

Request for Proposal

External Audit Services

July 2020

The County of Wetaskiwin No.10

Closing Location

243019A Highway 13
Wetaskiwin, Alberta T9A 2G5

Desired Closing Date and Time

Friday August 21, 2020
4:30pm, local time

Contact Person

Eric Hofbauer, Director of Finance
Phone: (780) 361-6228
ehofbauer@county10.ca

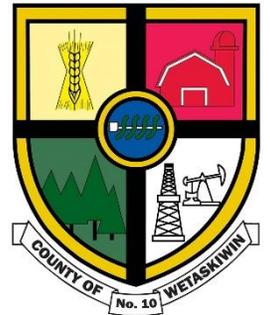


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CLOSING DATE: Friday, August 21, 2020

CLOSING TIME: 4:30 p.m.

ANY OR ALL PROPOSAL SUBMISSIONS NOT NECESSARILY ACCEPTED

PROPOSAL SUBMISSION FORM

REQUEST FOR PROPOSAL: July 2020
TYPE: EXTERNAL AUDIT SERVICES
CLOSING: FRIDAY, AUGUST 21, 2020 at 4:30 PM local time

I/WE hereby, submit my/our proposal for the External Audit Services as described within the Request for Proposal document for the above, named services.

I/WE have carefully examined the documents and have a clear and comprehensive knowledge of the requirements and have submitted all relevant data.

I/WE agree, if selected, to provide services to the County in accordance with the terms, conditions and specifications contained in the proposal document and in our submission.

I/WE agree that the undersigned is/are authorized and empowered to sign and submit this proposal.

THE HIGHEST SCORING RESPONDEDNT OR ANY PROPOSAL MAY NOT NECESSARILY BE ACCEPTED AND THE COUNTY RESERVES THE RIGHT TO AWARD ANY PORTION THEREOF.

STATE TERMS FOR PROMPT PAYMENT IF OTHER THAN NET 30 DAYS _____

Respondent Legal Name

Street Address City/Town Postal Code

Print Name & Title of Person Signing for Firm

e-mail address Phone No. Fax No.

Signed at _____ this _____ day of _____, 2020

Signature of Person Signing for Firm

THIS FORM SHALL BEAR AN ORIGINAL HANDWRITTEN SIGNATURE IN INK, BY AN OFFICER WITH AUTHORITY TO BIND THE COMPANY AND BE SUBMITTED TO BE A VALID

County of Wetaskiwin No.10 External Audit Services Request for Proposal

2.0 INTRODUCTION

The County of Wetaskiwin (hereinafter referred to as the County) invites qualified accounting firms to submit proposals to provide professional auditing services to the municipality. The purpose of this request for proposal is to obtain all auditing services required by the County for its operations at a competitive value for service.

These audits are to be performed in accordance with 1) Generally Accepted Accounting Principles for Municipal Government established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and 2) Reporting requirements as set out by the Province of Alberta in the *Municipal Government Act* and its regulations.

We wish to make it clear that this RFP is not motivated by concerns about our current accounting firm who provide excellent service to the County.

Assurance services are required for five financial reports.

- County of Wetaskiwin No. 10
- Municipal Financial Information Return
- Family and Community Support Services Financial Information Review
- Local Authorities Pension Plan Compliance Audit
- Library Board

The County also provides accounting and management services for the following organizations:

- Northeast Pigeon Lake Regional Sewer Commission
- South Pigeon Lake Regional Wastewater Commission
- Joint Economic Development Initiative

Our current accounting firm audits each of these entities in conjunction with the County, but they do report to separate Boards.

The responsibilities of the auditors will be to provide an expression of an opinion on the external financial statements (not consolidated), Alberta Municipal Affairs Information, and discussion with respect to presentation and disclosure.

3.0 PROPOSAL PROCEDURES

A. PROPOSAL RESPONSE

The County is requesting responses to this Request for Proposal for Professional Auditing Services. (The reference to "Professional Auditing Services" does not preclude any type of accounting firm.)

