



Municipality of:
French River,
Killarney,
Markstay-Warren
and
St.-Charles

**SHARED REQUEST FOR PROPOSALS
FOR
MUNICIPAL AUDITING SERVICES**

Tender #2017-09

**Prepared By: Celine Anderson
On: November 6, 2017**

1. Introduction

The Municipalities of French-River, Killarney, Markstay-Warren and St. Charles (herein after referred to as SEM) are looking at sharing many similar services. We believe there is an opportunity for cost savings if all 4 municipalities had the same auditors. The Municipality of Killarney is currently in a two year agreement for their auditing services and French River for one year. Once their contracts are completed they would be joining in on the shared service for auditing services.

2. Information

SEM wishes to appoint auditors to carry out examinations of the records and financial statements of the Corporations. The appointment will commence with the examination for the fiscal year ending December 31, 2017 and for the four years following ending with the Audit of December 31, 2020.

Proposals are invited from firms of Chartered Accountants who are licensed under the *Public Accounting Act, 2004*, have significant experience in providing audit services to Ontario municipalities and are qualified within the conditions outlined in Section 296 of the *Municipal Act*, S.O. 2001, c.25.

Municipal Information:

	French River	Killarney	Markstay-Warren	St.-Charles
Bio	Three urban areas (Alban Noelville, Monetville) over 734.3 km ² of land.	Located on the shore of Georgian Bay we have a huge geographic area of 1,578 square kilometers touching on the districts of Manitoulin, Sudbury and Parry Sound. Have a small permanent population of approx. 405 persons. There are 2 provincial parks also in our jurisdiction.	Three urban areas, namely; the community of Warren, the community of Hagar and the community of Markstay over 520 km ² of land.	Boasts the natural beauty of the West Arm of Lake Nipissing and Lake Nepewassi.
# of dwellings	3149	765	1,309	573
# of population	2662	405	2,656	1,269
Assessment value	541,031,442	248,432,017	227,965,808	174,939,244
Annual Budget	7.6M	6.0M	4.5M	3.8M
# of employees ft/pt/seasonal	30	9/5/4	16/4/5	13/3/4
# of Council Members	7	6	5	5
Municipal Water System	No	Yes (filtration plant)	YES (1 System is a re-chlorination from the city of Sudbury and	No

			distributed. The other system is from a well, then treated and distributed)	
Municipal Waste Water System	YES - lagoon septic disposal system for town of Noelville only.	Yes – 2 Lagoons	YES – lagoon septic disposal system	YES – lagoon septic disposal system
Landfill	YES x 1	Yes – 2 & 1 owned by MNR but operated at 100% cost by the municipality	Yes – 3 (1 Active, 1 Non-Active, 1 Sanitary Site still under monitoring)	YES x 1
KM of Roads	189.9km	24.2 Km	214 km	87.4 km
Waste Collection	Depot Sites	Public Works picks up door to door in the village only.	Door to door pick up under contract	Door to door pick up under contract
Recycling Collection	Depot Sites	Same as Garbage Collection	NONE	Door to door pick up contract
Accounting Software Used	Dynamics GP	Vadim	Vadim	Vadim
Budget Done in	GP & Excel	Excel	Vadim & Excel	Excel
TCA tracked in	Excel	Excel	Excel	Excel

3. Process

a. Closing date and time.

Proposal must be delivered to Céline Anderson, Treasurer/Deputy Clerk, Municipality of Markstay-Warren, P.O. Box 79, 21 Main Street S. Markstay, Ontario, POM 2G0; **no later than 2:00 p.m. November 28, 2017**. The envelopes/packages must be clearly marked "Proposal For Audit Services". Electronic responses will be accepted at: canderson@markstay-warren.ca.

b. Rights Reserved

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless otherwise specifically noted in the proposal submitted by the Firm and confirmed in the contract between SEM and the Firm selected.

