The Bidder acknowledges and agrees that the addendum/addenda below form part of the Bid Document

Please check the box in the column "**I have reviewed this addendum**" below to acknowledge each of the addenda.

File Name	I have reviewed the below addendum and attachments (if applicable)	Pages
There have not been any addenda issued for this bid.		



October 6, 2022

ADDENDUM # 1
RFP-2022-255
External Audit Services for City of London

Please note the following changes:

Appendix C_Agreement_RFP2022-255_final_1005

Addition of Section 42:

42.0 CONFIDENTIAL DATA

- 42.1 The Auditor shall at all times comply with the provisions of the Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c.M.5 (MFIPPA). Use, collection and maintenance of information, documents and records, communicated to and acquired, collected and created by it in the course of providing services under this Agreement shall be in accordance with MFIPPA.
- 42.2 The Auditor will provide access to such information only to those officers, partners and employees that are providing audit services under this Agreement and only to the extent that the said employees and agents need to have access to provide the audit service under this Agreement.
- 42.3 The Auditor shall treat all information, documents and records communicated to and acquired, collected and created by it in the course of providing the services under this Agreement as confidential and shall not release or disclose the same to any person without the express written consent of the City, except as may be required by law, or by judicial or administrative process.
- 42.4 The Auditor shall ensure that all commercially reasonable steps are taken to protect the said information, documents and records by making all necessary security arrangements against any and all risk including without limitation to unauthorized access, use, disclosure, publication or

dissemination or destruction and to ensure that the said information, documents and records do not fall into the possession of unauthorized persons, in accordance with MFIPPA.

The Auditor shall identify as confidential at the time it is supplied or communicated to the Corporation or its local boards and commissions or enterprises any trade secret or scientific, technical, commercial, financial or labour relations information, which, if revealed to the public, could reasonable be expected to:

42.5 The Auditor shall identify as confidential at the time it is supplied or communicated to the Corporation or its local boards and commissions or enterprises any trade secret or scientific, technical, commercial, financial or labour relations information, which, if revealed to the public, could reasonable be expected to:

- a) prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of the Auditor with any other person or persons, or
- b) result in undue loss to the Auditor or undue gain to any other person or persons.

Subject to MFIPPA, the Corporation shall not divulge any such information so supplied without the consent of the Auditor.

- a) prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of the Auditor with any other person or persons, or
- b) result in undue loss to the Auditor or undue gain to any other person or persons.

Subject to MFIPPA, the Corporation shall not divulge any such information so supplied without the consent of the Auditor.

SCHEDULE “C”

The Engagement Letter

Anna Lisa Barbon
Deputy City Manager, Finance Supports
Corporation of the City of London
300 Dufferin Ave
London, ON N6A 4L9

December 12, 2022

KPMG is pleased to be appointed auditors of the Corporation of the City of London (the “City”) pursuant to Section 296 of the *Ontario Municipal Act, 2001*. The purpose of this letter is to outline the terms of our engagement to audit the annual financial statements (“financial statements or “annual financial statements”) of The Corporation of the City of London and all its related entities as outlined in the City’s RFP 2022-255, commencing for the period ending December 31, 2022. KPMG will provide the services outlined in the Agreement, the Request for Proposal, any addenda issued as part of RFP 2022-255 and the Auditor’s RFP Proposal and any written material from the Auditor’s interview/presentation/clarification.

This letter supersedes our previous letter to the City dated September 15, 2016.

The terms of the engagement outlined in this letter will continue in effect from period to period, unless amended or terminated in writing. The attached Assurance Terms and Conditions and any exhibits, attachments and appendices hereto and subsequent amendments form an integral part of the terms of this engagement and are incorporated herein by reference (collectively the “Engagement Letter”).

Financial Reporting Framework for the Financial Statements

The annual financial statements will be prepared and presented in accordance with International Financial Reporting Standards, Canadian accounting standards for not-for-profit organizations, Canadian accounting standards for pension plans and Canadian public sector accounting standards as appropriate for each City entity (hereinafter referred to as the “financial reporting framework”).

The financial statements will include an adequate description of the financial reporting framework.

Management's Responsibilities

Management responsibilities are described in *Appendix – Management’s Responsibilities*.

An audit of the annual financial statements does not relieve management or those charged with governance of their responsibilities.

Auditor’s Responsibilities

Our responsibilities are described in *Appendix – Auditor’s Responsibilities*.

If management does not fulfill the responsibilities above, we cannot complete our audit.

Additional Responsibilities regarding “Other Information”

“Other information” is defined in professional standards to be the financial or non-financial information (other than the financial statements and the auditors’ report thereon) included in the “annual report”. An “annual report” is defined in professional standards to comprise a document or combination of documents. Professional standards also indicate that:

- an annual report is prepared typically on an annual basis in accordance with law, regulation or custom (i.e., is reoccurring)
- an annual report contains or accompanies the financial statements and the auditors' report thereon
- an annual report's purpose is to provide owners (or similar stakeholders) with information on:
 - operations; and/or
 - financial results and financial position as set out in the financial statements.

Based on discussions with management, the following are expected to meet the definition of an "annual report" under professional standards:

- The document likely to be entitled "Financial Report 2022".

Management agrees, when possible, to provide us with the final versions of the document(s) comprising the "annual report" prior to the date of our auditors' report on the financial statements. If that timing is not possible, management agrees to provide us with the final versions of the document(s) comprising the "annual report" prior to the Entity's issuance so that we can complete our responsibilities required under professional standards.

Management is responsible for the "other information". Our responsibility is to read the "other information" and, in doing so, consider whether such information is materially inconsistent with:

- the financial statements; or
- our knowledge obtained in the audit.

Our responsibility is also to remain alert for indications that the "other information" appears to be materially misstated.

Our auditors' report on the financial statements, when applicable under professional standards, will contain a separate section where we will report on this "other information".

Auditor's Deliverables

Unless otherwise specified, our report(s) will be in writing and the expected content of our report(s) are provided in *Appendix – Expected Form of Report*. However, there may be circumstances in which a report may differ from its expected form and content.

In addition, if we become aware of information that relates to the information we reported on after we have issued our report, but which was not known to us at the date of our report, and which is of such a nature and from such a source that we would have investigated that information had it come to our attention during the course of our engagement, we will, as soon as practicable: (1) communicate such an occurrence to those charged with governance; and (2) undertake an investigation to determine whether the information is reliable and whether the facts existed at the date of our report. Further, management agrees that in conducting that investigation, we will have the full cooperation of the Entity's personnel. If the subsequently discovered information is found to be of such a nature that: (a) our report would have been affected if the information had been known as of the date of our report; and (b) we believe that the report may have been distributed to someone who would attach importance to the information, appropriate steps will be taken by KPMG, and appropriate steps will also be taken by the Entity to advise of the newly discovered facts and the impact to the information we reported on.

Our deliverables regarding income tax compliance and advisory services are described in

Appendix – Income Tax Compliance and Advisory Services.

Use of KPMG Clara for clients

The terms and conditions for use of KPMG Clara for clients apply to the use of the collaboration tool and can be found [here](#).

Fees

Schedule "A" to the Agreement–lists our fees for professional services to be performed under this Engagement Letter.

We are available to provide a wide range of services beyond those outlined above.

We are proud to provide you with the services outlined above and we appreciate your confidence in our work. We shall be pleased to discuss this letter with you at any time. If the arrangements and terms are acceptable, please sign the duplicate of this letter in the space provided and return it to us.

Yours very truly,

Appendix – Management’s Responsibilities

Management acknowledges and understands that they are responsible for:

- 6) the preparation and fair presentation of the annual financial statements in accordance with the financial reporting framework referred to above.
 - (c) providing us with all information of which management is aware that is relevant to the preparation of the financial statements (“relevant information”) such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors, and committees of the board of directors that may affect the financial statements. All significant actions are to be included in such summaries.
 - (d) providing us with unrestricted access to such relevant information.
 - (e) providing us with complete responses to all enquiries made by us during the engagement.
 - (f) providing us with additional information that we may request from management for the purpose of the engagement
 - (g) providing us with unrestricted access to persons within the Entity from whom we determine it necessary to obtain evidence
 - (h) such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management also acknowledges and understands that they are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
 - (i) ensuring that all transactions have been recorded and are reflected in the financial statements.
 - (j) ensuring that internal auditors providing direct assistance to us, if any, will be instructed to follow our instructions and that management, and others within the Entity, will not intervene in the work the internal auditors perform for us.
 - (k) providing us with written representations required to be obtained under professional standards and written representations that we determine are necessary. Management also acknowledges and understands that, as required by professional standards, we may disclaim an audit opinion when management does not provide certain written representations required.

