



**Request for Proposals (RFP)
Financial Audit Services for
District of Wells**

ISSUE DATE:

August 1, 2018

CLOSING DATE AND TIME:

4:00 PM local time, September 7, 2018

P.O. Box 219

Wells, BC

V0K 2R0

Phone: (250) 994-3330

administrator@wells.ca

www.wells.ca

**DISTRICT OF WELLS
REQUEST FOR PROPOSALS
FINANCIAL AUDIT SERVICES**

Introduction

The District of Wells invites qualified accounting firms to submit proposals to perform annual financial audits for the District. Audits must be planned and executed in accordance with Canadian generally accepted auditing standards and the provisions of the *Local Government Act* and *Community Charter*. Audits will result in an opinion to the District'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 interest that may conflict or affect their ability to perform and act as the Auditor of the District and have the capacity to provide this service in a timely manner.

Definitions

Throughout this Request for Proposals, the following definitions apply:

"Auditor" means the successful Proponent to this Request for Proposal;

"Audit services" means the financial audit of and resulting opinion on the annual consolidated financial statements of the District of Wells;

"District" means the District of Wells;

"Proponent" means an accounting firm that submits a proposal in response to this Request for Proposals;

"Proposal" means a submission in response to this Request for Proposals;

"PSAB" means the Public-Sector Accounting Board of Canada;

"RFP" means Request for Proposal;

"Services" means the works requested to be performed as per this RFP.

TERM AND GENERAL CONDITIONS OF ENGAGEMENT

Term of Engagement

It is the intention of the District of Wells to enter into a three-year agreement with the successful firm to provide external audit services beginning with the annual audit for the fiscal year ending December 31, 2018 to the fiscal year ending December 31, 2020 inclusive.

Acceptance of Proposals

The District of Wells reserves the right to reject any and all Proposals for any reason or to accept any Proposal on the basis of the Proposals received which the District, in its sole unrestricted discretion, deems most advantageous to itself. The lowest of any Proposal may not necessarily be accepted. The Proponent acknowledges the District's rights under this clause and absolutely waives any right of action against the District's failure to accept its Proposal whether such right of action arises in contract, negligence, bad faith or any other cause of action. The acceptance of any Proposal is subject to funds being legally available to complete this transition and/or approval by the District's Council.

Awarding of Contract

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

Insurance

The Auditor shall maintain professional liability insurance 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 licenses 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 District 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 District and 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 two 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 experiences and qualified personnel.

Background Information

The District of Wells, incorporated in 1998, is located in the Cariboo region of BC. The Wells area is a tourist destination as it is in close proximity to Bowron Lakes, Barkerville Historic Town and many recreational sites. The current population is approximately 245.

The District is governed by a five-member Council.

The District's 2017 total operating and capital budget is approximately \$1.2 million. Primary services provided to Wells' citizens include water and sewer, roads, parks, recreation, development services and fire protection.

Auditor qualifications, duties and powers are referenced in Sections 169-172 of the *Community Charter*.

Audit firms who are considering a Proposal can visit the District's website at www.wells.ca for a more detailed overview of the District's activities including financial statements for the past 5 years and the District's 2017 Annual Community Report.

Financial Systems

The District of Wells currently uses Vadim financial software. The software is run through remote server and includes accounts payable, cash receipting, budget, general ledger, payroll, and property tax functions.

SCOPE OF SERVICES

Services

The Auditor will be required to examine the financial records, systems and controls of the District of Wells in accordance with 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 the Auditor. The Auditor's report should be suitable for printing within the financial statements and be addressed to the Council of the District of Wells. The Auditor may be required to attend a meeting of the District of Wells 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 District, therefore, expressly reserves the right, at its sole discretion, to use other financial services and financial firms.

The District 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 District 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 District of Wells, 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 District staff any financial or 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 District 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 District staff. In addition, the Auditor shall as far as possible, allow a reasonable period of time for District staff to make an investigation, analyze, report and take such corrective action as to avoid the inclusion of such qualification.

Annual Audit Schedule

Before November 30th of each year, the Auditor shall correspond with District staff to discuss and agree upon a schedule of activities which will lead to the completion of the annual audit. The schedule of activities shall be finalized by November 30th of each year and shall set out the key dates by which necessary information is to be assembled by both parties. Please note the deadlines for arriving at a schedule of activities shall be extended during the first year of the contract (2018) and shall commence the second week of January. The basic timeline will be as follows:

- Schedule of client assistance, provided by the Auditor to the District staff by the second week of January
- District staff to provide supporting information
- Year-end audit, during March of each year
- Audit report and presentation to Council, mid-April of each year

District staff will assist the Auditor by preparing supporting documentation.

Both the District staff and the Auditor will be jointly responsible for the preparation and processing of all confirmation letters. The Auditor will be responsible for preparing the consolidated Financial Statements of the District.

AUDIT PROPOSALS

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 gain an understanding of the District’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 District abreast of any changes in accounting principles or legislation that would impact annual financial statements. 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.
6. **Fee Proposal:** Your firm's audit fee in the following format individually for the District of Wells:

Staff Assigned	Hours	Rate	Fee
Partners	_____	\$ _____	\$ _____
Managers	_____	\$ _____	\$ _____
Seniors	_____	\$ _____	\$ _____
Staff Support	_____	\$ _____	\$ _____
Total Hours/Fees	_____		\$ _____
Other			\$ _____
Disbursements (please identify)			
Total Fixed Fee			\$ _____

The fee schedule should include an all-inclusive maximum cost for the requested work for each of the three years.

