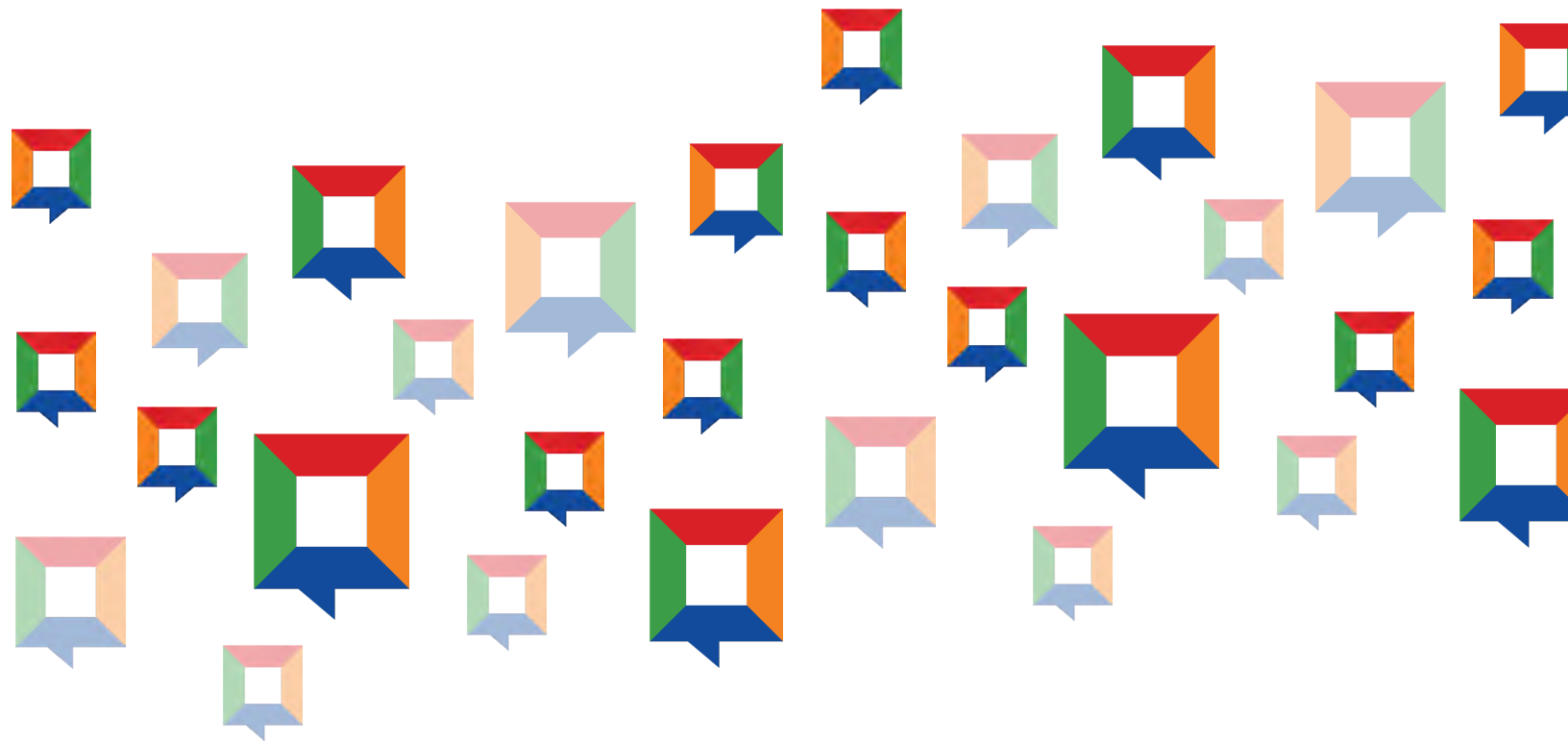




*Leadership, Service and Advocacy:  
Local Voices, Local Choices*

*Convention 2019, March 14 - 15, Delta Winnipeg, 350 St. Mary Avenue*



*2019 Resolutions  
and Special Business*

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## NOTICE OF MOTION

The Chair of the MSBA Resolutions and Policy Committee shall move or cause to be moved the following motion regarding adoption of the Rules of Procedure for the resolution process at the MSBA Annual General Meeting:

### 2019 RULES OF PROCEDURE

#### Process:

1. All resolution proceedings shall be governed by these rules of procedure, the MSBA Act, and the MSBA By-Laws. In the event of any conflict, the provisions of the MSBA Act and the MSBA By-Laws shall prevail. Where any of the aforementioned identified instruments are silent, the current edition of Robert's Rules of Order Newly Revised, shall apply.
2. The resolution process shall be conducted by a "Resolutions Chair", referred to in the following sections as the "Chair".
3. The Chair will advise the membership of the disposition of emergent resolutions submitted to the MSBA Executive and request the assembly's consideration of those late resolutions not adopted by the Executive.
4. Resolutions shall be dealt with in the following order:
  - (a) consideration of new resolutions in the order listed in the resolutions booklet and any emergent resolutions adopted by the MSBA Executive at the end of the section in which the resolution is assigned (point #3 above);
  - (b) consideration of emergent resolutions not adopted by the MSBA Executive but approved by the assembly for debate;
  - (c) any resolution(s) for reconsideration in the order of receipt by the Chair (point #25).
5. Should any resolution be identified as a particular concern of the assembly, that resolution may be brought forward in the convention proceedings for discussion and debate by majority consent of the assembly. A motion requesting this action must be moved and seconded.
6. Proposed resolutions shall be read and moved by members of the Resolutions and Policy Committee and the Chair shall immediately ask for a seconder who may speak to the proposed resolution and close debate.

