



**THE CORPORATION OF THE
TOWNSHIP OF SOUTH GLENGARRY**

REQUEST FOR PROPOSAL #29-2021

For the Supply of External Audit Services

Sealed quotations will be received until 11:00 a.m. on December 15th, 2021 at the Township of South Glengarry offices, 6 Oak Street, Lancaster, Ontario

**ATTN: Lachlan McDonald, Treasurer
Township of South Glengarry
PO Box 220, 6 Oak Street
Lancaster, ON K0C 1N0**

Persons interested in procuring may obtain the necessary documents and specifications from our website at www.southglengarry.com. Late submissions will not be accepted.

The Township reserves the right to accept or reject any or all quotations. Lowest or any procurement not necessarily accepted.

Background:

The Township of South Glengarry is a lower-tier Municipality with a rural and small urban mix located in the United Counties of Stormont, Dundas, and Glengarry in Eastern Ontario. It was formed in 1998 by the amalgamation of the former Village of Lancaster, Charlottenburgh Township and Lancaster Township.

Its population is approximately 13,150 with 5,823 households. The Municipality's 2021 budget consists of the following: Municipal operating budget of \$12,908,750 and capital budget of \$5,128,500. The Municipality employs 36 full-time employees, approximately 105 volunteer fire-fighters and numerous seasonal and part-time employees.

The Municipality provides a full range of services to its residents, including fire services, building regulations, by-law enforcement, licensing and permits, parks and recreation, planning, roads and transportation services, recycling, and waste disposal services. Water and sewer are available in Glen Walter, Lancaster, and South Lancaster. Sewer available in Green Valley and water available in Kennedy Redwood Estates. All are operated by Township staff.

The Township of South Glengarry is affiliated with the following outside boards, committees and commissions that operate under their own management:

- United Counties of Stormont, Dundas, and Glengarry
- Raisin River Conservation Authority
- Cornwall Regional Airport

The Township utilizes Vadim software for its financial functions including payroll, general ledger, budgeting, accounts payable, accounts receivable, cash receipts and property tax billing.

The projected outcome of this Request for Proposal is the procurement of external auditing services for the years ending December 31, 2022, 2023 and 2024. The Municipality reserves the right to further extend this contract for the years ending December 31, 2025 to December 31, 2026 providing the following applies: The supplier's performance in supplying the goods or services is considered to have met the requirements of the contract. The Treasurer has determined that exercising this option is in the best interest of the Municipality. Funds are available within the Municipality's Council approved budget including authorized revisions to meet the proposed expenditure. The Municipality reserves the right not to accept any proposal and to select individual items specified in the scope of work.

Process:

Closing Date and Time:

Proposals must be returned in a sealed envelope, clearly marked "Audit Proposal" on or before 11:00 am, December 15, 2021.

The proposal shall be addressed to:

**Township of South Glengarry
Lachlan McDonald, Treasurer
PO Box 220, 6 Oak Street
Lancaster, ON K0C 1N0**

Late proposals will not be accepted. Faxed or electronic submissions will not qualify if the original copy is not received by the date and time stated above.

Three (3) copies of the proposal are required.

Any questions or clarifications arising from this request for proposal may be submitted to:

**Township of South Glengarry
Lachlan McDonald, Treasurer
PO Box 220, 6 Oak Street
Lancaster, ON K0C 1N0**

Phone No. 613-347-1166

Email: lmcdonald@southglengarry.com

Proposals will be reviewed by the evaluation committee who may short-list the proposals received, based on the rating scheme outlined in "Schedule A". The evaluation committee will then set up interviews with the short-listed firms. Interviews will take place between September 4 - 18, 2021.

Audit Scope and Requirements:

General:

Commencing with the 2022 fiscal year, the audits shall include the examination of the records of the Municipality to the degree necessary to express an audit opinion on the financial statements for the Municipality of South Glengarry. The audit shall meet all legislative requirements as necessary for a Municipal audit including the audit of the opening balances of tangible capital assets and presentation changes to the financial statements.

