



REQUEST FOR PROPOSALS

The Corporation of the City of Rosland Annual Financial Audit

Closing Date:

Friday, September 29, 2017 at 2:00 pm Pacific Time

City Hall

1899 Columbia Ave

PO Box 1179

Rosland BC V0G 1Y0

The Corporation of the City of Rossland – RFP External Auditor

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Introduction

The Corporation of the City of Rossland (City of Rossland) invites audit firms to submit proposals for auditing the financial statement of the City of Rossland.

Audits must be planned and executed in accordance with Canadian general accepted auditing standards and the provisions of the Local Government Act and Community Charter. Audits will result in an opinion to the City's Council as to the fairness of the annual consolidated financial statements and related schedules.

The Auditor should have experience and expertise in performing municipal audits, be free of any obligations or interests that may conflict or affect their ability to perform and act as the Auditor of the City and have the capacity to provide this service in a timely manner.

All inquiries regarding this RFP should be directed to:

City of Rossland
Attention: Elma Hamming, CPA, CMA
Chief Financial Officer
1899 Columbia Ave
PO Box 1179
Rossland BC V0G 1Y0
Email: cfo@rossland.ca
Phone: (250) 362-7396 Fax: (250) 362-5451

Term and General Conditions of Engagement

The selected firm will be appointed to provide external audit services for a period of five years beginning with the annual audit of the fiscal year ending December 31, 2017 to the fiscal year ending December 31, 2021 inclusive.

The appointment may be cancelled at any time, if in the opinion of the City of Rossland the work of the Auditor does not meet Canadian generally accepted auditing standards or legislated timelines.

Acceptance of Proposals

The City of Rossland reserves the right to reject any and all Proposals for any reason or accept any Proposal on the basis of proposals received with the City, which in its sole unrestricted discretion, is deemed the most advantageous to itself. The lowest of any proposal may not necessarily be accepted. The Proponent acknowledges the City's rights under this clause and absolutely waives any right of action against the City's failure to accept its proposal whether such right of action arises in contract, negligence, bad faith or any other action. The acceptance of any Proposal is subject to approval by the City's Council.

Selected Contract Terms

Awarding of Contract

Notice in writing to the successful Proponent of the approval of its Proposal and the appointment of auditors by the City of Rossland's Council and the subsequent execution of an engagement letter and contact shall constitute the making of the Contract for Services. The Proponent will not, without written consent of the City of Rossland, assign or transfer this contract or any part thereof.

Remuneration

With reference to remuneration:

- in no case will the total remuneration for each fiscal year exceed the all-inclusive maximum fee as agreed to in both the letters of transmittal and the engagement as amended by any approved changes; and
- any changes to the purpose of the audit or inclusion of additional work shall be in writing by the auditor and the City of Rossland as to remuneration prior to the commencement of any work.

Termination

The City of Rossland may terminate this Agreement at any time:

- (a) for inadequate or non-performance; or
- (b) for breach of any term agreed to; or
- (c) if the Audit Firm is adjudged bankrupt or makes a general assignment for the benefit of creditors, or a receiver, trustee in bankruptcy or similar officer is appointed to take charge of all or part of its property; and such conditions are not cured within thirty (30) days of notice thereof from the City of Rossland to the Audit Firm; or
- (d) failure to complete work by stipulated key audit dates; or
- (e) upon thirty (30) days notice.

Indemnity

The Audit Firm will indemnify and save harmless the City of Rossland, its employees and agents from and against all claims, demands, losses, damages, costs and expenses made against or incurred, suffered or sustained by the City of Rossland at any time or times (either before or after the expiration or sooner termination of the Audit Firm) where the same or any of them are based upon or arise out of or from anything done or omitted to be done by the Audit Firm or by any servant, employee, officer, director of subcontractor of the Audit Firm.