Assurance and advisory services, in addition to the annual audit, may be required on as needed basis. Past requests have included participation in Council orientation, advice on accounting treatments, reviews of the financial implication of agreements, comments on accounting policies, reviews of grant reports, and advice on GST.

You are invited to submit on a separate proposal form for any services, other than those requested, that may be of interest to the County. These extra services should be separately identified with a cost for each service provided.

B. RESPONSES TO QUESTIONS

Your firm may contact the Director of Finance, Eric Hofbauer via email at ehofbauer@county10.ab.ca or CAO Rod Hawken at rhawken@county10.ca in order to clarify any matters relating to the audit services in this request for proposal.

You may wish to review prior years' audited statements online at:
<https://www.county.wetaskiwin.ab.ca/474/Budget-Finance>

C. SUBMISSION OF PROPOSALS

Three copies of the response to this RFP must be submitted in a sealed envelope bearing the firm's name. The firm must return the completed proposal signed by a duly authorized representative and complete with all supporting documentation to:

Request for Proposals - Audit Services
Attn: Eric Hofbauer
County of Wetaskiwin No. 10
243019A Highway 13
PO Box 6960
WETASKIWIN AB T9A 2G5

OR Electronically via email to ehofbauer@county10.ca

A confirmation email will be sent upon receipt of the electronic proposal.

This documentation shall be received no later than **4:30 p.m. local time, Friday, August 21, 2020.** Any proposal received after the stated time and date will not be considered.

It is the respondent's responsibility to ensure that their submittal has all the necessary information concerning the intent and requirements of this RFP.

The intent of the County is to make a recommendation of award to Council at its regular scheduled meeting on Tuesday, September 8, 2020.

The County reserves the right to modify specified target dates and to reject any or all submissions (the County will not necessarily accept the lowest price), or to cancel or withdraw the RFP for any reason without incurring any cost or liability for costs and damages incurred by a respondent including, without limitation, any expenses incurred in the preparation of the submission. The County also reserves the right to request additional information from respondents, to waive any formality or informality in the selection, and to accept the proposal deemed most favorable to the interests of the County.

D. PROPOSAL EVALUATION CRITERIA

Proposals will be evaluated using four (4) sets of criteria. Firms meeting the mandatory criteria will have their proposal evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements 10%

- a) The audit firm is independent and qualified to practice in Alberta.
- b) The audit firm adheres to the instructions in this Request for Proposal on preparing and submitting the proposal.
- c) The audit firm's ability to meet the County's mandatory timelines.

2. Technical Quality 40%

- a) Expertise and Experience
 - i. The audit firm's past experience and performance on comparable government engagements. Negative or positive references.
 - ii. The experience of the audit firm's professional personnel to be assigned to the engagement, and how they will be utilized in the engagement.
- b) Audit Approach
 - iii. Description of the firm's audit approach with respect to completing its audit program. (E.g. reliance on controls, use of substantive testing, confirmation etc.)

3. Price 30%

- a) Cost effectiveness of the proposal. Cost may not be the primary factor in the selection of an audit firm.

4. Value Added Services 20%

Ability to provide additional services, and advisory services/publications.

5. Presentation

During the evaluation process the County may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with the opportunity to answer any question the County may have on the firm's proposal. Not all firms may be asked to make such oral presentations.

E. CONTRACT TERMS

Upon approval by Council, the successful firm will be required to enter into a formal contract with the County. The contract shall allow the County and the Audit Firm the standard 30-day cancellation clause.

F. TERM

The accounting firm selected by the County will provide professional auditing services to the County for a three (3) year term. The County may, with the consent of the successful bidder, extend the terms of this Request for Proposal for an additional 3-year extensions on the same terms and conditions. Should the firm desire to enter into renewal negotiations with the County for the 3-year extension, the firm must serve the Director of Finance with written notice of its desire to enter into renewal negotiations 90 days prior to expiration of the initial three (3) year term.