The audit firm shall prepare and provide the following annual documents:

- Complete financial statements as required by the Province and general accounting standards;
- Audit findings report to Council;
- Management letter; and

The audit firm will prepare the annual Financial Information Return (FIR) for the Township of South Glengarry (includes filing of Municipal Performance Measures - information prepared by the Municipality) and be responsible for review of the FIR prior to filing with the Ministry of Municipal Affairs & Housing.

Expectations of the Appointed Auditor will include:

- Complete the annual audit questionnaire required by the Ministry of Municipal Affairs & Housing;
- Print and Issue financial statements in the firm's standard format;
- Attend the necessary meetings of Council;
- Conduct other special audit engagements as required and provide professional advice;
- Conduct Annual PSAB 3150 audit requirements;
- Provide all working Lead Sheets to the Treasurer upon completion of audit;
- Review financial processes to ensure all internal controls, accounting policies and accounting estimates are appropriate and reasonable.

Planning the Audit:

In accordance with generally accepted auditing standards and the Municipal Act, the work should be adequately planned and properly executed:

- Before November 30th of each year, the auditors shall meet with the Treasurer for the purpose of defining a schedule of responsibilities which will lead to an orderly and timely assembly, audit, and submission of the annual financial statements and information returns. These responsibilities will include the preparation of working papers to be prepared by the Treasurer, any photocopies of documents required, and any other work that can be performed by the Treasurer prior to the commencement of the audit.
- The above-mentioned schedule shall be finalized before December 31st and shall set out the following:
 - The dates by which information will be prepared and submitted to the auditors; and,
 - A list of required schedules, working papers, analyses and other information specifying the persons who will be responsible for their preparation and completion.
 - The critical dates outlined in this schedule will be embodied in the annual engagement letter. Included in the annual engagement letter also will be the specific responsibilities to be discharged by each of the parties, and a requirement that the Treasurer be consulted prior to any change.
 - On-site audits must be scheduled for completion by May 15th of each year. Onsite auditing shall be between the hours of 8:30 a.m. and 4:00 p.m. with a senior auditor present.

- The audited financial statements must be presented to the Council of the Municipality of South Glengarry no later than June 30th each fiscal year.

Systems and Procedures Review:

In accordance with generally accepted auditing standards, there should be an appropriate organized study and evaluation of those internal controls on which the auditor subsequently relies determining the nature, extent and timing of auditing procedures.

- The internal control systems and accounting procedures shall be evaluated at least annually.
- In accordance with generally accepted auditing standards, the purpose of this evaluation will be to determine whether the auditors can rely on the internal controls, subject to their compliance testing, and to determine appropriate substantive audit procedures necessitated by identified weaknesses or absence of internal controls.
- Accordingly, where weaknesses or absence of internal controls are identified, they should be reported in writing to the appropriate contacts. Where weaknesses are reported, it would be appropriate to suggest or recommend ways in which the weaknesses can be corrected or compensated for.
- Similarly, upon discovery of information or conditions, which might otherwise lead to a qualified opinion on the financial statements, or a denial of opinion, the auditors shall immediately communicate these matters in writing to the appropriate contacts.

Compiling Audit Evidence:

In accordance with generally accepted auditing standards, “sufficient appropriate audit evidence should be obtained by such means as inspection, observation, inquiry, confirmation, computation and analysis, to afford a reasonable basis to support the content of the report”. It should be noted that the matters to be considered and procedures to be followed should not be limited to those outlined in the paragraph above. Where the respondents’ audit objectives and procedures would not include all the example objectives and procedures, or would include other considerations, the respondents are asked to explain these differences.

Completing the Engagement:

- The auditors shall attend such meetings as are required to discuss the draft audited financial statements with Council and the appropriate contacts.
- The auditors shall deliver the finalized financial statements to the Township of South Glengarry by no later than June 30th of each year.
- No later than sixty (60) days following delivery of the audited statements, the auditors shall deliver a “Post-Audit Management Letter” to the appropriate contacts outlining, but not limited to, the following:

- Concerns relative to internal controls and systems determined during the audit;
- A report on the progress or lack of progress made on implementing suggested improvements in systems and controls recommended in prior years; and,
- Any other comments which may assist the appropriate contacts with their day-to-day management of the affairs of the Municipality.