Insurance

The Auditor shall maintain professional liability with respect to professional liability as required and specifically named for the Services, including errors and omissions, with a limit of not less than \$1,000,000 per occurrence with respect to the Services alone. The Auditor shall, without limiting its obligations or liabilities and at its own expense, provide and maintain insurance for its own equipment and continuously carry insurance with insurers licensed in British Columbia. The Proponent is responsible for all insurance costs (as required by law). The Proponent will provide verified copies of required insurance policies when requested.

Registration with WorkSafe BC

The Auditor will be registered with WorkSafe BC and maintain WorkSafe BC coverage for the duration of the engagement. The Auditor will abide by all provisions of the Workers Compensation Act of British Columbia and provide proof to the City that all assessments have been paid and that they are in good standing. It is a condition of contract that the Auditor must remain in good standing throughout the term of any contract between the City and the Auditor.

Experience and Qualifications

The Proponent must meet the following minimum requirements to be considered for evaluation pursuant to this RFP:

1. The assigned supervisory staff must hold a valid accounting designation and have previous experience in performing a municipal audit engagement.
2. Completed a municipal audit of similar size and scope (or greater) within the last three years.
3. Demonstrate an understanding of legislation relevant to the local government environment.
4. Have sufficient staffing, facilities, financial resources and expertise to address the scope of the audit services.
5. Demonstrate a commitment to providing reasonable annual continuity of experienced and qualified personnel.

Background Information

The City of Rossland is located in the West Kootenay region of southern British Columbia. The current population is estimated to be 3,426.

The City's 2017 operating budget is approximately \$6 million with an additional \$7 million capital budget.

Information and estimated 2016 activity are as follows:

Payroll Employees	Full time	31	Part time	7
Accounts Payable	Cheques	1427	Online Payments	505

The City of Rossland utilizes the Vadim/ICity Financial software package. The software includes modules for general ledger and financial reporting, budget, fixed assets, payroll, accounts receivable, property tax, utilities, business licensing, pet licensing, municipal ticketing, building permits, cash collection, inventory and accounts payable. The City of Rossland utilizes Caseware Financials to prepare audit working papers and Financial Statements.

Financial statements for the City can be found at www.rossland.ca under City Hall / Document Library / City Services / Financial Services.

SCOPE OF SERVICES

Services

The Auditor will be required to examine the financial records, systems and controls of the City of Rossland in accordance with the Canadian generally accepted auditing standards and the provisions of the Local Government Act and Community Charter, and to then provide written audit reports with an audit opinion on the consolidated financial statements as prepared by City staff for the City of Rossland.

This is a public sector audit. The public and legislators have high expectations that public officials will conduct business in a proper and prudent manner, giving every regard to spending taxpayers' money wisely. The Auditors should remain alert during the engagement for:

- a lack of accountability in the use and management of public monies;
- instances of waste or misuse of public resources;
- a lack of probity in behaviour; or
- a lack of compliance with financial and other legislation.

Any instances should be reported in the management letter.

The Auditor's report should be suitable for printing within the financial statements and be addressed to the Council of the City of Rossland. The Auditor will be required to attend a meeting of Council to present and explain as necessary the audit reports.

In compliance with the Community Charter, Council will appoint an Auditor (or Audit Firm) for audit services; however, other firms may be used for other financial services if it is deemed more advantageous or appropriate to do so. The City, therefore, expressly reserves the right, at its sole discretion, to use other financial services and financial firms.

The City wishes to be advised of any weaknesses in internal control noted during the audit or other area of concern, prior to the issue of the Management Letter. The Auditor shall provide appropriate beneficial suggestions to improve areas of concern. The Auditor shall communicate in a post-audit report and in the form of a Management Letter to the City Council any reportable conditions, as determined by the Auditor, found during the audit.

The Auditor will ensure all new or changed reporting requirements and auditing standards are communicated to the City of Rossland, in writing, to ensure that financial statements and notes prepared by management are in compliance with current reporting requirements and auditing standards.

The Auditor will respond to and discuss with the City's staff accounting, auditing, tax and other issues arising throughout the year. Inquiries, if any, are infrequent, usually brief and specific in nature, and may require a written confirmation. It is expected that such inquiries would be included in the fee schedule provided and would not incur additional billing or that City staff would be advised of any additional charges prior to services being provided.