Appendix – Auditor’s Responsibilities

Auditor’s responsibilities regarding the audit of the financial statements

Our function as auditors of the Entity is:

- to express an opinion on whether the Entity's annual financial statements, prepared by management with the oversight of those charged with governance, are, in all material respects, in accordance with the financial reporting framework referred to above
- to report on the annual financial statements

We will conduct the audit of the Entity's annual financial statements in accordance with Canadian generally accepted auditing standards and relevant ethical requirements, including those pertaining to independence (hereinafter referred to as applicable “professional standards”).

We will plan and perform the audit to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error. Accordingly, we will, among other things:

- identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the Entity and its environment, including the Entity's internal control. In making those risk assessments, we consider internal control relevant to the Entity's preparation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control
- obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks
- form an opinion on the Entity’ s annual financial statements based on conclusions drawn from the audit evidence obtained
- communicate matters required by professional standards, to the extent that such matters come to our attention, to the appropriate level of management, those charged with governance and/or the board of directors. The form (oral or in writing) and the timing will depend on the importance of the matter and the requirements under professional standards.

Appendix – Expected Form of Report

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the City of London

Opinion

We have audited the consolidated financial statements of the Corporation of the City of London (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the "Financial Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially

inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the "Financial Report" as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

MM/DD/YYYY

Appendix – Income Tax Compliance and Advisory Services

This letter details the tax compliance services and the general tax advisory services to be provided to The Corporation of the City of London and all of its related entities (“**the Entities**”) for the period covered by our proposal of October 26, 2022. If there are tax services to be delivered outside the scope of those described in this letter, we will require a separate engagement letter for those services.

Tax compliance services

We will prepare federal and provincial income tax returns for the Entities as applicable. We will not audit or independently verify the data you provide for the preparation of the returns. However, we may ask for clarification of some of the information. During the engagement to prepare the income tax returns, Client or KPMG may identify additional returns, forms, elections, designations or any other tax reporting (collectively additional tax filings) that Client has an obligation or opportunity to file. Upon a written request from Client, KPMG would be pleased to assist Client under the terms of this engagement letter with any additional tax filings, subject to a separately negotiated fee.

The T1135 Return must be completed if at any time during the calendar year the total cost of all specified foreign property you owned or held a beneficial interest in was more than Cdn\$100,000. The T1135 Return will now involve significant data gathering by you in order to provide us with the information required to complete the form. The T1135 Return must be filed on or before the due date of your income tax return or in the case of a partnership that is required to file a Form T1135, the due date of the partnership return. The implications of late filing and/or failure to properly report foreign property on the T1135 Return are substantial. They include significant penalties and an increase to the normal reassessment period of your entire income tax return by an additional 3 years.

As we anticipate the completion of the T1135 Return will require additional work, we expect to bill you separately for any assistance you request that we provide with completion of Form T1135.

If we are electronically filing your corporate tax return we will be sending you a copy of federal Form T183 “Information Return for Corporations Filing Electronically” as well as Quebec Form CO-1000.TE-T “Online Filing of the Corporation Income Tax Return by an Accredited Person” for your review and signature. Please note that we will not electronically file your returns until we receive back the signed copies of both of these forms. The signed copy of Form T183 and CO-1000.TE-T may be sent electronically.

Our engagement, with respect to tax compliance and general tax advisory services, cannot be relied on to uncover errors or irregularities in the underlying information incorporated in the tax returns, should any exist. However, we will inform you of any such matters that come to our attention. Because management has ultimate responsibility for the tax returns including any significant judgments made, please have the appropriate corporate officer review the returns before signing and filing them.

All returns are subject to examination by the taxing authorities. In preparing the returns, we rely on your representations and that you understand and have complied with the documentation requirements for all expenses and deductions. You should retain originals of all documents and records as, in the event of an examination, you may be asked to produce documents, records or other evidence to substantiate the items of income and deduction shown on the tax returns. KPMG does not retain copies of any documentation shown on the tax returns. If an examination occurs, we will be available, on request, to assist you. Such additional services are not included in the fees specified in this letter.

General tax advisory services

Our advice generally falls under one of the following situations:

- 1) On an ongoing basis, we will provide advisory services of a general nature relating to various income, capital, payroll and indirect tax matters as they arise. This type of service generally arises on a periodic basis as a result of preliminary inquiries made by you. In rendering these services, it is important to recognize that the advice provided is dependent on the detail of the information provided and the environment in which it is rendered. When professional judgment suggests written confirmation of the facts and advice is necessary, we will draft the appropriate correspondence to ensure the appropriate standard of care is met by all parties.
- 2) Periodically, you will seek detailed advice from us in connection with a specific transaction or undertaking you are contemplating. In such a situation, our advice will be based on the information provided to us. It is the responsibility of the Entities to ensure we are provided with all the information necessary in order for us to render the advice sought. Our tax advice will most likely be communicated to you, or your designate, in writing.

Our tax advisory services, both written and oral, will be based on the facts and assumptions submitted to us. We will not independently verify this information. Inaccuracy or incompleteness of the information could have a material effect on our conclusions.

Corporations incorporated, continued, or amalgamated in Ontario and subject to the Ontario Business Corporations Act or the Ontario Corporation Act, under the federal Income Tax Act, must update their information annually. As of May 15, 2021, the Canada Revenue Agency no longer accepts the filing of the Ontario Annual Information Return. Corporations must now use the Ontario Business Registry to file their annual returns by the due date, for returns due on or after October 19, 2021. As a result, the Annual Information Return can no longer be completed by KPMG as part of your corporate income tax return filing with the Canada Revenue Agency.

Upon a written request from Client, KPMG would be pleased to assist Client under the terms of this engagement letter with the completion of the new Ontario Annual Information Return and filing with the Ontario Business Registry, subject to a separately negotiated fee.

If you do not request KPMG's assistance in writing, we will not complete your Annual Information Request filing and you will need to ensure that you file your Annual Information Return on a timely basis.

Our advice will be limited to the conclusions specifically set forth in our reporting letter and KPMG will not express an opinion with respect to any other federal, provincial or foreign tax or legal aspect of the transactions described therein. It should be noted that the Canada Revenue Agency and/or the relevant provincial tax authority and/or any other governmental tax authority (collectively a Tax or Revenue Authority) could take a different position with respect to these transactions, in which case it may be necessary for you to defend this position on appeal from an assessment or litigate the dispute before the courts, including one or more appellate courts, in order for our conclusions to prevail. If a settlement were reached with a Tax or Revenue Authority or if such appeal and litigation were not, or were not entirely, successful, the result would likely be different from the views we express in our reporting letter. Unless expressly provided for, KPMG's services do not include representing Client in the event of a challenge by a Tax or Revenue Authority or litigation before any court.

To be of greatest assistance to the Entities we should be advised in advance of any proposed transactions. If such matters exceed the scope of this engagement letter, we will issue additional engagement letters to confirm the particular scope and terms.

The attached Terms and Conditions for Advisory and Tax Services form an integral part of the engagement for Income Tax Compliance and Advisory Services and are incorporated herein.

Appendix – COVID-19 Rider

1. During the engagement, each party shall keep the other party reasonably informed of any events which:
 - ii. relate to the notifying party and the COVID-19 situation;
 - iii. are not existing or reasonably foreseeable at the date of this agreement; and
 - iv. will materially and adversely affect the notifying party's ability to perform its obligations under the engagement.
2. Each party will implement mitigation measures to enable the Services to be performed so far as reasonably practicable in the circumstances, including:
 - 25.0 reducing travel (particularly international travel) and in-person meetings to the minimum necessary level;
 - 26.0 at the party's premises, implementing such infection control procedures as are recommended or required by official bodies in the applicable location;
 - 27.0 implementing internal corporate policies which permit and encourage individual remote working, and technical systems to enable individual remote working; and
 - 28.0 implementing telepresence, audio conference, videoconference, and other systems for collaborative working.
3. If, as a result of the global COVID-19 virus situation, performance by a party of its obligations under the engagement are rendered impossible or impracticable, the time for performance of such obligations shall be extended by such period as is reasonable in the circumstances, PROVIDED THAT the party in question is complying, and continues to comply, with its obligations pursuant to paragraphs 1 and 2 above.