#### Resolutions:

7. Resolutions submitted by any member board in the period between the deadline for receipt of regular resolutions and the final Executive meeting preceding the annual general meeting will be considered emergent resolutions.

The Executive will assess emergent resolutions to determine whether the issue addressed was evident prior to the deadline for submission of regular resolutions. Where the Executive deems the resolution to be truly emergent in nature, it will be included among those for consideration at the annual general meeting.

Any emergent resolution not adopted by the MSBA Executive will require a separate motion to be added to the annual general meeting agenda and must be moved and seconded and receive the support of not less than two-thirds of the delegates present and voting in order to be considered.

2019 Rules of Procedure, cont'd....

8. Any resolution sponsored by the provincial executive will be deemed to be a regular resolution, whether or not it meets the timeline outlined above.
9. Extraordinary resolutions arising out of the business of the annual general meeting may be considered if consideration is supported by a two thirds majority of voting trustees.

Debate:

10. As soon as a proposed resolution has been moved and seconded, the Chair will call upon the seconder to explain the proposed resolution.
11. The Chair will then ask if any delegate wishes to speak against the proposed resolution. If no delegate so indicates, the seconder will be invited to close debate and the question will be called.
12. Once any delegate speaks in opposition to the proposed resolution, debate shall begin and continue until the question is called in the usual manner. The seconder will have the right to be the final speaker in the debate.
13. Each delegate wishing to speak to a resolution must first be formally recognized by the Chair and shall announce his/her name and school division/district before speaking to the resolution to be debated.
14. No delegate shall speak to a resolution more than once, except the seconder of the resolution, and debate shall be limited to three (3) minutes unless permission for an additional three (3) minutes is granted by general consent of the assembly.
15. Associate members may, at the discretion of the Chair, speak on a point of information but may not enter into the debate, nor may they move, second, or vote on a resolution.

Voting:

16. Member school boards who have at least one trustee in attendance at the Annual Convention shall be eligible to vote, via board ballots, on by-laws and by-law amendments. Trustees from member boards who are registered Convention delegates are eligible to register as voting delegates, and to receive a ballot book and voting delegate card that will be used to vote on resolutions other than by-laws.
17. A quorum shall consist of not less than 100 voting delegates present on the floor of the convention at the time any vote is called on any motion before the assembly.
18. The Resolutions and Policy Committee [By-Law #5, (10)] shall be responsible to know the voting strength at all times on the convention floor, and shall be responsible for ruling on any disputes over the issuance of voting cards and ballot books.
19. All voting shall be by show of hands (using the authorized voting cards) unless:
  - (a) the Chair, in his/her discretion, calls for a standing vote before announcing the results of a vote by show of hands, or
  - (b) immediately after the result has been announced by the Chair, one delegate can call for a standing vote.

2019 Rules of Procedure, cont'd....

20. A favourable vote of not less than two thirds of the board ballots cast shall be required to approve any amendments/changes to the By-Laws or MSBA Act. All other questions shall be decided by majority vote of those delegates present and voting unless otherwise specified in these rules of procedure.

Amendments:

21. A delegate may, at any time during the debate on a resolution, move an amendment, providing it is relevant to and deals with the same subject matter as the original resolution. Amendments must be seconded.
22. The Chair has the prerogative to divide a question into two or more questions so as to allow for a separate vote on any particular point or points, if the Chair deems that the division of the question will facilitate debate.
23. No more than one amendment and one amendment to the amendment (sub-amendment) will be accepted by the Chair at any one time.
24. The Chair may, in his/her discretion, require that any amendment to a resolution be submitted in writing.

Reconsideration:

25. A written notice of motion to reconsider a vote on the resolution shall be presented to the Chair, and may only be submitted by a delegate who originally supported the vote on that particular resolution. Upon validation of the request for reconsideration, the Chair shall immediately announce that a motion to reconsider will be presented after all other convention resolutions have been considered in accordance with [Section 4 (c)] above.

/ak

## BY-LAWS

### **BY-LAW #5 (7) (c) ANNUAL CONVENTION: TERM LIMIT FOR PAST PRESIDENT ..... B-01-19** (MSBA Executive)

**BE IT RESOLVED THAT the following amendment to By-Law # 5 (7) (c) be adopted.**

- c) The term of office for all elected Executive positions shall be two years, and no person shall hold the same Executive position for more than two complete, consecutive terms. The term of office for the Past President shall be two years.; ~~in the event that a President is elected for a second, two-year term, the position of Past President on the Executive shall remain vacant.~~

Comments:

This amendment will clarify that the term limit for Past President is two years under all circumstances.