SEM reserves the right without prejudice to reject any or all proposals and to determine in its own best judgment the firm best qualified to undertake this contract. SEM shall not be liable for any cost incurred by the proposers in the preparation of their response to this proposal or attendance at any selection interviews.

c. Responses from Auditor Firms

One (1) copy ONLY of the response to the Request for Proposal, must be provided. The copy must be bound and include a cover page that clearly identifies the audit firm responding. A table of

contents should facilitate cross-referencing of the information in the proposal and would be appreciated. Submissions in binders are not acceptable.

4. Audit Scope and Requirements

a. General

The audit services shall include all duties as required under the Ontario Municipal Act and Generally Accepted Auditing Standards, and other applicable acts. Services shall include:

	French River	Killarney	Markstay-Warren	St.-Charles
Municipal Audit	YES	YES	YES	YES
Preparation of English Non-Consolidated Financial Statements	YES	YES	YES	YES
Preparation of FIR	NO	YES	NO	NO
Audit of Library	YES	NO	NO – included in GL	YES
Preparation of English Non-Consolidated Financial Statements - Library	YES	NO	Scheduled attached to Financial Statements	YES
Preparation of English Consolidated Financial Statements	YES	YES	NO	YES
Attend the necessary meetings of Council (Max of 3)	YES	NO	YES (1 MEETING)	YES
Attend the necessary meetings of Library Board (Max of 1)	YES	NO	NO	YES
Preparation of Financial Statements for the Trust Funds	YES	YES	YES	YES
Adjusting and reclassing entries (maximum of 10)	YES	YES & perhaps more	YES (as needed)	YES
Calculations of Post Closure Liability for Landfill	NO	YES	YES	NO
Any other Financial Statements needed for separate entity such as Health Centers, Community Development Corporations?	NO	Yes - Health Centre	NO	NO

b. Annual Schedule

Before October 31st of each year, the auditors shall meet with the Treasurer of each municipality to discuss and agree upon the following:

- A schedule for the completion and audit of the various financial statements for the current year.
- A list of the necessary schedules, working papers, analyses and, other information to be prepared by staff.
- A list of the personnel assigned to the audit complete with a breakdown of how the audit hours will be utilized (i.e. fund analyses, confirmations, etc.)

- d) Scope and audit fees.
- e) On-site audits must be scheduled for completion by April 30th of each year. On-site auditing must be between the hours of 9:00 a.m. and 4:30 p.m.
- f) The audited financial statements must be presented to the Municipality no later than Jun 30th each fiscal year.

c. 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 each of the financial statements, inform and fully discuss such matters with the Treasurer and C.A.O of the respective municipality. In addition, the auditors shall, as far as possible, allow staff a reasonable period of time to review, and take such corrective action as may be required to avoid the inclusion as such qualification.

d. Meetings and Subsequent Assistance

The auditors will attend such meetings as are called to discuss their work and reports and shall provide such information as requested to keep staff current with the progress of the audit and to resolve any concerns or queries staff and/or council may have regarding the audit of the financial statements. We expect some support throughout the year on various technical issues, whether it be for accounting related manners or internal controls.

e. Post-Audit "Management Letter"

Immediately following completion of the audit of the annual statements, the auditors shall prepare and deliver to the Treasurer and CAO, draft letters conveying any concerns relative to the internal accounting, operating controls and/or other matters of material importance with respect to the Municipality or any of its local boards or entities, which may have been discovered in the course of the audit. The auditors shall also provide recommendations as to such corrective actions as may be required, and be prepared to provide advice and assistance with regard to implementation if required to do so. The auditors shall meet with appropriate staff to discuss the comments. Following agreement as to the factual accuracy of the observations, a revised management letter (if necessary) shall be submitted to Council together with the appropriate staff responses.

f. Terms of Engagement

To provide for a degree of continuity and familiarity in the provision of audit services and given the scope and complexity of an audit SEM will consider an appointment for a period of four years. Consideration would then be given to either recalling proposals or reappointing the existing auditors for a further term. Further, the contract may be terminated upon (30) day's written notice by either party at the end of any audit year.

g. Persons Assigned to the Audit

The persons assigned to the audit should be those originally proposed. Any subsequent changes to audit personnel should be reviewed with the client.