Assurance Terms and Conditions

These Terms and Conditions are an integral part of the accompanying engagement letter or proposal from KPMG that identifies the engagement to which they relate (and collectively form the "Engagement Letter"). The Engagement Letter supersedes all written or oral representations on this matter. The term "Entity" used herein has the meaning set out in the accompanying engagement letter or proposal. The term "Management" used herein means the management of Entity.

1. DOCUMENTS AND LICENSES.

- a. All working papers, files and other internal materials created or produced by KPMG in relation to this engagement and all copyright and intellectual property rights therein are the property of KPMG.
- b. Only in connection with the services herein, Entity hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of Entity solely for presentations or reports to Entity or for internal KPMG presentations and intranet sites. Further, Entity agrees that KPMG may list Entity as a customer in KPMG's internal and external marketing materials, including KPMG websites and social media, indicating the general services rendered (e.g., "Client is an Audit, Advisory, and/or Tax client of KPMG LLP").

2. ENTITY'S RESPONSIBILITIES.

- a. Entity agrees that all management responsibilities will be performed and all management decisions will be made by Entity, and not by KPMG.
- b. Entity's provision of documents and information to KPMG on a timely basis is an important factor in our ability to issue any reports under this Engagement Letter. KPMG is not responsible for any consequences arising from Entity's failure to deliver documents and information as required.
- c. To the extent that KPMG personnel are on Entity's premises, Entity will take all reasonable precautions for their safety.
- d. Entity understands and acknowledges that KPMG's independence may be impaired if any KPMG partner, employee or contractor accepts any offer of employment from Entity.
- e. Except as required by applicable law or regulation, Entity shall keep confidential the terms of this Engagement Letter, and such confidential information shall not be distributed, published or made available to any other person without KPMG's express written permission.
- f. Management agrees to promptly provide us with a copy of any comment letter or request for information issued by any securities or other regulatory authority in respect of information on which KPMG reported, including without limitation any continuous disclosure filings.

3. FEE AND OTHER ARRANGEMENTS.

In order to avoid the possible implication that unpaid fees might be viewed as creating a threat to KPMG's independence, it is important that KPMG's bills be paid within the time set out in the Agreement. If a situation arises in which it may appear that KPMG's independence is threatened because of significant unpaid bills, KPMG may be prohibited from signing any applicable report and/or consent

- e. Canadian Public Accountability Board ("CPAB") participation fees, when applicable, are charged to Entity based on the annual fees levied by CPAB.

4. USE OF MEMBER FIRMS AND THIRD PARTY SERVICE PROVIDERS; STORAGE AND USE OF INFORMATION.

- a. KPMG is a member firm of the KPMG International Cooperative ("KPMG International"). Entity acknowledges that in connection with the provision of services hereunder, KPMG may use the services of KPMG International member firms, as well as other third party service providers or subcontractors, and KPMG shall be entitled to share with them all documentation and information related to the engagement, including Entity's confidential information and personal information ("information"). KPMG may also: (i) directly, or using such aforementioned KPMG International member firms, third party service providers or subcontractors, perform data analytics in respect of the information; and (ii) retain and disclose to KPMG International member firms the information to share best practices or for knowledge sharing purposes. In all such cases, such information may be used, retained, processed, or stored outside of Canada by such KPMG International member firms, other third party service providers or subcontractors, and may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is used, retained, processed or stored, which laws may not provide the same level of protection for such information as will Canadian laws. KPMG represents that such KPMG International member firms, other third party service providers or subcontractors have agreed or shall agree to conditions of confidentiality with respect to Entity's confidential information, and that KPMG is responsible to ensure their compliance with those conditions. Any services performed by KPMG International member firms or other third party service providers or subcontractors shall be performed in accordance with the terms of this Engagement Letter, but KPMG remains solely responsible to Entity for the delivery of the services hereunder. Entity agrees that any claims that may arise out of the engagement will be brought solely against KPMG, the contracting party, and not against any other KPMG International member firms or other third party service providers or subcontractors referred to above.
- b. Certain information (including information relating to time, billing and conflicts) collected by KPMG during the course of the engagement may be used, retained, processed and stored outside of Canada by KPMG, KPMG International member firms or third party service providers or subcontractors providing support services to KPMG for administrative, technological and clerical/organizational purposes, including in respect of client engagement acceptance procedures and maintaining engagement profiles; and to comply with applicable law, regulation or professional standards (including for quality performance reviews). Such information may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is used, retained, processed or stored, which laws may not provide the same level of protection for such information as will Canadian laws. KPMG may also share information with its legal advisers and insurers for the purposes of obtaining advice.
- c. Entity acknowledges that KPMG aggregates anonymous information from sources including the Entity for various purposes, including to monitor quality of service, and Entity consents to such use. KPMG may also use Entity's information to offer services that may be of interest to Entity.

5. PERSONAL INFORMATION CONSENTS AND NOTICES.

KPMG may be required to collect, use and disclose personal information about individuals during the course of the engagement. Any collection, use or disclosure of personal information is subject to KPMG's Privacy Policy available at www.kpmg.ca. Entity represents and warrants that (i) it will obtain any consents required to allow KPMG to collect, use and disclose personal information in the course of the engagement, and (ii) it has provided notice to those individuals whose personal information may be collected, used and disclosed by KPMG hereunder of the potential processing of such personal information outside of Canada (as described in Section 4 above). KPMG's Privacy Officer noted in KPMG's privacy policy is able to answer any individual's questions about the collection of personal information required for KPMG to deliver services hereunder.

6. THIRD PARTY DEMANDS FOR DOCUMENTATION AND INFORMATION / LEGAL AND REGULATORY PROCESSES.

- a. Entity on its own behalf hereby acknowledges and agrees to cause its subsidiaries and affiliates to acknowledge that KPMG or a foreign component auditor which has been engaged in connection with an assurance engagement ("component auditor") may from time to time receive demands from a third party (each, a "third party demand"), including without limitation (i) from CPAB or from professional, securities or other regulatory, taxation, judicial or governmental authorities (both in Canada and abroad), to provide them with information and copies of documents in KPMG's or the component auditor's files including (without limitation) working papers and other work-product relating to the affairs of Entity, its subsidiaries and affiliates, and (ii) summons for production of documents or information related to the services provided hereunder; which information and documents may contain confidential information of Entity, its subsidiaries or affiliates. Except where prohibited by law, KPMG or its component auditor, as applicable, will advise Entity or its affiliate or subsidiary of the third party demand. Entity acknowledges, and agrees to cause its subsidiaries and affiliates to acknowledge, that KPMG or its component auditor, as applicable, will produce documents and provide information in response to the third party demand, without further authority from Entity, its subsidiaries or affiliates.
- b. KPMG will use reasonable efforts to withhold from production any documentation or information over which Entity asserts privilege. Entity must identify any such documentation or information at the time of its provision to KPMG by marking it as "privileged". Notwithstanding the foregoing, where disclosure of such privileged documents is required by law, KPMG will disclose such privileged documents. If and only if the authority requires such access to such privileged documents pursuant to the laws of a jurisdiction in which express consent of Entity is required for such disclosure, then Entity hereby provides its consent.
- c. Entity agrees to reimburse KPMG for its professional time and any disbursements, including reasonable legal fees and taxes, in responding to third party demands.
- d. Entity waives and releases KPMG from any and all claims that it may have against KPMG as a result of any disclosure or production by KPMG of documents or information as contemplated herein.
- e. Entity agrees to notify KPMG promptly of any request received by Entity from any third party with respect to the services hereunder, KPMG's confidential information, KPMG's advice or report or any related document.

7. CONNECTING TO THE ENTITY'S IT NETWORK; EMAIL AND ONLINE FILE SHARING AND STORAGE TOOLS.

- a. Entity authorizes KPMG personnel to connect their computers to Entity's IT Network and the Internet via the Network while at the Entity's premises for the purpose of conducting normal business activities.
- b. Entity recognizes and accepts the risks associated with communicating electronically, and using online file sharing, storage, collaboration and other similar online tools to transmit information to or sharing information with KPMG, including (but without limitation) the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Entity assumes all responsibility or liability in respect of the risk associated with the use of the foregoing, and agrees that KPMG is not responsible for any issues that might arise (including loss of data) as a result of Entity using the foregoing to transmit information to or otherwise share information with KPMG and, in the case of online tools other than email, KPMG's access to and use of the same in connection with obtaining Entity information and documents.