# AUDITOR AND FINANCIALS

**RECEIPT OF FINANCIAL STATEMENTS ..... A-01-19**  
(MSBA Executive)

**BE IT RESOLVED that the audited financial statements for the fiscal period ending June 30, 2018 be received.**

**The members of the Manitoba School Boards Association are hereby notified that the following resolution constitutes special business to be transacted pursuant to the Corporations Act.**

**APPOINTMENT OF AUDITOR ..... A-02-19**  
(MSBA Executive)

**BE IT RESOLVED that KPMG Chartered Accountants be re-appointed as the Manitoba School Boards Association auditors for the fiscal period ending June 30, 2019.**

Comments:

The motion to appoint an auditor is now featured as part of the annual resolutions process, being an Executive Resolution. By including this motion under the annual resolutions process, it is intended that feedback and input will be obtained from the membership before each annual convention takes place.

In keeping with direction arising from the March 2018 convention, the MSBA Provincial Executive has recently conducted a Request for Proposals (RFP) process for auditing services.

Based on a measured review of all proposals received (see Appendix A), it has been determined that the firm of KPMG LLP has once again submitted the preferred proposal based on several criteria, foremost among which are cost and expertise. As such, this year's motion seeks re-appointment of MSBA's incumbent auditors, KPMG LLP.

Should the proposed motion not pass, an alternative motion will be introduced by Executive based on the outcomes of the RFP. All requisite information for members to render decision during the course of such an event is included in the attached summary. We therefore advise all members to review the attached summary.

It is also important to clarify that sections 156(3) and 158(1) of *The Corporations Act* provide clear guidance for the future. In the event that membership is not able to come to a decision regarding this motion, section 156(3) provides that, notwithstanding that shareholders (read "*members*") may not have appointed an auditor at an annual meeting, "the incumbent auditor continues in office until his successor is appointed". Section 158(1) further provides for continuance in office of the incumbent auditor, until there is a valid appointment of a successor by member boards or the auditor resigns, dies or is removed in accordance with the Corporations Act.

Finally, all boards should be aware that, once this resolution does in fact appear before the annual convention in March, 2019, the present motion shall be considered and voted on by the eligible and lawful membership of the association through board ballot, consistent with section 15(b) of *The Manitoba School Boards Association Act*.

If members have any questions on this motion in advance of the March 2019 annual convention, we request that all such communications be routed through Board Chairpersons to Josh Watt, MSBA Executive Director, by telephone at: (204) 594-5162 or by email at: [jwatt@mbschoolboards.ca](mailto:jwatt@mbschoolboards.ca)

# MATTERS AFFECTING THE ASSOCIATION

## **MSBA MEMBERSHIP AND MUST FUND FEES ..... M-01-19** (Region 1)

**BE IT RESOLVED THAT the Manitoba School Boards Association will review its accumulated unrestricted surplus, and in doing so plan for a sustained reduction in M.S.B.A. membership and M.U.S.T. fund fees to take effect July 1, 2019.**

### Rationale:

It is recognized the work of the M.S.B.A. remains valuable to school divisions, and the M.S.B.A. has recently worked to find efficiencies within the organization. What remains of concern is the excessive unrestricted surplus being maintained by the M.S.B.A., while membership fees have remained unchanged. As of June 30, 2017 the M.S.B.A. reported an accumulated unrestricted surplus of \$1,357,204. This is excessive when comparing this surplus to an annual budget of approximately \$3,200,000. This concern is exacerbated when considering M.S.B.A. and M.U.S.T. fund fees are included within school division administration caps, which have been further restricted in recent years. In addition, the government has reduced the formula guarantee by 2% each year over the past two budgets, so 20 out of 37 school divisions have realized budget reductions over the past two years.

The provincial executive sent a memo to all school divisions dated June 14, 2018. In this memo it is noted the M.S.B.A. has recently realized savings in some areas, as well as an additional revenue source. Further, in the memo it is noted: "our members' ability to pay will be taken into careful consideration in the years ahead, with special attention to the overall operating realities and circumstances required of our association." When all is considered it seems timely to consider a fee reduction for 2019-2020.



# FUNDING AND FINANCIAL MATTERS

**TAX INCENTIVE FINANCING (T.I.F) ..... FFM-01-19**  
(Region 1)

**BE IT RESOLVED THAT the Manitoba School Boards Association lobby the provincial government to review current legislation involving Tax Incentive Financing, and in doing so advocate for a transparent and consultative process with school divisions whenever Tax Incentive Financing is being considered.**

## Rationale:

Within the last year the provincial government has granted Tax Incentive Financing for corporate development in both rural and urban settings within Manitoba. While providing incentives to attract investment and development within our communities is understandable, there is concern the negative impact of Tax Incentive Financing on school divisions is not being recognized by government. Costs to school divisions rise when enrolment in schools increases due to additional employment opportunity within a region. When there is no offsetting tax revenue, nor additional provincial funding given the formula guarantee, it forces school divisions to use existing budget and/or surplus budget to accommodate increased costs. This then takes away from other areas existing resources would have been used. Further, when Tax Incentive Financing has been approved the agreement at times is covering a period in excess of 20 years. This compounds the concern given such an extensive duration.

