

**THE CORPORATION OF THE TOWN OF MATTAWA
REQUEST FOR PROPOSAL
MUNICIPAL AUDIT SERVICES**



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**Request for Proposal
Municipal Audit Services**

The Town of Mattawa is requesting proposals for the services of a qualified Chartered Accounting firm to conduct the Financial and Compliance Audit of the Town's operations. Services will include, but are not limited to:

- Planning and performing the audit
- Performing tests of documentary evidence
- Evaluation of internal controls
- Review 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

1. Background

The Town of Mattawa has a population of approximately 2,100 and provides municipal services, including administration, finance, public works, recreation, fire, water and wastewater, landfill, public library and cemetery.

The Council is composed of six elected members and an elected Mayor. The Chief Administrative Officer/Treasurer and Clerk/Deputy-Treasurer are responsible for the Town administration functions.

The Town utilizes one accounting system and one billing system, for its financial and operational reports. The John Dixon Public Library has a separate set of financial records and its own accounting system.

2. Auditing Standards

Financial statements are prepared to conform to Generally Accepted Accounting Principles (GAAP) and Canadian Institute of Chartered Accountants (CICA) hand book and/or Public Sector Accounting Board (PSAB) requirements. The auditor's opinion will be directed toward the fairness or presentation of the financial statements in accordance with GAAP. The auditor will also provide compliance reports as required under federal and provincial legislation.

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3. Audit Period and Term of Engagement

The proposal is for auditing services for a three-year term with separate audits for each Fiscal Year Ending December 31, 2019, 2020 and 2021. If the contract is satisfactorily carried out for the initial three-year term, the successful proponent's contract may be extended for a two-year extension for 2022 and 2023 at the sole discretion of the Town. An engagement letter is required each year by the auditing firm. Either party may cancel the written contract by giving notice, in writing, to the other party by October 1st of any given contract year. Completion of the audit must be done prior to May 31 for each auditing year.

4. Audit Objectives and Scope of Work

The Auditor, as part of this engagement, will conduct the following activities utilizing the appropriate standards noted in Section 2.

- (a) Plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether caused by error or fraud and conformity with GAAP.
- (b) Perform tests of documentary evidence supporting the transactions recorded in the accounts, which may include tests of the physical existence of inventories and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors and financial institutions.
- (c) Perform tests of the Town's compliance with applicable laws and regulations and provisions of contracts and agreements.
- (d) Prepare a report on compliance with specific requirements applicable to major federal and provincial assistance programs, if required.
- (e) Review the internal accounting controls of the Town to an extent necessary to evaluate the system as required by applicable standards.
- (f) Issue a Management Report making recommendations for improvement.
- (g) The Auditor shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of whereby they become aware to the CAO/Treasurer and Clerk/Deputy-Treasurer.

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- (h) Inform the CAO/Treasurer and Clerk/Deputy-Treasurer of any matters involving internal control and its operation that the Auditor considers being reportable conditions under standards established by the CICA Handbook.
- (i) Provide the Town with adjusting entries and final trial balance upon completion of the field work.
- (j) Meetings and Progress Reports:
 - 1. Pre-audit conference(s) with the Municipal Finance Team (CAO/Treasurer, Clerk/Deputy-Treasurer, Payroll & Finance Coordinator) will be held to discuss audit schedules, working paper requirements and reporting deadlines, as well as the audit program. A written list of information to be provided by the Municipal Finance Team to the auditors should be presented at this time.
 - 2. Progress report meetings will be held with key audit firm personnel and the Municipal Finance Team at regular intervals mutually agreed upon.
 - 3. Post audit conference(s) with the Municipal Finance Team and key audit firm personnel will be held at a mutually agreeable date and the Auditor will be asked to present the audit to Council.
 - 4. The audit will be a single document which will contain Financial Statements, Notes supplementary data, Consolidated Financial Statements and Financial Statement Highlights.
- (k) As part of the overall audit contract, the Town expects to receive from the audit firm a variety of technical assistance throughout the fiscal year, including answers to accounting, reporting and/or internal control questions.
- (l) All working papers and reports must be retained, at the auditor's expense, for a minimum of ten (10) years, unless the firm is notified in writing by the Town of Mattawa of the need to extend the retention period.
- (m) Additional Services: Proposals should contain provisions for dealings with extraordinary circumstances discovered during the audit that may require an expansion of audit work beyond that which was originally planned. In addition, the audit firm may be requested to perform special projects for the Town during the year. Because of variations in demand for additional services, this work will be contracted for, provided and billed separately to the Town on an hourly basis. Proposals should describe the types of services available from

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the firm, the professionals who would provide the service and the standard hourly fees to be charged for such service.

- (n) Upon request, a copy of last year's audit will be made available to proponents.
- (o) Use of Audit Reports: Ownership shall belong to the Town of Mattawa expressly understood that publication of the audit report (in whole or in part) or reference for such audit report shall be at the sole discretion of the Town of Mattawa.