8. LIMITATION ON WARRANTIES.

THIS IS A SERVICES ENGAGEMENT. KPMG WARRANTS THAT IT WILL PERFORM SERVICES HEREUNDER IN GOOD FAITH WITH QUALIFIED PERSONNEL IN A COMPETENT AND WORKMANLIKE MANNER IN ACCORDANCE WITH APPLICABLE INDUSTRY STANDARDS. SUBJECT TO SECTION 14, KPMG DISCLAIMS ALL OTHER WARRANTIES, REPRESENTATIONS OR CONDITIONS, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES, REPRESENTATIONS OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

9. LIMITATION ON LIABILITY.

In no event shall KPMG be liable for consequential, special, indirect, incidental, punitive or exemplary damages, liabilities, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs); (ii) in any claim arising out of the engagement, Entity agrees that KPMG's liability with any third party (other than KPMG personnel or KPMG subcontractors, for whom KPMG is fully responsible) will be several and not joint and several; and (iii) KPMG shall only be liable for KPMG's proportionate share of the total liability based on degree of fault.

Consent to the Use of the KPMG Name or KPMG Report.

Except as otherwise specifically agreed in this Engagement Letter, KPMG does not consent to:

- i. the use of our name or our report in connection with information, other than what we have reported on as part of this Engagement Letter or our report thereon, that contains, incorporates by reference, or otherwise accompanies our report or our name;
- ii. the use of our report in another language, or the use of our report in connection with information that we reported on that has been translated into another language, or the use of our name in connection with information that we reported on that has been translated into another language;
- iii. the use of our report in connection with an offering document or other securities filing, including continuous disclosure filings; or
- iv. the use of our name or our report in connection with the interim financial statements (or other interim financial information) or any statement by the Entity regarding the services that we provided on the interim financial statements or other interim financial information. Any communication, report, statement or conclusion on the interim financial statements may not be included in, or otherwise referred to in any public document or public oral statements except when the interim review conclusion contains a modified conclusion, in which case our interim review report will accompany the interim financial statements.

If the Entity wishes to obtain KPMG's consent regarding the matters above or other matters not otherwise specifically covered by this Engagement Letter, we will be required to perform procedures as required by applicable professional standards, and such procedures would be a separate engagement and subject to separate engagement terms.

10. ALTERNATIVE DISPUTE RESOLUTION.

Any dispute or claim between the parties arising under or relating to this Engagement Letter or the services provided hereunder (the "Dispute") shall be submitted to non-binding mediation. If mediation is not successful within 90 days after the issuance by a party of a request for mediation, then the Dispute shall be referred to and finally resolved by arbitration under the Arbitration Rules of the ADR Institute of Canada in force at that time. The Seat of Arbitration shall be the province where KPMG's principal office performing this engagement is located. The language of the arbitration shall be English. The Arbitral Tribunal shall be made up of a single Arbitrator. The arbitration award shall be final, conclusive and binding upon the parties, and not subject to appeal.

11. POTENTIAL CONFLICTS OF INTEREST.

a. KPMG is or may be engaged by entities and individuals who have potentially conflicting legal and business interests to Entity. Entity agrees that, without further notice or disclosure to Entity, KPMG may: (i) accept or continue such engagements on matters unrelated to KPMG's engagement for Entity; and (ii) provide advice or services to any other person or entity making a competing bid or proposal to that of Entity whether or not KPMG is providing advice or services to Entity in respect of Entity's competing bid or proposal.

b. In accordance with professional standards, KPMG will not use any confidential information regarding Entity in connection with its engagements

with other clients, and will establish confidentiality and other safeguards to manage conflicts, which may include, in KPMG's sole discretion, the use of separate engagement teams and data access controls.

c. In no event shall KPMG be liable to Entity, or shall Entity be entitled to a return of fees or disbursements, or any other compensation whatsoever as a result of KPMG accepting or continuing a conflicting engagement in accordance with the terms of this Engagement Letter.

d. Entity agrees that KPMG may, in its sole discretion, disclose the fact and nature of its engagement for Entity to (i) KPMG International member firms to inform conflict searches, and (ii) to the extent reasonably required in order to obtain the consent of another entity or individual in order to permit KPMG to act for such entity or individual, or for Entity, in connection with the engagement or any future engagement.

e. In the event that circumstances arise that place KPMG into a conflict of interest as between Entity and a pre-existing client, which in KPMG's sole opinion cannot be adequately addressed through the use of confidentiality and other safeguards, KPMG shall be entitled to immediately terminate the engagement with Entity, without liability.

f. Other KPMG International member firms are or may be engaged by entities and individuals who have potentially conflicting legal and business interests to Entity. Entity agrees that (i) it will not assert that other KPMG International member firms are precluded from being engaged by those other entities or individuals, and (ii) those engagements of other KPMG International member firms do not conflict with KPMG's engagement for Entity.

12. LOBBYING.

Unless expressly stated in this Engagement Letter, KPMG will not undertake any lobbying activity, as that term is defined in all applicable federal, provincial and municipal lobbyist registration statutes and regulations, in connection with the engagement. In the event that KPMG and Entity agree that KPMG will undertake lobbying activity in connection with the engagement, such agreement shall be set out in an amendment to this Engagement Letter.

13. SEVERABILITY.

The provisions of these Terms and Conditions and the accompanying proposal or engagement letter shall only apply to the extent that they are not prohibited by a mandatory provision of applicable law, regulation or professional standards. If any of the provisions of these Terms and Conditions or the accompanying proposal or engagement letter are determined to be invalid, void or unenforceable, the remaining provisions of these Terms and Conditions or the accompanying proposal or engagement letter, as the case may be, shall not be affected, impaired or invalidated, and each such provision shall remain valid and in effect and be enforceable and binding on the parties to the fullest extent permitted by law.

14. GOVERNING LAW.

This Engagement Letter shall be subject to and governed by the laws of the province of Ontario LLP Status.

KPMG is a registered limited liability partnership ("LLP") established under the laws of the Province of Ontario and, where applicable, has been registered extra-provincially under provincial LLP legislation.

15. INDEPENDENT LEGAL ADVICE.

Entity agrees that it been advised to retain independent legal advice at its own expense prior to signing this Engagement Letter (including without limitation with respect to Entity's rights in connection with potential future conflicts) and agrees that any failure on its part to retain such independent legal counsel shall not affect (and it shall not assert that the same affects) the validity of the provisions of this Engagement Letter.

16. SURVIVAL.

All sections hereof other than Section 7(a) shall survive the expiration or termination of the engagement.

TERMS AND CONDITIONS FOR ADVISORY AND TAX SERVICES

1. TERMS AND CONDITIONS.

a. These Terms and Conditions are an integral part of the accompanying Proposal or Engagement Letter from KPMG that identifies the engagement to which they relate.

2. SERVICES.

KPMG will use reasonable efforts to complete the performance of the services within any agreed-upon time-frame. It is understood and agreed that KPMG's services may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, Client. KPMG will not perform management functions or make management decisions for Client. Nothing in these Terms and Conditions or Engagement Letter (or Proposal) shall be construed as precluding or limiting in any way the right of KPMG to provide services of any kind or nature whatsoever to any person or entity as KPMG in its sole discretion deems appropriate.

3. CLIENT RESPONSIBILITIES.

a. Client agrees to cooperate with KPMG in the performance of the services under the Engagement Letter and shall provide or arrange to provide KPMG with timely access to and use of the personnel, facilities, equipment, data and information necessary for KPMG to perform the services under the Engagement Letter. To the extent that KPMG personnel are on Client premises, Client will take all reasonable precautions for the safety of KPMG partners and employees at Client premises. Client shall be responsible for the performance of its employees and agents and for the accuracy and completeness of all data and information provided to KPMG for purposes of the performance by KPMG of its services hereunder. The Proposal or Engagement Letter may set forth additional responsibilities of Client in connection with the engagement. Client acknowledges that Client's failure to perform these obligations could adversely impact KPMG's ability to perform its services.

b. Client agrees that Client, and not KPMG, shall perform the following functions: (i) make all management decisions and perform all management functions; (ii) designate an individual who possesses suitable skill, knowledge and experience, preferably within senior management, to oversee the performance of the services under the Engagement Letter, and to evaluate the adequacy and results of such services; (iii) accept responsibility for the results of such services; and (iv) establish and maintain internal controls over the processes with which such services are concerned, including, without limitation, monitoring ongoing activities.

c. Client acknowledges and agrees that KPMG will, in performing the services, base its conclusions on the facts and assumptions that Client furnishes and that KPMG may use data, material, and other information furnished by or at the request or direction of Client without any independent investigation or verification and that KPMG shall be entitled to rely upon the accuracy and completeness of such data, material and other information. Inaccuracy or incompleteness of such data, material and other information furnished to KPMG could have a material effect on KPMG's conclusions.

d. Client acknowledges that information made available by it, or by others on Client's behalf, or otherwise known to partners or staff of KPMG who are not engaged in the provision of the services hereunder shall not be deemed to have been made available to the individuals within KPMG who are engaged in the provision of the services hereunder. Client undertakes that, if anything occurs after information is provided by Client to KPMG to render such information untrue, unfair or misleading, Client shall promptly notify KPMG.