**This resolution has been deemed a request for action and is time limited to three years or the completion of the requested action.**

## *MSBA Policy Reference*

### **Funding and Financial Matters**

Education is a public responsibility. In Manitoba, that responsibility is shared between the provincial government and school boards. The province has constitutional authority for k-12 education, but it has delegated responsibility for the school system's day-to-day operations to school boards. This model of shared responsibility benefits Manitoba by ensuring a high standard of education across the province, by providing greater equity of educational opportunity, and by providing local communities with distinctive programs and services that meet their own self-identified needs. Education funding—the overall level of support and the mechanisms through which that support is distributed—is a critical component of a strong public school system. School boards believe that the following are key elements of an effective education-funding model.

### **Operational funding**

The provincial government should provide the majority of funds (greater than or equal to 80%) required to operate public schools in accordance with all legislation, regulation, and government mandates or directives.

Elected school boards must have the authority to raise the balance of required operational funds through the local education property tax levy.

Limitations, restrictions or conditions on allocation of school division budgets should be minimal, and clearly communicated at the time of the annual provincial funding announcement.

Provincial funding of education should come primarily in the form of block or per pupil grants rather than categorical grants, to provide school divisions with the maximum flexibility in allocating resources.

## FUNDING AND FINANCIAL MATTERS CON'T...

The education funding formula should contain equalization measures and other components to ensure equity of opportunity for students regardless of circumstances or location, and fairness for taxpayers in low-assessment divisions.

### Capital funding

The provincial government should fully fund new capital construction and major renovations to a level that accurately reflects current construction costs.

The capital support formula must take into account the inclusion of spaces or facilities necessitated as the result of new mandates or pedagogical developments.

Capital funding should be allocated objectively based on need, and school boards should be informed regularly on the status of divisional funding requests.

### Other financial matters

Relevant provincial departments (i.e. health) should support financially the delivery of non- educational services to children in schools.

The purchase of supplies and services required by the public school system should be exempt from consumption taxes levied by federal, provincial, or municipal levels of government.

All school division property should be exempt from municipal property taxes or special services levies.

## SCHOOL DIVISION FUNDING ..... FFM-02-19

(Region 1)

**BE IT RESOLVED THAT the Manitoba School Boards Association amend the Association policy on Funding and Financial Matters to include, as a key element of an effective education-funding model, a schedule of payments through operational advances that provides funding to school divisions on a twelve-month basis.**

### Rationale:

School divisions are forced to operate in an overdraft position at their financial institutions due to the timing of the receipt of division revenues. In the 2016/2017 fiscal year, provincial and municipal revenues made up almost 94% of all school division revenues. Municipal revenues are remitted as they are collected and many municipalities do not begin paying their tax requirements until as late as October each year. Provincial funding formula allocations are provided to school divisions through operational advances that do not begin until mid-September, ten weeks into the new budget year.

With limitations being placed on division surplus levels to 4% or less, the negative cash flow that results translates into additional interest costs paid by divisions to temporarily finance their operations and these funds could be better utilized in the education of students.

## FUNDING AND FINANCIAL MATTERS CON'T...

**PLAYGROUND DEVELOPMENT COSTS..... FFM-03-19**  
(Region 5 & 6)

**BE IT RESOLVED THAT the Manitoba School Boards Association advocate for provincial funding for accessible outdoor playgrounds and structures.**

Rationale:

Outdoor education and play is a vital part of our school programming and the health and wellbeing of our students. Playground structures and other outdoor education equipment form a critical component of this programming. There is no provincial funding currently in place to fund, as part of new school construction the development or construction of playground structures and outdoor education experiences.

**This resolution has been deemed a request for action and is time limited to three years or the completion of the requested action.**

# TRANSPORTATION

## SEAT BELTS ON SCHOOL BUSES ..... T-01-19 (Region 3)

**BE IT RESOLVED THAT Manitoba School Boards Association advocate for provincial funding to cover all costs associated with requiring seat belts on school buses.**

Rationale:

The implementation of regulations on installing seat belts on school buses will be an enormous added expense to school divisions which could result in budget spending increases and the reduction of student programs and services (if additional funds are not provided by the government).

**This resolution has been deemed a request for action and is time limited to three years or the completion of the requested action.**

***MSBA Policy Reference***

**Transportation**

The Manitoba School Boards Association believes that student safety is a key priority for public schools, and that concerns for safety extend to the transportation and movement of students to and from school. In order to maximize student safety, it is imperative that:

appropriate accommodations be made in school zones to ensure the safety of students travelling to and from school (such as reduced speed zones and designated school bus loading/unloading zones).