If the County and accounting firm fail to agree on a contract price for the renewal period, it is agreed between the parties that the County will be under no further obligation to negotiate a Renewal Agreement and shall be free to solicit Request for Proposals from other accounting firms for the provision of services.

G. CONFLICT OF INTEREST STATEMENT

In its proposal, the respondent must disclose to the County any potential conflict of interest that might compromise the performance of the work. If such a conflict of interest does exist, the County may, at its discretion, refuse to consider the proposal. The respondent must also disclose whether it is aware of any County employee or Council member having a financial interest in the respondent and the nature of that interest. If such an interest exists or arises during the evaluation process or the negotiation of the Agreement the County may, at its discretion, refuse to consider the proposal or withhold the awarding of any agreement to the respondent until the matter is resolved to the County's sole satisfaction.

H. RIGHT TO ACCEPT OR REJECT

The County reserves the right to accept or reject any or all proposals and to waive irregularities and informalities at its discretion. The County reserves the right to accept a proposal other than the lowest proposal without stating reasons. By the act of submitting a proposal, the proposer waives any right to contest in any legal proceedings or action the right of the County to award the Work to any qualified proposer in its sole and unfettered discretion. Without limiting the generality of the foregoing, the County may consider any other factor besides price and capability to perform the Work that it deems in its sole discretion to be relevant to its decision including, but not limited to experience, reputation, solvency, cost of maintenance, customer service or quality of past performance. The County is not obliged to select the proposal with the lowest price. The County also reserves the right to discuss/negotiate with any or all respondents. Award of this proposal is subject to Council approval and County's internal policies and procedures.

I. ADDENDUM

An addendum, should one be necessary, will be issued to all Respondents that were issued the RFP. The County reserves the right to revise this RFP up to the proposal submission date. Any revisions shall be included in Addenda to the RFP distributed to all Respondents. When an Addendum is issued, the date for submitting proposals may be changed by the County if, in its opinion, more time is necessary to enable respondents to revise their proposals. The Addendum shall state any changes to the proposal submission date, all terms and conditions, which are not modified, shall remain unchanged. All respondents must acknowledge receipt of RFP documents and all Addenda in their proposal.

J. ERRORS AND OMISSIONS

The County shall not be held liable for any errors or omissions in any part of this RFP. While the County has used considerable effort to ensure an accurate representation of information in this RFP, the information contained in the RFP is supplied solely as a guideline for Respondents. The information is not guaranteed or warranted to be accurate by the County of Wetaskiwin, nor is it necessarily comprehensive or exhaustive. Nothing in the RFP is intended to relieve the Respondent from forming their own opinions and conclusions with respect to the matters addressed in the RFP.

4.0 GENERAL INFORMATION

A. THE ORGANIZATION

With a population of approximately 12,000 residents, The County of Wetaskiwin, located in central Alberta on the Highway 2 corridor, offers a casual country setting with a diverse farming community. The County stretches from Bittern Lake on the east boundary to the Alder Flats area in the west. Geographically centered in the Province, a network of provincial primary and secondary highways provide quick and easy access to and from major centers in Alberta. It is rich in natural attractions boasting several lakes, nestled in forested, undulating parkland settings and home to a variety of wildlife. The County is continually striving to enrich and improve its community, while still maintaining an old-fashioned attitude and hospitality. More information can be found at the County's website <https://www.county.wetaskiwin.ab.ca/>

The County's operating budget is \$58M with a capital budget of \$19.5M. The County provides a wide range of services to its resident including fire protection, parks and recreation, community services, water/sewage and road and public works services. The County's Strategic Plan can be found at <https://www.county.wetaskiwin.ab.ca/170/Strategic-Planning>

The County employs approximately 72 full-time employees, 38 seasonal/part time and 7 Councillors. The County has eight departments that report through the Chief Administrative Officer. The Chief Administrative Officer reports to County Council.