Possible Additional Services:

The responsibilities of the auditors are normally geared to performing sufficient work to enable them to express an opinion on the financial statements, although occasionally it may be necessary to provide additional audit and/or non-audit services. Outlined below are the types of additional services which have arisen in the past and which may or may not occur in the future. The list is not intended to be all-inclusive of the items that may be encountered. These items should be considered in your fee proposal as requested and highlighted as additional items.

- Changes in financial statement format and presentation as required by the various supporting Ministries requiring regrouping and restatement of the previous year’s comparative figures.
- Restating previous year’s comparative figures as a result of changes in the application of accounting principles as required by the amendments of the CICA Handbook or Ministries.
- Special audits arising from the introduction of new programs as requested by the various Ministries.
- Attendance at Council meetings other than to present the year-end audited financial statements.
- Review of year end auditor entries with appropriate contacts.
- Advisory Services: Information regarding any advisory services which may be available to the Municipality at no additional charge, including but not limited to, publications dealing with matters such as HST, pension reform, income tax, employee benefit plans, internal audit, financial systems development, computer systems and programs, and cash management.

Confidentiality:

The successful auditor shall not at any time before, during or after the completion of the engagement disclose any confidential information. No such information shall be used by the auditors on any other project without the prior written consent of the Municipality’s Treasurer.

Terms of Engagement:

During the term of the engagement, the auditor’s performance will be evaluated based on the following criteria:

- 1) Adherence to the Proposed Fees:** It is expected that the successful firm adhere to the fees quoted in the initial three (3) years of the engagement and keep as close as possible to the fee estimates quoted for the remaining years.

In each year before any audit work begins, the auditors shall submit to the Treasurer a fee estimate detailing the expected audit hours by major audit task, the staff level proposed to work on each task, the hourly rates to be charged and the total expected fees.

The auditor shall keep account of actual time spent on each task and submit to the Treasurer upon the completion of the audit a schedule which compares the actual audit time spent and the audit time budgeted. The cost of this accounting of audit time shall be considered to be included in the auditing fees quoted under this proposal.

- 2) On-Site Participation of the Senior Auditor:** The Municipality expects that the senior auditor assigned to the account will be present throughout most of the audit.
- 3) Performance in the Manner Proposed:** The Municipality expects the audit to be carried out in the manner proposed. Any changes in the audit program shall be discussed with the Treasurer.
- 4) Audit Deadlines:** It is expected that the audit will be completed within the time frame specified in this proposal call or a time frame mutually acceptable to the Treasurer and auditors.
- 5) Appointment:** Council may move to terminate the appointment at the end of any year if dissatisfied in any way with performance, the fees charges, or any other elements of the services provided.

Submission Format:

The proposal should, as a minimum, cover the following items:

- 1) A profile of your firm, including breadth of other audit assignments, resources and support services available, and a description of the firm's philosophy with regard to Municipalities.
- 2) The names and contacts of other Municipalities with which the firm's staff has had experience. Provide references for a minimum of two (2) equivalent size and scope projects.
- 3) The office location and the names of the partners and staff of the firm who will be engaged on this Municipal audit.
- 4) Where it is proposed that audit technicians would be employed on this engagement, a description should be provided to support their technical ability and their understanding of generally accepting auditing standards as they apply to Municipalities.
- 5) A fee proposal indicating the following:
 - a. The firm's understanding of the work to be done, having regard to the responsibilities and other matters set out in these proposal documents.