## EXTERNAL ORGANIZATIONS

**TEACHING PRACTICUM .....EO-01-19**  
(Region 1)

**BE IT RESOLVED THAT the Manitoba School Boards Association lobby Manitoba Education and Training and the faculties of education to require/encourage student teachers to participate in at least one rural teaching practicum.**

Rationale:

It has been very difficult for many rural and northern divisions to fill teaching positions with certified teachers over the last few years. Providing student teachers with a rural/northern teaching experience will provide rural/northern divisions an opportunity to highlight the many advantages of teaching in rural and northern divisions. This will result in more applicants applying for rural and northern positions when jobs are posted.

The province produces enough teachers each year, but many do not want to venture outside Winnipeg. Providing students with a rural/northern experience will demonstrate to them that there is life outside the perimeter.

**This resolution has been deemed a request for action and is time limited to three years or the completion of the requested action.**

## Manitoba School Boards Association and related programs

### Summary, analysis and recommendation of Audit Proposals received September 2018

---

Audit request for proposals were sent out directly by email on August 24, 2018 to the following firms:

- BDO
- Deloitte
- Ernst & Young (EY)
- Grant Thornton
- KPMG
- MNP
- PWC
- Scarrow & Donald

An advertisement was also posted in the Winnipeg Free Press classified section under Tenders between August 25, 2018 and September 7, 2018 – both online and print versions. A link to a full request for proposal was also included on the front page of the MSBA website between August 25, 2018 and September 25, 2018.

On the Request for Proposal (RFP) that was sent out, I gave a brief overview of our seven programs and their year-end dates. I stated that the contracts may not all be awarded to the same firm since there are different committee groups deciding on behalf of each program.

Proposals were to include:

- their firm profile,
- proof of Professional Liability Insurance,
- a brief resume of the Partner and audit staff that would be assigned to our audit,
- clearly state their understanding of the work to be performed,
- a description of the non-audit services they provide,
- their fees and
- at least three references.

My evaluation criteria was stated as:

- the proposal was completed by a person authorized to bind their firm to statements made in the submission
- the proposal is received by the specified closing date and time at the specified location (our office or my email address)
- their understanding of the engagement
- their experience with NFP audits
- personnel qualifications and experiences
- other services they provide (special audits of IT/Taxes, professional development, etc.)
- their references, and
- their proposed fee

**Criteria #1 and #2:** Proposal received before deadline, and signed by a person who can bind their firm to statements made in proposal:

We received proposals from the following firms on or before the deadline:

- BDO
- Deloitte
- EY
- KPMG
- MNP
- Scarrow & Donald

All proposals were completed and signed by the Partner who would ultimately be assigned to our audit, thus meeting the first two criteria.

PWC sent in a letter on September 24<sup>th</sup> declining to participate in the proposal, and Grant Thornton did not submit a proposal.

**Criteria #3:** Understanding of the Engagement. All firms but one were essentially even on this criteria.

- KPMG has been our auditor for several years and fully understand our needs. There would be no transition needed for this firm.
- BDO, Deloitte, KPMG, and MNP clearly understood the engagement, identified that we have seven programs with three different year-ends. They expressed an understanding of the timelines for each individual program. They identified that all audits must present fairly with Canadian Accounting Standards for Not-for-Profit organizations, and the Pension Plan must present in accordance with Canadian Audit Standards for Pension Plans. They all will have two levels of review of the financial statements during the course of the audit. Deliverables include an opinion on the financial statements, a management letter containing audit findings and recommendations, and attendance at the Board of Directors/Council/Committee meetings to present audit report and findings, as well as tax filings where needed.
- Deloitte incorrectly assumed the CNCM audit year-end March 31, 2019 would be included in the proposal, when the audit dates start June 2019 so first CNCM audit would be 2020.
- Scarrow & Donald assumed all audits being awarded were the 2018 fiscal year ends.
- EY has confused the starting point of audits, stating audits are starting with MUST & Pension Dec 2018 and CNCM March 2019. These are all prior to the initial audit of June 30 2019 as I stated in my RFP... “...initial audit with a fiscal year ending June 30, 2019...” They have also made reference to public monies and resources, school generated funds

**Criteria #4:** Experience with NFP audits

- KPMG has a proven track record with MSBA and associated programs, but also lists 44 other NFP local clients in the public sector: including The City of Winnipeg, Manitoba Museum, Red River College, **Louis Riel School Division, Pembina Trails School Division, Seven Oaks School Division,**

Sport Manitoba, St. Boniface General Hospital, University College of the North, University of Winnipeg, Winnipeg Art Gallery, and the Winnipeg School Division.