Qualified Statement

The Auditor shall immediately upon discovery of information or conditions, which would otherwise lead to the inclusion of a qualified opinion with respect to the financial statements, inform and fully discuss such matters with the appropriate City staff. In addition, the Auditor shall as far as possible, allow a reasonable period of time for City staff to make an investigation, analyze, report and take such corrective action as to avoid the inclusion of such qualification.

Annual Audit Schedule

Before October 15th of each year, the Auditor shall correspond with the City staff to discuss and agree to the key dates by which necessary information is to be assembled by the City.

Key Audit Dates

- | | |
|--|---------------------------|
| • Completion of interim audit | December 15 th |
| • Completion of year-end field work | March 15 th |
| • Submission of audit adjustments and draft findings | March 31 st |
| • Issuance of reports | April 15 th |

City staff will be responsible for the year-end close and financial statement preparation. City staff will assist the Auditor by preparing a full set of working papers, schedules, a trial balance and supporting documentation on a timely basis. The City will create the final statements and will take responsibility for the production of the audit report provided through CaseWare.

Both the City staff and the Auditor will be jointly responsible for the preparation and processing of all confirmation letters.

The City's solicitors will provide annually a representation letter as required pursuant to the Canadian Bar Association and the Auditing Standards Committee of the CICA.

Proposal Requirements

A covering letter shall be provided with the proposal clearly stating the accounting firm's understanding of the services to be provided. The letter must include the name(s) of the person(s) who will be authorized to make representations for the firm, their title(s) and telephone number(s). The person signing the covering letter must be authorized to bind the Proponent.

Proponents must respond to the items listed below in the order they are presented. The proposal should include a table of contents identifying the topics by page number. Proposals, as a minimum, should include:

1. **Company Profile and Contact:** A brief profile of your firm (1 to 2 pages) indicating the scope of its practice, the range of activities performed by the firm, such as auditing, tax service, accounting or management services. Identify the Proponent's contact person, phone number and email address. State the home office address as well as the address and phone number of any local office that will manage or assist in managing this audit.
2. **Experience with Municipal Audits:** List current and past public sector audit clients and indicate the number of years your firm has been the auditor for each client. Describe your familiarity and experience with PSAB accounting and auditing standards.
3. **Audit Staffing:** Name and brief resume of the partner(s), manager(s) and other key staff who would be assigned to this audit.
4. **Audit Implementation:** Proposals must clearly show the firm's understanding of the work to be performed, audit approach and commitment to perform the work within the time period specified in the annual schedule. This would include the approach to be used to obtain an understanding of the City's structure and systems as well as a proposed schedule and any specific techniques or processes to be used for the interim audit and annual audit.
5. **Other Services:** Description of the methodology to be used for keeping the City abreast of any changes in accounting principles or legislation that would impact the annual financial statements.
6. **Description of non-auditing professional services provided to other local Government clients and innovative products offered by your firm as well as any specific pricing structure for such services.**

7. Fee Proposal: the audit fee should be in the following format:

Staff Assigned	Hours	Rate	Fee
Partners	xx	xxx	\$xxx
Managers	xx	xxx	xxx
Seniors	xx	xxx	xxx
Staff Support	xx	xxx	xxx
Total Hours/Fees	xx	xxx	xxx
Other Disbursements (identify)			xxx
Total Maximum Fee			\$xxx

8. References: Three references at least two of which must be municipal audits within the last three years. Include number of years of service to and a contact name, telephone number and email address for each reference.

Proposal Evaluation Criteria

Proponents must meet the following mandatory requirements to be considered for further evaluation:

- Proposal completed and signed by a person authorized to bind the Proponent to statements made in the submission.
- Three (3) duly signed copies of the Proposal submitted.
- Proposal received at the closing location by the specified closing date and time.

