



REQUEST FOR PROPOSAL

FOR

MUNICIPAL AUDITING SERVICES

Request #2021-03

Prepared By: Karine Pelletier
On: October 15, 2021

Purpose

This request for Proposal (RFP) is an invitation to submit proposals for the provisions of services for a Financial Audit for the Township of McGarry for a 6-year contract.

Background

The Corporation of the Township of McGarry is an incorporated municipal township in the Timiskaming District in Northeastern Ontario. It is a single-tier municipality located on the border with the Province of Quebec, 50 Kilometers East of the Town of Kirkland Lake, on Trans- Canada Highway 66. It is 8,850 hectares in area, which includes the villages of Virginiatown, North Virginiatown and Kearns. The Township is a bilingual Community with a current population of 609. The Township of McGarry has a Council comprised of 4 Councillors and 1 Mayor

1. Information

The Township of McGarry wishes to appoint an auditing firm to carry out examinations of the records and financial statements of the Corporation for a 6-year contract for the examination of fiscal years of 2020 to 2025.

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.S*

Requirements will include, but are not limited to (also refer to Section 3):

- Planning and performing the audit
- Performing tests of documentary evidence
- Evaluation of internal controls
- Preparation of Management Letter
- Review of adjusted journal entries
- Draft and final Audit Report
- Technical assistance throughout the fiscal year
- Review of the Year End Financial Reports

Services managed by the Township:

- Governance (5 Council members)
- Administration
- Treasury (annual budget between 1.5 to 2.5 million, Asyst is the accounting software)
- Human Resources (6 full time staff + 2 part time staff)
- Fire
- Police through OPP
- By-law Enforcement (in house)
- Building Enforcement through TMSA (shared service)
- Emergency Management
- Road maintenance
- Winter Controls
- No significant Bridges and Culverts
- Wastewater Collection and Disposal (OCWA is the operator)

- Water Distribution and Treatment (OCWA is the operator)
- Solid Waste Collection and Landfill
- Public Health Services provided by Timiskaming Health Unit and Centre de Santé Communautaire du Timiskaming
- Social Services provided by District of Timiskaming Social Services Administration Board
- Parks, Beach Waterfront
- Library (Governed by Library Board)
- Recreation Programs
- Tourist (Historical) Centre
- Recreation Facilities (Marina, Community Centre)

2. Process

a. Closing Date and Time

Proposal must be delivered to Karine Pelletier, Clerk-Treasurer, 27 Webster Street, PO Box 99, Virginiatown, Ontario, P0K 1X0; **no later than 2:00 p.m. November 4th, 2021**. Electronic responses are preferred at: kpelletier@mcgarry.ca. Please indicate the Request number in the subject line or on the envelope.

b. Rights Reserved

Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP unless otherwise specifically noted in the proposal submitted by the Firm and confirmed in the contract between the Township of McGarry and the Firm selected.

TOWNSHIP OF MCGARRY 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.

TOWNSHIP OF MCGARRY 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

Submission should 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.

Written submission: One (1) copy ONLY of the response to the Request for Proposal, must be provided. The copy must be bound. Submissions in binders are not acceptable.

Electronic submission: files must be emailed in PDF format.

3. 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:

- Municipal Audit
- Preparation of English Non-Consolidated Financial Statements
- Preparation of FIR
- Preparation of English Consolidated Financial Statements
- Attend the necessary meetings of Council (Max of 2)
- Adjusting and reclassing entries (maximum of 10)
- Provide the Township with adjusting entries and final trial balance upon completion of field work
- Calculations of Post Closure Liability for Landfill

b. Annual Schedule

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

- a) A schedule for the completion and audit of the various financial statements for the current year.
- b) A list of the necessary schedules, working papers, analysis and, other information to be prepared by staff.
- c) A list of the personnel assigned to the audit complete with a breakdown of how the audit hours will be utilized (i.e., fund analysis, 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 8:00 a.m. and 4:00 p.m.
- f) The audited financial statements must be presented to the Municipality no later than May 31st 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 Clerk-Treasurer. 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 Clerk-Treasurer, 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 the Township of McGarry will consider an appointment for a period of five 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 ninety (90) day’s written notice by either party.

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.

4. 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.

5. Evaluation Process

Council and the Clerk-Treasurer (The workgroup) will review and evaluate proposals submitted. The workgroup will use a point formula during the review process to rank proposals. The workgroup 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, and will make the presentation on behalf of the firm. It is anticipated that a firm will be appointed before the end December 2021.

6. 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 of no less than \$2,000,000.

The proponent shall provide a 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 municipality.

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

7. 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) <i>Firm</i>		
(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) <i>Personnel assigned to audit</i>		
(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) <i>Audit Approach</i>		
(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 <i>and compliance</i> with Request for Proposal	1-5	10%
Total		100%

8. Cost Submission Form

	Before HST
Municipal Audit and Accounting Services as per item 3a.	
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	