- KPMG audits 30% of the top 100 pension funds (32% of the assets) in Canada. In addition to our current Manitoba School Boards Association Pension Plan for Non Teaching Employees, this includes Healthcare Employees Pension Plan, Manitoba Municipal Employees Pension Plan Trust Fund, City of Winnipeg Council Pension Plan, The Pension Plan for the Employees of the Manitoba Museum, the **University of Winnipeg Trusteed Pension Plan**, and the **Winnipeg School Division Pension Plan**.
- BDO nationally provides services to over 3,000 not-for-profit (NPO) clients. In their proposal, they list 16 NPO clients that the Engagement Partner currently works on, including **The Manitoba Teachers' Society, Interlake, Lord Selkirk and Sunrise School Divisions, and the MPSE Benefits & Group Life plans**. BDO Canada Pension Group provides services to over 350 pension plans ranging in size from \$3M to over \$2B. They provide advisory services to over 160 multi-employer benefit plan clients, and have established a Pension and Benefits Industry Group that provides clients with in-depth industry specific knowledge.
- Deloitte lists several NFP clients, including River East Transcona School Division and Frontier School Division, as well as some Independent Schools and some association offices. They list the Great West Life Staff Pension Plan as one of their clients.
- MNP has a long history of providing audit, tax and advisory services to clients similar to MSBA; they have listed a sample of NFP clients, including some Independent schools in Winnipeg, and some rural school divisions such as Hanover, Seine River, Whiteshell and Lakeshore School Divisions. They list **Hanover School Division** as one of their references.
- EY appears to have some NFP clients, but they have not mentioned any specific educational industry clients or pension clients in Manitoba. They have listed that they have several educational clients outside of Manitoba and NFP clients in other provinces.
- Scarrow & Donald has some NFP clients but none of them appear to be the size of our organization.

**Criteria #5:** Personnel qualifications and experience. *\*Assuming all firms had the necessary Fidelity Insurance, I did not add it as a separate criterion. I have cross-referenced the firms to the CPA-Manitoba website (cannot be a member if the insurance is not current) and all firms are listed so we can safely assume all firms have the required insurance.*

- BDO – a National accounting and advisory firm. Operates seven offices in Manitoba, including one in Winnipeg. Our audit would be done out of the Winnipeg Office.
  - Lauren Tolton, Engagement Partner – leader of BDO's Pension Plan Sector in Manitoba, over 19 years experience providing audit, accounting and advisory services to NPOs and pension/benefit plan clients. Approximately 50% client base is NPO/public sector clients. Key client experience on **Manitoba Teachers Society, Manitoba Public School Employees Group Life Insurance Plan** and **Manitoba Public School Employees Benefits Trust, Brandon University Pension Plan, Interlake, Lord Selkirk & Sunrise School Divisions**.
  - Johan Maccas, Senior Manager – has over 11 years experience, including strong industry experience working with NPOs. Key client experience on **DSFM & Red River Valley School Division**.



- Mario Piroddi, Partner and IS Audit Specialist – over 20 years experience, based in Kamloops office and serves Western Canada. Provides guidance and support to the team during assessment of Information Technology general controls and testing.
- David Elrick, Tax Partner – over 12 years experience
- KPMG has extensive experience, locally and nationally in the NFP sector. KPMG is a leading auditor of Canadian pension funds. Of the top 100 pension funds that are audited by public accounting firms, KPMG audits 30% of the funds. Their Winnipeg office has approximately 110 employees including 12 partners, 24 managers/senior managers, and 60 senior accountants. They have a significant NPO practice within the Winnipeg office, and is a leading auditor of the NPO and public sector organizations across Canada.
  - Shawna Lounsbury, Engagement Partner – has over 25 years of public accounting experience in the Winnipeg Office. She is recognized as a leading specialist with respect to KPMG's audit methodology and a member of their national NPO and Public sector practice. Shawna has significant experience with clients in the NPO sector, including her work on our Association and related programs. Other NPOs include Healthcare Employees Pension and Benefit Plans, the Pension Plan for the Employees of the Manitoba Museum and the Lutheran Church Canada Defined Benefit Pension Plan.
  - Austin Abas, Engagement Quality Control Reviewer – has over 25 years of experience and has been the lead engagement partner on a number of NFP organizations. His clients include school divisions, not for profit entities, investment corporations, government and others. He is the Managing Partner of KPMG Winnipeg office. Clients relevant to MSBA include the **University of Winnipeg, Red River College, the Louis Riel School Division, Winnipeg School Division, St Mary's Academy**, and Cancer Care Manitoba. Austin is the quality control review partner on clients such as the Healthcare Employees Pension and Benefits Plan, and the Manitoba Municipal Employees Pension Plan Trust Fund.
  - Shannon Magnusson, Senior Manager – has several years of experience working with NFP organizations including our Association. Other clients include the **Pembina Trails School Division, Winnipeg School Division, Red River College**, The City of Winnipeg, the Winnipeg Art Gallery and the Manitoba Museum.
- Deloitte's Winnipeg office is one of the largest public accounting and management-consulting firms operating in Manitoba with 190 people representing a full service office. Within the Winnipeg office is the Deloitte Private group, a dedicated group of professionals with a sole focus on providing service to many of Manitoba's leading private companies, public sector and not-for-profit organizations.
  - Jeff Martin, Lead Client Service Partner has 30 years experience in assurance and advisory services, including many years auditing not for profit organizations. He works with education industry clients such as **River East Transcona School Division, Frontier School Division, St. Johns Ravenscourt** and **St. Paul's High School**.
  - Rebecca Crook, Manager has four years of experience working with audit teams. She has direct audit experience in school divisions and education clients in Manitoba such as **River East Transcona School Division** and **Universite de Saint-Boniface**.
  - Fraser McLean is the Manager in the Risk Advisory Group and has seven years experience in auditing in the IT environment.