- b. A total fee proposal for regular audit services, in Canadian Dollars, for each of the fiscal years ending:
 - i. December 31, 2022, to December 31, 2024;
 - ii. December 31, 2025, to December 31, 2026.
- c. Other fees for any additional work/service, not included in the total contract fee for the completion of the External Audit Services.
- d. A schedule outlining the tentative dates when the work for the audit would be performed given the deadline dates.
- e. Indicate expected payment schedule.
- f. Specifically identify any additional work or services that exceed the services requested herein and the associated costs thereof.
- g. Clearly indicate the respondent's confidentiality practices.

It is expected that the audit should also be considered as a "local" audit and the Municipality would not be responsible for disbursements incurred by the firm which are caused by sending staff from outside locations.

Harmonized Sales Tax (HST) to be shown separately.

Insurance and Indemnification:

The successful bidder shall, at its own expense, obtain and maintain required insurance until the termination of the contract, and provide the Municipality with evidence of insurance prior to commencing the contract:

- 1) Commercial General Liability: Comprehensive general liability insurance on an occurrence basis for an amount not less than Five Million (\$5,000,000) dollars for any negligent acts or omissions by the bidder relating to its obligations under this Agreement. Such insurance shall include, but is not limited to Bodily Injury and Property Damage including loss of use; personal injury; contractual liability; premises, property & operations; non-owned automobile liability, broad form property damage, owners and contractors' protective, products and completed operations, employees as additional Insured, occurrence property damage, contingent employers' liability, cross liability and severability of interest clauses;

Such insurance shall add the Township of South Glengarry as an Additional Insured subject to a waiver of subrogation in favour of the Municipality with respect to the operations of the bidder. This insurance shall be non-contributing with and apply as primary and not as excess of any insurance available to the Municipality.

- 2) Professional Liability Insurance: Professional liability (errors and omissions) insurance coverage shall be obtained to a limit of not less than Five Million (\$5,000,000) Per Claim / Aggregate. If coverage is written on claims made basis, such coverage shall be

maintained for a period of two years subsequent to conclusion of services provided under this or contain a 24-month extended reporting period.

- 3) Automobile liability insurance with respect to owned or leased vehicles used directly or indirectly in the performance of the services covering liability for bodily injury, death, and damage to property with a limit of not less than \$2,000,000 inclusive for each and every loss.
- 4) Cyber Liability for an amount of not less than \$2,000,000. Per Claim / Aggregate. Such insurance shall include but not limited to Cyber Incident Response; Privacy Response; Breach of Management Costs including Forensic Audit expense. If such insurance is written on a claim(s) made basis, the insurance shall be maintained for not less than 2 years or contain a 24-month extended reporting period.

Any and all deductibles applicable to the above noted insurance shall be the sole responsibility of the bidder and the Municipality shall bear no cost towards such deductible. The bidder is responsible to keep their property / assets insured – failure to do so shall not impose any liability on the Municipality.

In addition to the insurance noted above, the bidder shall also provide evidence of WSIB or its equivalent. The bidder shall provide the Municipality with a certificate of insurance in compliance with the insurance requirements as stipulated in the agreement. The Policies shown above shall not be cancelled unless the Insurer notifies the Municipality in writing at least thirty (30) days prior to the effective date of the cancellation, material change or lapse of coverage. The insurance policy will be in a form and with a company which are, in all respects, acceptable to the Municipality.

Indemnification:

The bidder shall defend, indemnify and save harmless the Corporation of the Township of South Glengarry, their elected officials, officers, employees and agents from and against any and all claims, actions, losses, expenses, fines, costs (including legal costs), interest or damages of every nature and kind whatsoever, including but not limited to bodily injury or to damage to or destruction of tangible property including loss of revenue arising out of or allegedly attributable to the negligence, acts, errors, omissions, whether willful or otherwise by bidder, their officers, employees, agents, or others who the bidder is legally responsible. This indemnity shall be in addition to and not in lieu of any insurance to be provided by the consultant in accordance with this agreement and shall survive this agreement.

The successful bidder shall, at their own expense, obtain and maintain insurance as stipulated in the contract for the duration of the contract. The bidder shall provide the Municipality with a certificate of insurance within 10 business days of awarding the tender.