B. COMPUTER EQUIPMENT

Financial, Budgeting and Asset Management for the County are processed using Serenic Software. The 10-year capital plan is prepared from project information in Serenic but will be moving to asset management software soon. Data is backed up to the County's server network daily. The financial software and hardware are supported on-site by in-house IT staff, as well as through contract with the software providers.

C. OPERATING SYSTEMS

The following systems are computer processed internally via Serenic Software:

1. Accounts Payable

The County has 3,100 vendors and issues approximately 3,000 cheques per year. The County issues paper-based cheques to process vendor payment.

2. General Ledger

The County's system has 1,375 active accounts.

3. Accounts Receivable

The County's system has approximately 1300 active accounts and produces approximately 1660 invoices per year.

4. Utility and Property Tax Systems

The County's utility system has approximately 3150 utility accounts, billed bi-monthly generating about 8300 invoices per year. The tax system has approximately 13,860 property tax accounts.

5. Payroll

Payroll is processed monthly for all staff and Council. The County employs a combination of paper and electronic timesheets that are coded to projects daily.

6. Audit Preparation

Working papers and schedules are prepared and reconciled to the General Ledger by County staff. County staff analyzes, and co-ordinates all other information required for audit purposes, and will prepare all year-end journal entries. The annual Management Letter along with the draft Financial Statements must be available for presentation to the Management Team by the first of April each year, and the final Financial Statements must be ready for Management to submit to Council by the 15th of April each year.

5.0 SUMMARY OF CORE PROFESSIONAL AUDITING SERVICES REQUIRED

A. TECHNICAL REQUIREMENTS

The purpose of the Technical Proposal is to demonstrate the qualifications, competency and capacity of the audit firms seeking to undertake an independent audit of the County in conformity with the requirements of this Request for Proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the audit firm and of the specific staff to be assigned to this engagement. It should also specify an audit approach that will meet the Request for Proposal requirements.

The Technical Proposal should address all the points outlined in the Request for Proposal. The proposal should be prepared simply and economically, providing a straightforward, concise description of the respondent's capabilities to satisfy the requirements of the Request for Proposal. While additional data may be presented, the following subjects, item numbers 1 through 6 must be included. They represent the criteria which the proposal will be evaluated against.

1. Qualified to practice in Alberta

An affirmative statement should be included that the firm and all assigned key professional staff are properly qualified to practice in Alberta.

2. Firm Qualifications and Experience

The respondent should state the size of the firm, the size of the firm's municipal governmental audit staff, the location of the office from which the work on this engagement is to be performed, the number and nature of the professional staff to be employed in this engagement on an hourly basis and the number and nature of the staff to be so employed on a part-time basis.

3. Partner, Supervisory and Staff Qualification and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate

whether each person is qualified to practice as a CPA in Alberta. Provide information on the government auditing experience of each person.

Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons.

Other audit personnel may be changed at the discretion of the respondent provided that replacements have substantially the same, or better qualifications or experience.

4. Similar Engagement with Other Municipal Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum 3) performed in the last five years that are similar to the engagement described in this Request for Proposal.

5. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the service required. The proposal should include at least the information of Audit Program used, statistical sampling technique and tools, quality control program, usual content of management letter and organization of audit team.

6. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be requested from the County.

B. PRICE

1. Total all-inclusive maximum price, excluding GST

The fee must be inclusive of all audit work and associated costs resulting from and during the normal course of an audit. Unless agreed to in advance, any billings for additional audit work will not be considered.

The RFP should contain all pricing information relative to performing the audit engagement as described in this Request for Proposal.

2. Rates by partner, specialist, supervisory and staff level for any additional services

3. Rates for Additional Professional Services

4. Rates for travel and/or accommodation while on site during the audit

5. Rates for the completion of the LAPP Audit (completed tri-annually)

6. Rates for the completion of the Financial Statement

If it should become necessary for the County to request the audit firm to render any additional service to either supplement the services required in the RFP, or to perform additional work as a result of specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the County and the audit firm. Any such additional work agreed to between the County and the audit firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the cost proposal.