- MNP was founded in 1945 and has grown from a single office in Manitoba to a national firm with over 50 offices across Canada. They operate nine full time offices throughout Manitoba, including the Winnipeg Office-, which has 250 staff members, including 35 Partners.
  - Jeff Eckstein, Engagement Partner, dealing with entities in private, public and NFP sectors – over 15 years experience with retail cooperatives, NFP organizations, including independent schools and the public sector.
  - Wayne Lusk, Quality Review Partner – over 20 years experience in providing services to NFP organizations, municipalities, school divisions and regional health authorities.
  - Janessa Penner, Engagement Manager – over five years experience dealing with entities in the NFP sector.
- EY is currently working with a variety of not for profit agencies. Their Winnipeg office has approximately 100 employees, and they have been in Canada for over 150 years. They do not appear to have any education-industry clients in Manitoba.
  - Ashraf El-Bakri, Assurance Partner has more than 17 years of experience in providing assurance services to not for profit organizations.
  - Theo Martin, Audit Manager has over five years experience working with not for profit organizations.
  - Cheryl Atchison, Lead Client Service Partner is available to the audit team and brings not for profit industry specific insights.
  - Francis Low, their Pension Specialist Partner has over 20 years of experience in auditing pension plans and has dedicated more than 70% of his time to the pension sector. He will ADVISE on the audit on any audit pension matters IF NEEDED.

**Criteria #6: Other Services**

- BDO offers several services on a complimentary basis:
  - Publications and interpretations, Professional Development sessions, Seminars, and Executive Roundtables
  - Non-audit professional services on a fee for service basis including IT Risks and Security assessment, Disaster Recovery procedures, Employee benefit/retirement plan section and evaluation, feasibility studies, etc.
- MNP offers a broad range of customized solutions in addition to the Assurance audit including Business Planning, Taxation reviews, Business Risk evaluations, Human Resource Consulting, and Information Technology services. As part of the initial audit, MNP will perform free of charge a high-level cyber security risk health check assessment (valued at \$3000), will be based on a workshop held with our IT area where the “20 critical controls for effective cyber defense” will be discussed.
- KPMG has a wide range of professional and advisory services available.
  - Three main practice areas include Management consulting, Risk consulting, and Deal Advisory. The also offer Value added services such as Seminars, Webinars, Fraud awareness reviews, publications, and knowledge sharing on new developments in the audit and accounting industry.
- EY has many complimentary programs, sessions and resources that the Association will have access to. Data analytics, cyber security and tax services are some key services they have listed.

- Deloitte lists advisory services as other services offered. They have a Deloitte 360 flagship event, including insights on key trends, breakout sessions and keynote speakers.
- Scarrow does not list any 'other services' in their proposal.

**Criteria #7:** References – will check references when candidates are reduced to 2-3 firms.

**Criteria #8:** Proposed Fees

Fiscal 2017 audit fees with KPMG resulted in fees (including Administration costs) as follows:

- MSBA \$11,220
- MSIP/MSIL \$ 9,110
- MUST \$ 2,900
- PENSION ADM/PLAN \$21,210
- CNCM \$ 3,625

KPMG, since they are our current auditors would have no transition costs or transition meetings. All other firms stated that as part of their investment in what is hoped to be a long-standing Auditor-Client relationship they would not charge for the transition costs.

I have included a chart below comparing cost per-program and the total cost for each of the firms. Note that the firms in the second, third and fourth place are all within \$3,200 of each other.

	<u>MSBA</u>	<u>MSIP/MSIL</u>	<u>MUST</u>	<u>PENSION PLAN/ADM</u>	<u>CNCM</u>	<u>Discount-ALL</u>	<u>Admin Fees</u>	<u>All</u>
Scarrow	5,250	6,000	2,750	23,250	4,000		included	41,250
MNP	8,500	9,875	3,000	13,750	5,000		2,006	42,131
EY	12,000	8,500	3,000	21,000	4,500		included	49,000
KPMG	12,000	9,350	2,900	21,150	3,625		included	49,025
BDO	10,000	12,640	4,500	21,000	4,050		included	52,190
Deloitte	22,500	23,250	5,250	42,000	8,250	(3,000)	6,878	105,128

Some firms have listed administrative fees as a percentage, and some state that the fees are inclusive of administrative fees.

### Summary and recommendation

I have applied a rating scale of one to six on each of the criteria listed above, with one being the highest rating and six being the lowest rating on the scale. Added up, the firm with the lowest rating would be our best candidate. Firms receiving a rating of six have been highlighted to visually identify the lowest rating on each criteria.