Proposals that comply with the mandatory requirements will be evaluated on the basis of the following:

Criteria
Understanding of Engagement/Proposal <ul style="list-style-type: none"> - Demonstration of understanding of City structure and governance
Experience with Municipal Audits <ul style="list-style-type: none"> - Municipal audit experience - Knowledge of Vadim/ICity Software - Knowledge and use of current version of CaseWare Software
Personnel <ul style="list-style-type: none"> - Public sector audit experience with organization of similar size and complexity - Experience and qualifications of audit team

<p>Audit Implementation</p> <ul style="list-style-type: none"> - Statement of full understanding of the objective and scope of work for the audit - Audit plan, including number of hours anticipated to complete the audit split between interim and final audit - Approach to gain an understanding of the structure and operations of the City - Quality of the proposal in terms of methodology and approach to the audit - Commitment to meeting mandatory deadline dates
<p>Additional Services</p> <ul style="list-style-type: none"> - Ability to provide additional services such as: <ul style="list-style-type: none"> o Corporation T2 completion o PSAB advice o GST/HST advice o General Income Tax advice
<p>References</p>
<p>Audit Fee</p> <p>Fees should be listed net of GST and include:</p> <ul style="list-style-type: none"> - Professional fees of audit and support staff based on person hours - Estimated disbursements and administrative fees - Value added services bundled with the audit service fees - Estimated hours required and levels of staff to be assigned and hourly billing rates

The Proponent must provide an affirmative statement that it is an independent of the City of Rossland.

Closing Date and Time

Three (3) complete copies of each proposal must be received by **2:00 pm Pacific Time, on Friday, September 29, 2017** at:

**City of Rossland
1899 Columbia Ave
PO Box 1179
Rossland BC V0G 1Y0**

Proposals must not be sent by facsimile. Proposals and their envelopes should be clearly marked with the name and address of the firm and words "Audit Proposal". Late proposals will not be accepted and will be returned.

Addenda

Addenda may be issued during the Proposal period in response to queries received. Addenda will be sent in electronic format to all Proponents who have received RFP packages. All addenda must be considered and acknowledged when responding to this RFP. Verbal answers are binding only when confirmed by written addenda.

Freedom of Information

All proposals submitted become the property of the City of Rossland and as such are subject to the Freedom of Information and Protection of Privacy Legislation.

Confidentiality of Information

This document, or any portion thereof, may not be used for any purpose other than the submission of proposals.

Information pertaining to the City of Rossland obtained by the Proponent as a result of participation in this project is confidential and must not be disclosed except as required to fulfil the obligations of the Proponent under the Contract.

Proposal Irrevocability

- (a) By submission of a clear and detailed written notice, the Proponent may amend or withdraw its proposal prior to the closing date and time. At closing time, all proposals become irrevocable.
- (b) Proposals shall be firm for a period of at least 90 days from the RFP closing date, and shall be used as the basis for and be included as part of the contractual agreement that will be entered into with the selected firm.
- (c) By submission of a proposal, the Proponent agrees that should its proposal be successful, the Proponent will enter into a Letter of Engagement with the City of Rossland.

Expense of Audit Firm

The Audit Firm has the sole responsibility for any costs associated with preparing its Proposal in response to this RFP. In no event will the City of Rossland be responsible for the costs of preparation or submission of any Proposal. Furthermore, the Audit Firm, by submitting a proposal, agrees that it will not claim damages, for whatever reason, relating to the Agreement or in respect of the expenses incurred by the Audit Firm in preparing its proposal. The Audit Firm, by submitting a proposal, waives any claim for loss of profits if no agreement is made between the Audit Firm and the City of Rossland.

Liability for Errors

While the City of Rossland has used considerable efforts to ensure an accurate representation of information in the Request for Proposal, the information contained in this Request for Proposal is supplied solely as a guideline for Proponents. The information is not guaranteed or warranted to be accurate by the City of Rossland, nor is it necessarily comprehensive or exhaustive. Nothing in this Request for Proposal is intended to relieve Proponents from forming their own opinions and conclusions with respect to the matters addressed in this Request for Proposals.