4. REPORTING.

a. All oral and written communications by KPMG to Client with respect to the engagement, including, without limitation, drafts and those communications occurring prior to the execution of the Engagement Letter will be subject to the terms and conditions of the Engagement Letter and these Terms and Conditions. During the performance of the services, KPMG may supply oral, draft or interim advice, reports or presentations but in such circumstances KPMG's written advice or final written report shall take precedence. No reliance should be placed by Client on any oral, draft or interim advice, reports or presentations. Where Client wishes to rely on oral advice or oral presentation, Client shall inform KPMG and KPMG will provide documentary confirmation of the advice concerned.

b. Subsequent to the completion of the engagement, KPMG will not update its advice, recommendations or work product for changes or modification to the law and regulations, or to the judicial and administrative interpretations thereof, or for subsequent events or transactions, unless Client separately engages KPMG to do so in writing after such changes or modifications, interpretations, events or transactions occur.

5. WORKING PAPERS AND USE OF REPORTS; USE OF NAME AND LOGO

a. KPMG retains all rights in all methodologies, know-how, knowledge, applications and software developed by KPMG either prior to or during the engagement. KPMG also retains all rights (including, without limitation, copyright) in all reports, written advice and other working papers and materials developed by KPMG during the engagement. Unless contemplated by the Engagement Letter, all reports and written advice are confidential and intended solely for Client's internal use (or the use of Client's management, as applicable) to assist with this specific matter or transaction, and, where applicable, government taxation authorities, and are not for general use, circulation or publication. Such reports and written advice shall not be edited, referred to, circulated, reproduced, distributed, published, made available, used for any other purpose or relied upon by any other person without KPMG's express written permission and on such terms and conditions as KPMG may require in its sole discretion. If such permission is given, Client shall not publish any extract or excerpt of KPMG's written advice or report or refer to KPMG without providing the entire advice or report at the same time. Client may disclose in whole any report or written advice given to Client by KPMG hereunder solely to Client's legal and professional advisors for the purposes of Client seeking advice in respect of the transaction or matter to which the engagement relates, provided that when doing so Client informs such advisors that: (i) disclosure by them (except as permitted herein) is not permitted without KPMG's prior written consent; and (ii) KPMG accepts no responsibility or liability to such advisors in connection with such reports or written advice. Subject to the restrictions of Section 6, KPMG is entitled to use or develop the knowledge, experience and skills of general application gained through performing the engagement.

b. Client shall not refer to KPMG or use KPMG's name or logo in any manner or medium without the prior written permission of KPMG in each instance, which permission may be unreasonably withheld by KPMG.

c. The contents of this Section 5 may be reproduced in any report or written advice of KPMG, in whole or in part, at KPMG's sole discretion. Any failure of KPMG to include any such language shall not derogate from the obligations set out in this Section 5.

6. CONFIDENTIALITY.

a. Except as described in Section 5 above, Client will treat in confidence any information provided by KPMG to Client, including but not limited to KPMG methodologies, know-how, knowledge, application or software, and will not use or disclose any such confidential information of KPMG to others.

b. Except as expressly set forth herein, KPMG will treat as confidential all proprietary information and personal information obtained from Client in the course of the engagement.

c. The restrictions in subsections 6 (a) and (b) above shall not apply to any information that: (i) is required by law or professional standards applicable to KPMG to be disclosed; (ii) that is in or hereafter enters the public domain; (iii) that is or hereafter becomes known to Client or KPMG, as the case may be, without breach of any confidentiality obligation; or (iv) that is independently developed by KPMG.

d. KPMG shall be entitled to include a description of the services rendered in the course of the engagement in marketing and research materials and disclose such information to third parties, provided that all such information will be rendered anonymous and not subject to association with Client.

e. KPMG shall be entitled to share all information with all other member firms of KPMG International Cooperative ("KPMG International"). KPMG may also use such information to offer services that may be of interest to Client. KPMG may retain and may disclose to other KPMG International member firms, subject to terms of this Section 6, such information required for compliance with applicable professional standards or internal policies or for quality reviews or to share best practices.

f. Professional standards require KPMG personnel performing any audit or assurance services for clients to discuss or have available to them all information and materials that may affect the audit or assurance engagement. Client authorizes, if Client is or becomes an assurance Client, KPMG personnel performing services under the engagement to make available to the KPMG assurance engagement team and other KPMG personnel, the findings, observations and recommendations from the engagement and agrees that KPMG may use all such findings, observations and recommendations in KPMG's assurance engagement.

g. Except as required by applicable law or regulation, Client shall keep confidential the existence and terms of the Proposal or the Engagement Letter (as applicable) and these Terms and Conditions. Such confidential information shall not be distributed, published or made available to any other person without KPMG's express written permission. Further, for purposes of the services described in the Engagement Letter only, the Client hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of Client solely for presentations or reports to the Client or for internal KPMG presentations and intranet sites.

7. PERSONAL INFORMATION CONSENTS AND NOTICES.

Any collection, use or disclosure of personal information is subject to KPMG's Privacy Policy available at www.kpmg.ca. KPMG may be required to collect, use and disclose personal information about individuals during the course of the engagement. Client represents and warrants that: (i) it will obtain from individuals all consents required by law to permit KPMG to collect, use and disclose all personal information reasonably required in the course of the engagement, and (ii) it has provided notice of KPMG's potential processing of information outside of Canada (as described in Section 8 below) to all individuals whose personal information is disclosed to KPMG.

8. USE OF MEMBER FIRMS AND THIRD PARTY SERVICE PROVIDERS.

Personal and/or confidential information collected by KPMG during the course of the engagement may be used, processed and stored outside of Canada by KPMG, KPMG International member firms providing services hereunder, KPMG subsidiaries, affiliates and related parties or third party service providers to provide professional services and administrative, analytical and clerical support and to comply with applicable law, regulations and professional standards. Client also understands and agrees that KPMG aggregates Client's information with information from other sources for the purpose of improving quality and service, and for use in presentations to clients and non-clients, in a form where such information is sufficiently de-identified so as not to be attributable to Client. KPMG represents to Client that each KPMG International member firm; KPMG subsidiary, affiliate and related party and third party service provider providing services hereunder has agreed or shall agree to conditions of confidentiality with respect to Client's information to the same or similar extent as KPMG has agreed pursuant to Section 6. Further, KPMG is responsible to Client for causing such KPMG subsidiaries, affiliates, related parties and third party service providers to comply with such conditions of confidentiality, and KPMG shall be responsible to Client for their failure to comply and failure of each KPMG International member firm providing services hereunder to comply with its obligations of confidentiality owed to KPMG. Any services performed by KPMG subsidiaries, affiliates, related parties and third party service providers shall be performed in accordance with the terms of the Engagement Letter, including Section 6, but KPMG shall remain responsible to Client for the performance of such services and services performed by each KPMG International member firm providing services hereunder. Such personal and/or confidential information may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is processed or stored, which laws may not provide the same level of protection for such information as will Canadian laws. KPMG's Privacy Officer noted in KPMG's Privacy Policy is able to answer any individual's questions about the collection of personal information required for KPMG to deliver services hereunder.

9. TAXES/BILLING/EXPENSES/FEES.

a. All fees and other charges do not include any applicable federal, provincial, or other goods and services or sales taxes, or any other taxes or duties whether presently in force or imposed in the future. Any such taxes or duties shall be assumed and paid by Client without deduction from the fees and charges hereunder.

b. Without limiting its rights or remedies, KPMG shall have the right to halt or terminate entirely its services until payment is received on past due invoices.