		KPMG	BDO	DEL.	MNP	EY	SD
Criteria 1	Authorized person	1	1	1	1	1	1
Criteria 2	Received on time at proper location	1	1	1	1	1	1
Criteria 3	Understanding of engagement	1	2	3	2	6	5
Criteria 4	Experience with NFP/Pension audits	1	2	3	4	5	6
Criteria 5	Personnel qualifications /experience	2	3	1	5	4	6
Criteria 6	Other services	1	1	4	1	5	6
Criteria 7	References	will check references when a preliminary decision is made.					
Criteria 8	Proposed fees	4	5	6	2	3	1
	<b>Total – all criteria</b>	<b>11</b>	<b>15</b>	<b>19</b>	<b>16</b>	<b>25</b>	<b>26</b>

Rated on the criteria above, KPMG and BDO have the lowest totals and would be my top two recommendations for the audit contract. If price was not a consideration at all, then Deloitte would also be a consideration, but their proposed fees are at least double the other firms.

I would be willing to recommend either KPMG or BDO, but **my first choice would be to remain with KPMG.**

- Both firms have the highest level of Pension and Not-for-Profit clients, with KPMG representing the most pension clients.
- I have summarized below some points to consider for each of these two firms.

KPMG:

- Shawna at KPMG has a solid understanding of MSBA and related programs. She has been a valuable information source for our organization when looking for tax advice and accounting standards advice.
- Shawna brings over 25 years of public accounting experience, with significant experience advising public sector and NPO clients.
- They maintain Shawna as our Engagement Partner and Shannon as our Senior Manager while maintaining independence with the junior accountants that do the fieldwork regularly being new to our organization.
- Shawna is recognized as a leading specialist with respect to KPMG's audit methodology and is a member of their national NPO and public sector practice.

- KPMG audits 30% of the top 100 Canadian pension funds (32% of the assets)
- KPMG's education clients include Louis Riel School Division, Pembina Trails School Division, Winnipeg School Division, Seven Oaks School Division, and Red River College.
- KMPG's Pension clients include Healthcare Employees Pension and Benefits Plans, Lutheran Church Canada Defined Benefit Pension Plan, Manitoba Municipal Employees Pension and Benefit Plan Trust Funds, Musicians' Pension Fund of Canada, The City of Winnipeg Council Pension Plan, The Pension Plan for the Employees of the Manitoba Museum, University of Winnipeg Trusteed Pension Plan, Winnipeg School Division Pension Plan, and Winpak Ltd. Pension Plans.
- KPMG has a proven track record with MSBA; they have delivered timely services to MSBA in the past with the highest degree of integrity in a proactive and professional manner.
- As far back as our 1980 financial statements, we have used Thorne Riddell Chartered Accountants, which is one of the predecessor firms to KPMG. (*predecessor firms also include Ernst & Whinney, Stevenson Kellogg, & Whinney, and Peat Marwick*)

**BDO:**

- BDO Canada serves over 3000 NPO organizations across a wide range of industry sectors.
- Lauren, the Engagement Partner assigned to this proposal, has over 19 years of experience with over 50% of her clients in the NPO sector.
- Lauren is the leader of the Pension Plan Industry Group in Manitoba.
- BDO serves over 350 pension and benefit clients across Canada, and they have a Pension Plan industry group that meets regularly to discuss issues relevant to the sector.
- BDO Partner and Manager assigned to this proposal both currently work on five school Division clients.
- BDO's education clients include DSFM, Interlake School Division, Lord Selkirk School Division, Red River Valley School Division, Sunrise School Divisions, the Manitoba Teachers Society, as well as over 10 related Special Area Groups (including the MPSE group plans), and the Winnipeg Teachers Association.
- BDO's pension clients include Universite de Saint Boniface Pension Plan. Lauren works with eleven pension and benefits plans that follow the Canadian Accounting standards for pension plans.

### **Different deciding bodies**

It is my understanding that the Pension Trustees will make the auditor decision for the Pension Plan and the Pension Administration Fund, and the Child Nutrition Council will make the auditor decision for the Child Nutrition Council, with the MSBA Executive making the decision for the rest.

My recommendation **as it specifically relates to the Child Nutrition Council remains as KPMG**. KPMG has proposed the lowest fees for CNCM, and their knowledge of the NPO industry is a valuable resource. All proposals do have the expertise to perform the CNCM audit, and so the fees would certainly be a major consideration at this point for CNCM.

My recommendation **as it specifically relates to the Pension Plan and the Pension Plan Administration fund remains as KPMG**:

- Scarrow & Donald, MNP and EY do not seem to have substantial pension experience listed for their Winnipeg offices and so I would not recommend any of these three firms.
- Although price would not be my first criteria, Deloitte has priced themselves out of the proposal with their fees for the pension audits at \$42,000 combined, compared to KPMG and BDO both in the \$21,000 range.
- BDO and KPMG both list several pension clients in their Winnipeg offices, and both work with pension and benefit plans within the education industry.
- Comparing cost, KPMG and BDO have proposed at the same level at \$21,000 for BDO and \$21,150 for KPMG so cost will not be a factor.