7. GST Consideration

Respondents will not include any amount in the proposal for Goods and Services Tax. The GST will be billed by the successful respondent as a separate item in addition to the contract amount.

C. TIME REQUIREMENTS

1. Annual Schedule

Before October 31st of each year of the contract the auditors, staff from the County of Wetaskiwin and the Director of Finance shall meet for the purpose of defining a schedule of joint activities which will lead to the assembly, audit and submission of the Annual Financial Statement of the County for the year concerned, on or before April 30. The auditors shall present the Annual Financial Statements to Council no later than the Council meeting on the second Tuesday in April of each year.

- a) The important key dates by which time necessary information is to be assembled by both parties.
- b) A list of all the necessary schedules, working papers, analyses and any other information relevant to statement preparation.
- c) A definition of the responsibilities of the County and auditor's staff with respect to preparation of all required documents with consideration that there is to be as much involvement from County staff as possible, at the least cost to the County.
- d) Dates for meetings between the County and audit staff to review progress made by both parties.

The above-mentioned schedule shall be finalized on or before October 31st each year.

2. Delivery of Annual Financial Statements

Audited Annual Financial Statements shall be delivered to the attention of the Director of Finance by the deadlines set out in the annual schedule.

Preferably in conjunction with delivery of the Annual Financial Statements, but in no case later than thirty (30) days following delivery of said statements, the auditor shall communicate in a management letter to the County any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. In addition, reportable conditions that are also material weaknesses shall be identified as such in the report.

As part of the audit of the County of Wetaskiwin financial statements, discussion and presentations to Administration and Council are required. The management letter is considered a public document provided for information when the financial statements are presented for approval. The County may publish an annual financial report starting in May 2021 for the 2020 fiscal year and each year thereafter.

The County, in accordance with the *Municipal Government Act*, must submit to Alberta Municipal Affairs the Audited Annual Financial Statements and the Financial Information Return for the year ended December 31 by May 1 of the following year.

6.0 FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT

The respondent acknowledges and agrees that the *Freedom Of Information and Protection of Privacy Act* applies to all records relating to, obtained, generated, compiled, collected or provided under, or pursuant to, this Request for Proposals to provide professional auditing services.

A. CONFIDENTIALITY OF REQUEST FOR PROPOSAL

The access and privacy provisions of the *Freedom of Information and Protection of Privacy Act* govern all documents submitted to the County. While this Act allows persons a right of access to records in the

County's custody or control, it also prohibits the County from disclosing your personal information or confidential business information. This prohibition takes effect if disclosure would be significantly harmful to your business interests or would be an unreasonable invasion of your personal privacy as defined in sections 15 and 16 of the *Act*. Firms are encouraged to identify those portions of their submissions which they are submitting in confidence and which, if revealed, would harm the business interest of the company.

Proponents will ensure that they have obtained written consent from each of those employees before forwarding such personal information to the County. Such written consents are to specify that the personal information may be forwarded to the County for the purposes of responding to this RFP and use by the County for the purposes set out in the RFP.

Specific records or specific portions of the records submitted by the firms that are identified as confidential will be treated as having been supplied in confidence and will not be released unless required by law.

The County may release the following information upon request by any interested party or post to the website the list of firms that participated in the request for proposal process, price/cost quoted and information of the successful firm.

B. RATING AND EVALUATION RECORDS

Assessment criteria and allocation formulas for this Request for Proposal are public information. Individual assessments of bidders are considered confidential and of interest to competitors or other bidders under this Request for Proposal. Individual assessment information will be provided, upon request, to the submitter/bidder to whom it relates, and to others, only in accordance with the *Freedom of Information and Protection of Privacy Act*.

C. PERSONAL INFORMATION ABOUT FIRMS' EMPLOYEES OR AGENTS

The purpose of collecting the personal information that must be provided in this Request for Proposal is to enable the County to ensure the accuracy and reliability of the proposal, to enable the County, and to evaluate your response to this Request for Proposal.