10. LIMITATION ON WARRANTIES.

THIS IS A SERVICES ENGAGEMENT. KPMG WARRANTS THAT IT WILL PERFORM SERVICES HEREUNDER IN GOOD FAITH WITH QUALIFIED PERSONNEL IN A COMPETENT AND WORKMANLIKE MANNER IN ACCORDANCE WITH APPLICABLE INDUSTRY STANDARDS. KPMG DISCLAIMS ALL OTHER WARRANTIES, REPRESENTATIONS OR CONDITIONS, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES, REPRESENTATIONS OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

11. LIMITATION ON LIABILITY

IN NO EVENT SHALL KPMG BE LIABLE FOR CONSEQUENTIAL, SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES, LIABILITIES, COSTS, EXPENSES, OR LOSSES (INCLUDING, WITHOUT LIMITATION, LOST PROFITS AND OPPORTUNITY COSTS). IN ANY CLAIM ARISING OUT OF THE ENGAGEMENT, CLIENT AGREES THAT KPMG'S LIABILITY WILL BE SEVERAL AND NOT JOINT AND SEVERAL WITH ANY THIRD PARTY (OTHER THAN KPMG PERSONNEL OR KPMG SUBCONTRACTORS, FOR WHOM KPMG IS FULLY RESPONSIBLE). KPMG SHALL ONLY BE LIABLE FOR KPMG'S PROPORTIONATE SHARE OF THE TOTAL LIABILITY BASED ON DEGREE OF FAULT.

12. LEGAL PROCEEDINGS.

a. Client agrees to notify KPMG promptly of any request received by Client from any court or applicable regulatory authority with respect to the services hereunder, KPMG's confidential information, KPMG's advice or report or any related document.

b. If KPMG is required by law, pursuant to government regulation, subpoena or other legal process to produce documents or personnel as witnesses arising out of the engagement and KPMG is not a party to such proceedings, Client shall reimburse KPMG at standard billing rates for professional time and expenses, including, without limitation, reasonable legal fees, expenses and taxes incurred in responding to such compelled assistance.

c. If Client requests that KPMG produce documents or personnel as witnesses in any proceedings in any way related to the engagement or services provided by KPMG hereunder and KPMG is not a party to such proceedings, KPMG may agree to produce documents or personnel as witnesses on such terms and conditions as KPMG may, in its sole discretion, determine. Without limiting the generality of the foregoing, Client shall reimburse KPMG at standard billing rates for professional time and expenses, including, without limitation, reasonable legal fees, expenses and taxes, incurred in responding to such Client requests.

d. Client acknowledges that KPMG may from time to time receive requests or orders from professional, securities or other regulatory, judicial or governmental authorities (both in Canada and abroad) to provide them with information and copies of documents in KPMG's files including, without limitation, working papers and other work-product relating to Client, which information and documents may contain confidential information of Client. Except where prohibited by law, KPMG will advise Client of the request or order. Client hereby acknowledges that KPMG will provide these documents and information without further reference to, or authority from Client.

Client must mark any document over which it asserts privilege as "privileged". When such an authority requests access to KPMG's working papers and other work-product relating to Client's affairs, KPMG will, on a reasonable efforts basis, refuse access to any document over which Client has expressly informed KPMG at the time of delivery that the Client asserts privilege (by the Client marking such document as "privileged" as contemplated in the foregoing sentence). Notwithstanding the foregoing, where disclosure of documents is required by law, KPMG will disclose such privileged documents. If and only if the authority requires such access to such privileged documents pursuant to the laws of a jurisdiction in which express consent of the Client is required for such disclosure, then Client hereby provides its consent.

Where privileged Client documents are disclosed by KPMG as contemplated above, KPMG is directed to advise the authority that Client is permitting disclosure only to the extent required by law and for the limited purpose of the authority's exercise of statutory authority. KPMG is directed to advise the authority that Client does not intend to waive privilege for any other purpose and that Client expects its documents to be held by the authority as privileged and confidential material. For greater certainty, Client and KPMG hereby agree that this acknowledgement (and, if required, consent) does not negate or constitute a waiver of privilege for any purpose and Client expressly relies upon the privilege protections afforded under statute and otherwise under law.

13. LIMITATION PERIOD.

No proceeding arising under or relating to the engagement, may be brought by either party more than one year after the cause of action has accrued or in any event not more than five years after completion of the engagement in the case of an advisory services engagement and not more than eight years after completion of the engagement in the case of a tax services engagement, except that a proceeding for non-payment may be brought by KPMG at any time following the date of the last payment due to KPMG hereunder. For purposes of this Section 13, the term KPMG shall include its subsidiaries and associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives.

14. TERMINATION.

Unless terminated sooner in accordance with its terms, the engagement shall terminate on the completion of KPMG's services hereunder, which completion shall be evidenced by the delivery by KPMG to Client of the final invoice in respect of the services performed hereunder. If at any time during the engagement it is determined by KPMG, in its sole discretion, that there may be an actual or potential breach by KPMG of applicable professional standards, KPMG may terminate the engagement, without liability, immediately on notice to Client.

15. E-MAIL COMMUNICATION.

Client recognizes and accepts the risks associated with communicating by Internet e-mail, including (but without limitation) the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless Client requests in writing that KPMG does not communicate by Internet e-mail, Client assumes all responsibility or liability in respect of the risk associated with its use.

16. POTENTIAL CONFLICTS OF INTEREST.

a. For purposes of this Section 16, "KPMG" means KPMG LLP and KPMG subsidiaries, affiliates and related parties providing services hereunder, if applicable. KPMG is engaged by a wide variety of entities and individuals, some of whom may be creditors, investors, borrowers, shareholders, competitors, suppliers or customers of Client, or other parties with conflicting legal and business interests to Client, including, without limitation, in relation to the audit, tax or advisory services provided to Client by KPMG. KPMG's engagements with such companies and individuals may result in a conflict with Client's interests.

b. As a condition of KPMG's engagement by Client, Client agrees that: (i) without further notice or disclosure, KPMG may accept or continue engagements on unrelated matters to KPMG's engagement for Client in which KPMG may act contrary to Client's interests even if those unrelated matters are materially and directly adverse to Client; and (ii) without further notice or disclosure, KPMG may provide advice or services to any other person or entity making a competing bid or proposal to that of Client whether or not KPMG is providing advice or services to Client in respect of Client's competing bid or proposal.

c. In accordance with professional standards, and except as set out below, KPMG will not use any confidential information regarding Client in connection with its engagements with other clients, and will establish confidentiality and other safeguards to manage conflicts, which may include, in KPMG's sole discretion, the use of separate engagement teams and data access controls. In no event shall KPMG be liable to Client or shall Client be entitled to a return of fees and disbursements incurred on behalf of Client or any other compensation whatsoever as a result of KPMG accepting or continuing a conflicting engagement.

d. Client further agrees that KPMG may, in its sole discretion, disclose the fact or general nature of its engagement for Client to (i) KPMG International and other KPMG International member firms in order to check against potential conflicts of interest, and (ii) to the extent reasonably required in order to obtain the consent of another entity or individual in order to permit KPMG to act for such entity or individual, or for Client, in connection with the engagement or any future engagement.

e. Where another party has engaged KPMG to deliver services before Client has done so, and subsequently circumstances change such that there is a conflict, which in KPMG's sole opinion cannot be adequately managed through the use of confidentiality and other safeguards, KPMG shall be entitled to terminate the engagement for Client, without liability, immediately upon notice.

f. Other KPMG International member firms are engaged by many entities and individuals, including, without limitation, entities and individuals that may enter into transactions or may have disputes with Client or Client's related or affiliated entities. Client agrees that (i) it will not assert that other KPMG International member firms are precluded from being engaged by those other entities or individuals, and (ii) those engagements of other KPMG International member firms do not conflict with KPMG's engagement for Client.

g. Client will indemnify and hold harmless KPMG, its subsidiaries and associated and affiliated entities, and their respective current and former partners, directors, officers, employees, agents and representatives from any Claim by any third party (including, without limitation, reasonable legal fees) that alleges that KPMG was in a conflict of interest by providing services hereunder. The provisions of this subsection 16(g) shall apply regardless of the form of Claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

h. KPMG encourages Client to obtain legal advice with respect to Client's rights in connection with potential future conflicts prior to entering into the engagement.

17. FORCE MAJEURE.

Neither Client nor KPMG shall be liable for any delays resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, act of God, strike or labour dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.

18. INDEPENDENT CONTRACTOR.

It is understood and agreed that each of the parties hereto is an independent contractor and that neither party is, nor shall be considered to be, an agent, distributor or representative of the other. Neither party shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

19. SURVIVAL.

Sections 1, 4(b), 5-16, 18-30, 31(a) and (c)-(g), and 33-34 hereof shall survive the expiration or termination of the engagement.