5. Mandatory Requirements

The audit firm must meet the following mandatory requirements: proponent must be registered to do business in the Province of Ontario: the Principal Auditor must be a Chartered Accountant qualified to perform municipal audits in the Province of Ontario; and proponent must have experience in performing municipal audits in accordance with auditing standards generally accepted in the Province of Ontario and with preparing financial statements compliant with Public Sector Accounting Board pronouncements

6. Proposal Requirements

The proposal should demonstrate that the firm will furnish the services in a manner that will be cost effective for the Town of Mattawa. Those proposals that do not contain all the information required by this Request for Proposal (RFP) or are otherwise non-responsive may be rejected immediately; however, the Town has discretion to accept a proposal that does not conform with all RFP requirements if the Town determines that the non-compliance is not substantial or material. If the proposal is unclear or appears inadequate the Town may at its discretion give the firm an opportunity to explain how the proposal complies with the RFP requirements. The proposal must contain at least the following information:

1. Name(s) and title(s) of the person(s) authorized to submit the proposal and execute the personal services agreement.
2. A letter submitted on the firm's letterhead and signed by the corporate agent, owner or principal describing how the firm satisfies the mandatory requirements noted above and the firm's experience in performing municipal audits in the Province of Ontario.
3. A history of the firm as a business entity, including information that demonstrates the firm's financial stability.

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4. Names of the partners, managers and key staff employees assigned to this engagement. Describe their roles and provide a brief description of their professional experience. Please identify the audit team leader and describe your firm's personnel development program and your continuing professional education requirements including the specialized areas of municipal accounting and auditing.
5. Provide a list of your firm's current municipal audit engagement clients in Ontario, a few non-current engagements served within the last five years and respective contract information including the client's address, phone number and email contact.
6. Attach to your proposal one sample of municipal audit report that you have recently issued covering an audit of a municipality with comparable services to the Town of Mattawa. (Omit name)
7. Attach to your proposal two samples of management letters that you have recently issued covering an audit of a local municipality.
8. Comment on your firm's ability and willingness to provide constructive suggestions for improving the Towns' internal accounting controls, administrative procedures and financial processes.
9. Explain how you would propose to use Town personnel to assist you during the audit and indicate the approximate time requirement.
10. Describe any personal, business, investment or family relationship with the Town of Mattawa town officials or appointed employees.
11. Proof of professional liability/errors/omissions insurance coverage having a minimum limit of one million dollars per occurrence naming the Town of Mattawa as an additional insured.
12. Provide a proposed work schedule and work plan for completing the audit. The work schedule should be structured so as to deliver the audit to the Town Council no later than the second regular scheduled Council meeting in August of each year.
13. Provide a fee schedule and estimate project cost showing the cost for each of the three year contract period, including out-of-pocket expenses and estimated hours each audit firm employee is expected to spend annually on the audit.

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14. As Part of the overall audit contract, the Town expects to receive from the audit firm a variety of technical assistance throughout the fiscal year that may include inquiries regarding accounting, reporting and internal control issues. Indicate fees for these services if any and/or if they are included in your total annual base fee.
15. Provide any additional information that supports the scope of work to be provided as set forth above.

Proponents may submit additional questions and clarification requests to Francine Desormeau, Clerk/Deputy-Treasurer, using the contact information listed at the end of the RFP. Firms may modify or withdraw their proposals at any time prior to the Closing Date by providing a written request for modification or withdrawal to the Clerk/Deputy-Treasurer. Any amendments to this RFP will be in writing and will be issued to all persons or businesses that have indicated an interest to receive RFP amendments.

7. Fees and Expenses

The proposal shall include a firm bid submission for the annual fees to be charged.

The fee estimate shall show the estimate of hours broken down between the various responsibilities which are required. Separate fee schedules shall be provided for the following:

1. Town of Mattawa
2. John Dixon Public Library Board
3. Landfill Site

Out of pocket expenses such as travel and accommodation, must be included as part of the audit fee and are not to be billed separately. It is expected that the audit should be considered a "local" audit and the Town of Mattawa will not be responsible for disbursements incurred by the firm which are caused by using staff from outside locations.

The fees shall include all auditing assignments.

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8. Evaluation of Proposals

Proposals will be evaluated based on the scope of work and submission requirements listed above to determine which firm best meets the needs of the Town. After meeting these requirements the following factors will be used to evaluate proposals:

- (a) Quality and comprehensiveness of the audit approach.
- (b) Qualifications and municipal experience of the firm and members assigned to the Town's engagement. List of existing municipal clients.
- (c) Audit service cost.
- (d) Ability to provide proficient and comprehensive range of auditing and financial services.
- (e) Proficiency for meeting audit timelines.

9. Proposal Award Schedule

Friday August 16, 2019	Request For Proposals issued
Friday September 13, 2019	Proposals due by 5:00 pm
Tuesday October 15, 2019	Contract Awarded by Council

Proposals submitted will be reviewed and scored by the Municipal Finance Team with a recommendation to the Town Council.

At the option of Council, top ranking firms may be asked to make a presentation of their proposal.

10. Proposal Submission

Submittal Deadline: Two copies of your proposal must be received at the Municipal Office by 5:00 pm Friday September 13, 2019. Office hours are Monday through Friday from 9:00 am to 5:00 pm for hand delivered proposals. Proposals received after the deadline will not be eligible for consideration.

Email proposals to: francine.desormeau@mattawa.ca. It is the responsibility of the proponents to ensure e-mail receipt of the proposal.

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Proposals should be directed to:

Francine Desormeau, Clerk/Deputy-Treasurer
Request for Proposal – Municipal Audit Services
The Corporation of the Town of Mattawa
160 Water Street
Mattawa, ON
P0H 1V0

Questions and clarification should be directed to:

Francine Desormeau
Phone: (705) 744-5611 ext 204
Email: francine.desormeau@mattawa.ca