5. Proposal Content

The candidate firms will be evaluated on the basis of mandatory criteria, the technical qualifications of the audit personnel assigned to the audit, and the technical qualifications and audit approach of the audit firm. Therefore the proposal should:

a. Mandatory Criteria

- a) Provide satisfactory evidence that the Ministry licenses your firm as a municipal auditor.
- b) Provide details of experience in auditing highly computerized public sector organizations.
- c) Describe the auditing techniques to be applied to this audit engagement, and your firm's quality control program.
- d) Indicate which local office will be assigned the audit and provide the number of people by level located in that office.

b. Audit Firm Technical Qualifications

- a) Provide a list of the firm's current and prior public sector audit clients and a list of those that can be contacted as references.
- b) Indicate the firm's experience in providing auxiliary services such as comprehensive audit services, tax services, etc.
- c) Provide a list of financial software packages they are knowledgeable and experienced in. Also any other electronic media, software and/or hardware they can support or provide advice on.

6. Evaluation Process

A committee consisting of the CAO/Clerks and Treasurers of SEM will evaluate proposals submitted. The Selection Committee will use a point formula during the review process to rank proposals. The Selection Committee may invite the firms with the highest technical rankings to make an oral presentation to the municipal council. If selected to make an oral presentation, it is expected that the partner and manager who will be assigned to the audit will be present to meet that Committee, and will make the presentation on behalf of the firm. It is anticipated that a firm will be appointed before year-end 2017.

7. Insurance requirements

Without restricting the generality of Indemnification, the successful proponent is required to maintain the following insurance coverage for the entire term of the contract and any subsequent maintenance period;

- General Liability Insurance Coverage with a limit of no less than \$2,000,000.
- Professional Liability Insurance with a limit no less than \$2,000,000.

The proponent shall provide each municipality with proof of insurance in a form of a certificate of insurance. It is understood and agreed that the coverage provided will not be changed or amended in any way, nor cancelled by the proponent until 60 days after written notice by registered mail of such change or cancellations has been delivered to the municipalities.

Failure to the proponent to maintain its Certificate of Insurance current will result in the contract being terminated.

8. **Evaluation Criteria**

The following scoring and weighting system will apply to the review and evaluation of each proponent's technical qualifications:

Technical Qualifications	Score	Weight
(a) <u>Firm</u>		
(i) Public sector audit, experience and references	1-5	20%
(ii) Experience in providing additional services and appropriate references	1-5	15%
Total Firm		35%
(b) <u>Personnel assigned to audit</u>		
(i) Public sector audit experience	1-5	25%
(ii) Relevant educational background	1-5	5%
(iii) Specialized skills, training or background in public finance	1-5	5%
Total Personnel		35%
(c) <u>Audit Approach</u>		
(i) Type of audit program	1-5	5%
(ii) Adequacy of sampling techniques	1-5	5%
(iii) Computer audit expertise	1-5	5%
(iv) Adequacy of proposed staffing plan (hours/level) for various segments of the engagement	1-5	5%
Total Approach		20%
(d) Presentation <u>and compliance</u> with Request for Proposal		10%
Total		100%

9. Cost Submission Form

	French River	Killarney	Markstay-Warren	St.-Charles
Municipal Audit and Accounting Services as per item 4a.				
Additional Journal entries / reclass entries (per block of 5 additional)				
Changes in financial statement format and presentation as required by the various supporting Ministries and/or accounting standards requiring regrouping and restatement of the previous year's comparative figures.				
Special audits arising from the introduction of new programs as requested by the various Ministries.				
Attendance at the Council meetings other than to present the year-end audited financial statements.				
Other Advisory hourly rate				