20. SUCCESSORS AND ASSIGNS.

These Terms and Conditions and the accompanying Proposal or Engagement Letter shall be binding upon the parties hereto and their respective subsidiaries and associated and affiliated entities and their respective partners, directors, officers and employees and successors and permitted assigns. Except as provided below, neither party may assign, transfer or delegate any of the rights or obligations hereunder without the prior written consent of the other party. KPMG may assign its rights and obligations hereunder to any affiliate or successor in interest to all or substantially all of the assets or business of the relevant KPMG practice, without the consent of Client. In addition, KPMG may arrange for or engage (as applicable) KPMG affiliates, subsidiaries, related parties, independent contractors and KPMG International member firms to assist KPMG in performing the services hereunder.

21. SEVERABILITY.

The provisions of these Terms and Conditions and the accompanying Proposal or Engagement Letter shall only apply to the extent that they are not prohibited by a mandatory provision of applicable law, regulation or professional standards. If any of these provisions shall be held to be invalid, void or unenforceable, then the remainder of these Terms and Conditions and the attached Proposal or Engagement Letter, as the case may be, shall not be affected, impaired or invalidated, and each such provision shall be valid and enforceable to the fullest extent permitted by law.

23. GOVERNING LAW.

These Terms and Conditions and the accompanying Proposal or Engagement Letter shall be subject to and governed by the laws of Ontario

24. PUBLICITY.

Upon the closing of a transaction, KPMG will have the right (but shall not be obliged), at its expense, to publicize its association with the transaction by way of public announcement in "tombstone" or similar format, subject to prior review of the wording for any such announcement with Client.

25. KPMG INTERNATIONAL MEMBER FIRMS.

In the case of multi-firm engagements, all KPMG International member firms performing services hereunder shall be entitled to the benefits of these Terms and Conditions. Client agrees that any Claims that may arise out of the engagement will be brought solely against KPMG, the contracting party, and not against any other KPMG International member firms or such third party service providers referred to in Section 8 above.

26. SARBANES-OXLEY ACT.

Except as set forth in the Engagement Letter, Client acknowledges that completion of the engagement or acceptance of KPMG's reports, advice, recommendations and other deliverables resulting from the engagement will not constitute a basis for Client's assessment of internal control over financial reporting or Client's evaluation of disclosure controls and procedures, or its compliance

with its principal officer certification requirements under Section 302 of the *Sarbanes-Oxley Act of 2002* (the "Act"). The engagement shall not be construed to support Client's responsibilities under Section 404 of the Act requiring each annual report filed under Section 13(a) or 15(d) of the *Securities Exchange Act of 1934* to contain an internal control report from management.

27. NATIONAL INSTRUMENT 52-109.

Except as set forth in the Engagement Letter, Client acknowledges that completion of the engagement or acceptance of KPMG's reports, advice, recommendations and other deliverables resulting from the engagement will not constitute a basis for Client's evaluation of disclosure controls and procedures and internal control over financial reporting, or its compliance with its CEO/CFO certification requirements under *National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings*, including those related to the design of disclosure controls and procedures and internal control over financial reporting.

28. SPECIFIC ACCOUNTING AND OTHER ADVICE.

Except as set forth in the Engagement Letter, the engagement does not contemplate the provision of specific accounting advice or opinions or the issuance of a written report on the application of accounting standards to specific transactions and facts and circumstances of Client. Such services, if requested, would be provided pursuant to a separate engagement.

Client should consult with and/or engage legal counsel for the purpose of advising on legal aspects of matters on which KPMG provides its advice and drafting any legal documents and/or agreements that may be required. To the extent legal counsel or other professional service providers are required, Client is exclusively responsible for engaging and paying such service providers.

29. TAX SERVICES.

a. If tax work is specifically requested by Client, KPMG will perform the procedures in accordance with this Section 29. KPMG will base its findings exclusively on the facts and assumptions provided to KPMG by Client and Client's personnel and advisors. KPMG will consider the applicable provisions of the relevant taxing statutes, the regulations thereunder, applicable tax treaties and judicial and administrative interpretations thereof. In the case of Canadian tax services only, KPMG will also take into account all specific proposals to amend such statutes, regulations and treaties publicly announced prior to the date of KPMG's reports, based on the assumption that these amendments will be enacted substantially as proposed. For certainty, in the case of US tax services, KPMG shall not take into account any specific proposals to amend such statutes, regulations and treaties. The authorities referred to in this subsection 29(a) are subject to change, retroactively and/or prospectively, and any such changes could affect the validity of KPMG's findings and may result in incremental taxes, interest or penalties. KPMG's findings will not otherwise take into account or anticipate any changes in law or practice, by way of judicial, governmental or legislative action or interpretation. Unless Client specifically requests otherwise, KPMG will not update tax work to take any such changes into account.

b. KPMG will use professional judgment in providing advice, and will, unless Client instructs otherwise, take the position most favourable to Client whenever reasonable. All returns are subject to examination by tax authorities, and KPMG's advice may be audited and challenged by a tax authority. Client understands that KPMG's conclusions are not binding on tax authorities or the courts and should not be construed as a representation, warranty or guarantee that the tax authorities or courts will agree with KPMG's conclusion.

c. Client is also responsible for ensuring that KPMG's advice is implemented strictly in accordance with KPMG's recommendations. KPMG is not responsible for any penalties or interest assessed against Client as a result of a failure by Client to provide KPMG with accurate and complete information.

d. Unless expressly provided for, KPMG's services do not include representing Client in the event of a challenge by the Canada Revenue Agency or other tax or revenue authorities.

30. TAX SERVICES FOR SEC REGISTERED AUDIT CLIENTS AND/OR US TAX SERVICES

a. In circumstances where the services provided by KPMG hereunder: (i) involve the delivery of any tax services, Client is or is an affiliate of (whether at the time of the engagement or at any point thereafter) an entity that is registered with the United States Securities and Exchange Commission ("SEC"), and Client or such affiliate is audited by KPMG; or (ii) involve the delivery of US tax services, then the prohibition regarding the distribution of KPMG's reports and written advice set out in Section 5 of these Terms and Conditions shall not apply and no provision of the Engagement Letter is or is intended to be construed as a condition of confidentiality in relation to the tax services to which (i) and/or (ii) above are applicable. Further, in respect of the services to which (i) and/or (ii) above are applicable, no provision in the Engagement Letter or these Terms and Conditions is or is intended to be construed as a condition of confidentiality within the meaning of Internal Revenue Code ("IRC") sections 6011, 6111, 6112 or the regulations thereunder, or under any similar or analogous provisions of the laws of a state or other jurisdiction. In particular, Client (and each employee, representative, or other agent of Client) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of any transaction within the scope of the engagement and all materials of any kind (including opinions and other tax analyses) that are provided to Client relating to such tax treatment and tax structure. Client also agrees to use commercially reasonable efforts to inform KPMG of any conditions of confidentiality imposed by third party advisors with respect to any transaction on which KPMG's advice is requested. Such notification must occur prior to KPMG providing any advice with respect to the transaction.

b. For certainty, Section 5 of these Terms and Conditions shall continue to apply in its entirety, and this Section 30 shall not apply, to any tax services to which subsection 30(a)(i) and/or (ii) above are not applicable. In this Section 30, the term "affiliate" is interpreted as that term is used by the SEC with reference to auditor independence rules.

c. In respect of any tax services to which subsection 30(a)(i) or (ii) above are applicable, any reports or advice ("Tax Deliverable") released to Client in any form or medium shall be supplied by KPMG on the basis that it is for Client's benefit and use only. If Client refers to or discloses in whole or in part any Tax Deliverable to any third party, Client shall notify such third party in writing as follows: that (i) the tax services performed by KPMG for Client were designed to meet Client's agreed requirements only, as determined by Client's needs at the time; (ii) any product of the tax services should not be regarded as suitable to be used or relied upon by any party wishing to acquire any rights against KPMG other than Client; (iii) KPMG does not assume any responsibility in respect of the tax services performed for Client, any product of the tax services, or any judgments, conclusions, opinions, findings or recommendations that KPMG may have formed or made, to any party except Client; (iv) to the fullest extent permitted by law, KPMG accepts no liability in respect of any such matters to any other person; and (v) should any person or entity except Client choose to rely on the tax services or any product thereof, that person or entity will do so at their own risk. Notwithstanding the foregoing, (A) in the event of a disclosure made by Client that is required by law, that is made to a regulatory authority having jurisdiction over Client, or

that is made pursuant to subsection 30(a) above, no such notification shall be required and (B) no such notification shall be required with respect to disclosures expressly authorized by the Engagement Letter.