Interview:

If selected to make an oral presentation to the evaluation committee it is expected that the partner (and auditor, if applicable) who will be assigned to the Municipality's audit will be present and will preferably make the presentation on behalf of the firm.

Evaluation Committee:

The evaluation committee will be comprised of the Treasurer, CAO, and the Mayor of the Township of South Glengarry.

- The committee will evaluate the submissions based only on the established criteria as presented in the original bid documentation.
- A copy of the completed evaluation forms along with committee recommendation will be kept in the care and control of the Treasurer to be kept in a confidential file and utilized for dispute resolution if necessary.
- The Treasurer shall prepare a recommendation to Council.

Conditions:

The Municipality reserves the right to request additional data or information after the Proposal date if, in the Municipality's sole view, such data or information is considered pertinent to aid the review and evaluation process.

The Municipality reserves the right to supplement, add to, delete from and change this solicitation document. Respondents will be advised by fax or e-mail of any changes that are made.

The Municipality reserves the right to reject any portion of any Proposal and/or reject all Proposals, to waive any informalities or irregularities in the Proposals, or to re-invite or to re-advertise.

Any amendments and/or questions will be circulated to all those registered on the potential bidders list.

General Information for Respondents:

Sub-Contracting:

The selected respondent, who has been approved by the Council of the Municipality, shall be the prime contractor and shall keep the operation totally under their control and shall not assign, transfer or sub-contract any portion without the written approval of the Municipality. The consent of the Municipality for such assignment or subcontracting shall not relieve the prime contractor from completion of the project in accordance with the terms of the contract. Where a respondent submits a joint proposal or proposes a partnership arrangement, the respondent

must assume the lead or prime contractor position. As such, the respondent will have the overall responsibility for completing the project as proposed.

Contract Amendments and Revisions:

- 1) No amendment or revision to a contract shall be made unless the amendment is in the best interest of the Municipality.
- 2) No amendment that changes the price of a contract shall be agreed to without a corresponding change order describing the change in requirement or scope of work.
- 3) Amendments to a contract are subject to the identification and availability of sufficient funds in appropriate accounts within the Council approved budget including authorized revisions.

Access to Information:

The disclosure of information received relevant to the issue of a bid solicitation or the award of contracts emanating from bid solicitations shall be made by the appropriate offices in accordance with the provisions of the Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990, as amended.

All records and information pertaining to tenders, proposals and other sealed bids, which reveal a trade secret or scientific, technical, commercial, financial, legal or other human resources information supplied in confidence implicitly or explicitly, shall remain confidential if the disclosure could reasonably be expected to:

- 1) Prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organizations;
- 2) Result in similar information no longer being supplied to the Municipality where it is in the public interest that similar information continues to be so supplied;
- 3) Result in undue loss or gain to any person, group, committee or financial institution or agency; or
- 4) Result in information whose disclosure could reasonably be expected to be injurious to the financial interests of the Municipality.

Schedule "A"

REQUEST FOR PROPOSAL EVALUATION FORMAT

- 1) Requests for Proposals shall be reviewed by the evaluation committee
- 2) Each evaluation committee member shall complete the following RFP Evaluation Form for each proposal:

REQUEST FOR PROPOSAL EVALUATION FORM

Proponent's Name: _____			
Project Title: _____			
Evaluation Date: _____			
Evaluator: _____			
Step 1		Yes	No
Mandatory's	Proposal received prior to closing		
	Resumes of project team included		
	Reference list		
Step 2		Max. Points	Points
Proponent (30%)	Qualifications of firm and project team members	10	
	Experience of firm and project team members	10	
	Past performance	5	
	Resources	5	
Proposal (50%)	Scope	15	
	Methodology	10	
	Scheduling	10	
	Project Team	10	
	Clarity of Proposal	5	
Price (20%)	Points for price = (lowest cost proposal divided by proposal being evaluated) x (20% weight)	20	
Total Score (100%)	Proponent + Proposal + Price score	100	