7. **Billing Dates:** The proposed schedule of billing dates.
8. **References:** Three references at least two of which must be municipal audits within the last three years. Include numbers 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:

1. Proposal completed and signed by a person authorized to bind the Proponent to statements made in the submission.
2. One duly signed copy of the Proposal submitted.
3. 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 using the scoring matrix outlined in Appendix A:
 - a) Understanding of Engagement
 - b) Municipal Audits Experience
 - c) Audit Firm Personnel Qualifications and Experience
 - d) Audit Implementation
 - e) Additional Services
 - f) References
 - g) Audit Fee

Shortlisted firms may be required to attend a brief phone interview with the Chief Administrative Officer of the District of Wells. At a minimum, the audit partner and audit supervisor shall attend.

Submission of Proposals and Terms for Acceptance

A copy of the proposal must be submitted in a sealed envelope, clearly marked "RFP for External Audit Services", by courier, in person, or by email (due to the District's location) to:

Andrew Young, Chief Administrative Officer
District of Wells, PO Box 219, Wells, BC V0K 2R0
Administrator@wells.ca

Facsimile will **not** be accepted.

Submissions will be received until 4:00 p.m. on Friday, September 7, 2018

Proposals received after the deadline will not be considered and will be returned to the sender unopened. All proposals submitted will be irrevocable for ninety (90) days following the closing, subject only to the following:

- a) Notwithstanding the above, a Proponent will be permitted to withdraw their proposal prior to the closing provided that it has first notified the District in writing of its intention to do so. A firm that has so withdrawn a proposal may submit a new proposal prior to the closing, pursuant to this request, provided that such action is done in compliance herewith.

- b) Unless otherwise authorized in writing by the herein designated District Officer, a Proponent must not contact or communicate with any elected or appointed officer or employee of the District of Wells other than the designated employee in relation to the proposal prior to the award of such proposal by the District's Council. Any such communication will result in disqualification of the proposal from further consideration.

Default/ Termination

The District may, by Notice of Default to the successful Proponent, immediately terminate in whole or in part the contract if the Proponent fails to perform the services required. In the event the District does terminate the contract in whole or in part as specified above, the District may purchase services so terminated and the Proponent shall be liable to the District for any excess costs for such services and for reasonable liquidated damages.

The District (at its sole discretion) may immediately terminate any contract awarded through this RFP process if there is a major violation of agreed conditions or where the Proponent has taken an action against the District.

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.

DISTRICT OF WELLS CONTACT AND DISCLAIMER

Contact

Any inquiries regarding this request for proposal should be directed to the designated District of Wells Chief Administrative Officer, Andrew Young, at (250) 994-3330 or by email: administrator@wells.ca .

Disclaimer

The information contained in this RFP is supplied solely as a guideline for Proponents and is not guaranteed or warranted by the District of Wells to be accurate, nor is it necessarily comprehensive or exhaustive.

Each Proponent is responsible to review and understand the terms and conditions of this RFP, and the Scope of Services being requested. The District of Wells will not be responsible for any loss, damage or expense incurred by a Proponent as a result of any inaccuracy or incompleteness in this RFP, or as a result of any misunderstanding or misinterpretation of the terms of this RFP on the part of the Proponent. Further, the District of Wells is not liable for any costs incurred in the preparation of the proposals.

The District of Wells is subject to the provisions of the *Freedom of Information and Protection of Privacy Act*. As a result, while Section 20 of the *Act* does offer some protection for third party business interests, the District of Wells cannot guarantee that any information provided to the District of Wells can or will be held in confidence.

**APPENDIX A
PROPOSALS FOR EXTERNAL AUDIT SERVICE
EVALUATION MATRIX**

PROPONENT: _____

Criteria	Maximum Score	Firm's Score	Comments
Mandatory Criteria			
Cover letter completed and signed by person authorized to bind the Proponent to statements made in the submission. Sealed package containing two copies of the proposal. Proposal must be received at the closing location by the specified closing date and time.			
Point-rated Criteria			
1. Understanding of Proposal/Engagement -Demonstration of full understanding of District structure and governance	5		
2. Experience with Municipal Audits -Municipal auditing experience -Knowledge of information systems used by the District	15		
3. Personnel -Technical experience of the firm in performing public sector audits and experience with organizations of a similar size and complexity -Experience and qualifications of audit team proposed for the District's audit	10		
4. Audit Implementation -Statement of full understanding of the audit objectives and overall scope of work to be performed -Audit plan including number of person hours anticipated to perform the services -Approach used to gain an understanding of the District structure and operations -Quality of the proposal in terms of methodology and approach to the	15		

audit including a description of internal control evaluation -Estimate of District staff time required including a schedule outlining when required			
5. Additional Services -Accounting firm's ability to provide additional services to the District such as: -PSAB advice -Tax advice -General Income Tax Act Advice	5		
6. References	10		
7. Audit Fee -The proposed fees for the entity for the three-year term which are to be shown exclusive of taxes and include: -professional fees of audit and support staff based on person hours -estimated disbursements and administrative fees -value added services under the audit services fees -estimated hours required and levels of staff to be assigned to hourly billing rates	40		
TOTAL POINTS	100		