d. If Client refers or discloses in whole or in part any Tax Deliverable to any third party but does not notify such third party in writing as required in subsection 30(c) above, Client shall compensate KPMG and reimburse KPMG for and protect, indemnify and hold harmless KPMG against any Claim incurred by KPMG (including, without limitation, reasonable legal fees) as a result of, arising from or in connection with any such reference or disclosure, unless KPMG has agreed in writing with such third party to accept responsibility and liability to that third party in respect of the tax services and the Tax Deliverable. If any payment is made by Client under this subsection 30(d), Client shall not seek recovery of that payment from KPMG at any time. In this subsection 30(d), "KPMG" shall include KPMG and its subsidiaries, its associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives, and "Client" shall include Client, Client's affiliates and any other beneficiaries of KPMG's tax services. The foregoing indemnification obligations shall apply regardless of the form of Claim, whether in contract, statute, tort (including, without limitation, negligence) or otherwise.

e. Treasury regulations under IRC section 6011 require taxpayers to disclose to the IRS their participation in reportable transactions and IRC section 6707A imposes strict penalties for noncompliance. Client agrees to use commercially reasonable efforts to inform KPMG if Client is required to disclose any transaction covered by the Engagement Letter as a reportable transaction to the IRS or to any state or other jurisdiction adopting similar or analogous provisions. IRC section 6111 requires a material advisor with respect to a reportable transaction to disclose information on the transaction to the IRS by a prescribed date, and IRC section 6112 requires the material advisor to maintain, and make available to the IRS upon request, a list of persons and other information with respect to the transaction. KPMG will use commercially reasonable efforts to inform Client if KPMG provides Client's identifying information to the IRS under IRC section 6111 or 6112, or to any state or other jurisdiction adopting similar or analogous provisions.

f. For engagements where services will be provided by a KPMG International member firm with offices located in California, Client acknowledges that certain of KPMG's personnel who may be considered "owners" under the California Accountancy Act and implementing regulations (California Business and Professions Code section 5079(a); 16 Cal. Code Regs. sections 51 and 51.1) and who may provide services in connection with the engagement, may not be licensed as certified public accountants under the laws of any of the various states.

31. DUE DILIGENCE SERVICES (TAX AND TRANSACTION SERVICES)

a. The procedures KPMG will perform are limited to those referred to in the Engagement Letter and its appendices. The procedures KPMG will perform are limited in nature and extent to those determined by Client to meet its needs and, as such, will not necessarily disclose all significant matters about Target or reveal errors in the underlying information, instances of fraud, or illegal acts, if any. KPMG provides no assurance and makes no representation regarding the sufficiency of the procedures either for the purpose of the proposed transaction in the context of which KPMG has been engaged or for any other purpose. KPMG's findings will not constitute recommendations to Client as to whether or not Client should proceed with any proposed transactions. In performing the procedures and reporting its findings, KPMG will rely exclusively upon information provided to KPMG by Target, its personnel and advisors, Client's advisors, and Client, and any publicly available information KPMG obtains, and will not independently verify the accuracy or completeness of such information. KPMG's procedures with respect to Target's financial information will be substantially less in scope than any audit or other attestation standards, including without limitation those established by the Auditing and Assurance Standards Board and the Chartered Professional Accountants of Canada. Consequently, KPMG expresses no opinion and will provide no other form of assurance on Target's prospective financial information, financial statements or Target's internal control over financial reporting.

b. Client agrees to review reports promptly and to advise KPMG on a timely basis of any additional procedures Client would like KPMG to perform or areas to address.

c. In the event KPMG performs procedures related to future-oriented financial information, KPMG will not compile, examine, or apply other assurance procedures to such information and, accordingly, will express no opinion or any other form of assurance or representations concerning its accuracy, completeness or presentation format. Future-oriented financial information is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

d. Unless specifically requested by Client, KPMG is not obligated to provide a copy of the report to Target for the purpose of confirming Target's representations concerning the accuracy of the factual information presented in the report. If Client would like Target to review the report, KPMG will require Client and Target to indemnify KPMG for any Claims arising out of or relating to such review on such terms and conditions specified by KPMG in its sole discretion. In certain instances, Client may request that KPMG's report be distributed to a third party for informational purposes. KPMG will consider consenting to distribution based on such factors as the identity of the third party and the third party's intended use of the report. If KPMG agrees to the distribution of the report to a third party, Client agrees to execute and agrees to require the third party to execute an agreement in the form provided by KPMG regarding the release of information.

e. Client expressly acknowledges and agrees that if Client and Target (as such terms are defined in the Engagement Letter) are the same entity, that all references herein to "Target" shall be deemed to be references to "Client".

f. The provisions of subsections 3(c)-(d) and Section 6 shall apply to information about Target provided to KPMG in the course of performing the services under the Engagement Letter. Client agrees to use all reasonable efforts to arrange for KPMG's access to Target's personnel and advisors, business offices and financial information as required for KPMG to perform the services contemplated by the Engagement Letter.

g. If KPMG serves as independent auditors of Target or another party disclosed to Client, or provides any other audit or attestation services to Target or such other party (such as the target of a contract compliance review or a party having a connection to an investigation or proceeding), Client hereby acknowledges and agrees that KPMG may be in possession of confidential information concerning Target or such other party that may be relevant to Client's due diligence procedures or other services KPMG is providing to Client under the Engagement Letter and that such information will not be disclosed to Client unless Target or such other party provides prior written consent to such disclosure or provides such information directly to Client or to the KPMG engagement team serving Client for purposes of the services under the Engagement Letter.

32. LOBBYING

Unless expressly stated in the Engagement Letter, KPMG will not undertake any lobbying activity, as that term is defined in all applicable federal, provincial and municipal lobbyist registration statutes and regulations, in connection with the engagement. In the

event that KPMG and Client agree that KPMG will undertake lobbying activity in connection with the engagement, such agreement shall be set out in an amendment to the Engagement Letter.

33. LLP.

KPMG LLP is a registered limited liability partnership ("LLP") established under the laws of the Province of Ontario and, where applicable, has been registered extra-provincially under provincial LLP legislation. KPMG is a partnership, but its partners have a degree of limited liability. A partner is not personally liable for any debts, obligations or liabilities of the LLP that arise from a negligent act or omission by another partner or any person under that other partner's direct supervision or control. The legislation relating to limited liability partnerships does not, however, reduce or limit the liability of the firm. The firm's insurance exceeds the mandatory professional indemnity insurance requirements established by the relevant professional bodies. Subject to the other provisions hereof, all partners of the LLP remain personally liable for their own actions and/or actions of those they directly supervise or control.

34. ALTERNATIVE DISPUTE RESOLUTION.

The parties shall, and shall cause both their and their respective subsidiaries', affiliates' and associated entities' current and former officers, partners, directors, employees, agents and representatives, to first attempt to settle any dispute arising out of or relating to the Engagement Letter or the services provided hereunder (the "Dispute") through good faith negotiations in the spirit of mutual cooperation between representatives of each of the parties with authority to resolve the Dispute. In the event that the parties are unable to settle or resolve a Dispute through negotiation within 30 days of when one of the parties has notified the other party of the Dispute by delivering a notice of dispute, or such longer period as the parties may mutually agree upon, such Dispute shall, as promptly as is reasonably practicable, be subject to mediation pursuant to the National Mediation Rules of the ADR Institute of Canada, Inc. that are in force at the time the notice of dispute is delivered. Any Dispute remaining unresolved for more than 60 days following the parties first meeting with a mediator or such longer period as the parties may mutually agree upon shall, as promptly as is reasonably practicable, be resolved by arbitration pursuant to the Arbitration Rules of the ADR Institute of Canada, Inc. (the "Arbitration Rules") that are in force at the time the Dispute is subject to arbitration. For certainty, the parties hereby waive any right they may otherwise have to bring a court action in connection with a Dispute. The parties also waive any right they may otherwise have to bring or participate in a class, collective or representative proceeding in connection with a Dispute, whether in court or before an arbitrator. The arbitrator's decision shall be final, conclusive and binding upon the parties, and the parties shall have no right to appeal or seek judicial review of the arbitrator's decision. For certainty, the parties hereby waive any right of appeal which may otherwise be available under applicable legislation or under the Arbitration Rules. The place of mediation and arbitration shall be the city in Canada in which the principal KPMG office that performed the engagement is located. The language of the mediation and arbitration shall be English.