

**DISTRICT OF LANTZVILLE**

**REQUEST FOR PROPOSAL NO. 2017-01**

**External Audit Services (2017-2021)**



**ISSUE DATE:**  
May 26, 2017

**CLOSING DATE AND LOCATION:**  
June 28, 2017 at 4:00 PM (local time)  
Attention: Jeannie Beauchamp, CPA, CGA, MBA  
District of Lantzville District Hall  
7192 Lantzville Road  
Lantzville, BC, V0R 2H0

**For additional information please contact:**  
Jeannie Beauchamp, Director of Financial Services  
Email: [jeannie@lantzville.ca](mailto:jeannie@lantzville.ca)  
Telephone: (250) 390-4006  
Fax (250) 390-5188

## TABLE OF CONTENTS

INTRODUCTION .....	3
BACKGROUND .....	3
REQUEST FOR PROPOSAL (RFP) PROCESS AND TERMS .....	3
TERMS OF AGREEMENT .....	4
SCOPE OF SERVICES .....	4
REPORTS TO BE ISSUED BY THE AUDITOR .....	5
MEETINGS .....	5
ASSISTANCE TO BE PROVIDED TO THE AUDITOR.....	5
AUDITOR’S STAFF ASSIGNMENTS.....	6
FIXED PRICE BID.....	6
ADDITIONAL PROFESSIONAL SERVICES .....	6
SUBMISSION REQUIREMENTS AND EVALUATION CRITERIA .....	7
TRANSMITTAL LETTER .....	8
SELECTED AGREEMENT TERMS.....	8
CONTACT PERSON .....	8
APPENDIX 1.....	9
APPENDIX 2.....	10
APPENDIX 3.....	11

## INTRODUCTION

The District of Lantzville (the “District”) is seeking proposals from qualified firms for the provision of external audit services as prescribed in Part 6, Division 2 of the *Community Charter*. This involves the audit of the annual financial statements of the District for a period of up to five years, commencing with the 2017 fiscal year. The fiscal year of the District is the calendar year. The Auditor should have experience and expertise in performing audits of government corporations and/or other public bodies, be free of any obligations or interests that may conflict or affect their ability to perform and act as the Auditor for the District and have the capacity to provide this service in a timely manner.

## BACKGROUND

A copy of the District’s 2015 Annual Report which contains the 2015 financial statements and some statistics as well as the 2016 financial statements can be obtained from the District’s website located at [www.lantzville.ca](http://www.lantzville.ca). Please see Appendix 1 for a selection of estimated 2016 volumes and statistics.

The District currently supports the following computing environments:

- Financial records: Vadim. Modules include General Ledger, Payroll, Accounts Payable, Accounts Receivable, Cash Receipting, Purchase Orders, Property Tax and Utility Billing.
- Capital Assets: CityWide

Accounting, payroll and purchasing transactions are processed through the District’s Finance Department, located at the District Hall at 7192 Lantzville Road.

The District has other facilities within the Municipality. These included the Public Works Complex and the Fire Hall.

## REQUEST FOR PROPOSAL (RFP) PROCESS AND TERMS

This RFP is not a tender call, and the submission of any response to this RFP does not create a tender process. This RFP is not an invitation for an offer to contract, and it is not an offer to contract made by the District.

Though the District fully intends at this time to proceed through the RFP, in order to select the services, the District is under no obligation to proceed to an agreement, or any other stage. The receipt by the District of any information (including any submissions, ideas, models or other materials communicated or exhibited by any intended proponent, or on its behalf) shall not impose any obligations on the District. There is no guarantee by the District, its officers, employees or managers, that the process initiated by the issuance of this RFP will continue, or that this RFP process or any RFP process will result in an agreement with the District for the purchase of the service or project.

Proposals will be marked with their receipt date at the closing location. Only complete proposals received and marked before the closing time will be considered to have been received on time. Proposals received after the final date and time for receipt of proposals will be considered as “late proposals”. Late proposals will not be accepted and will be returned unopened to the sender. In the event of a dispute, the proposal receipt time as recorded at the closing location shall prevail whether accurate or not.

While the District has used considerable efforts to ensure an accurate representation of information in this RFP, the information contained in this RFP is supplied solely as guidance for proponents. This information is not guaranteed or warranted to be accurate by the District, nor is it necessarily comprehensive or exhaustive. Nothing in this RFP is intended to relieve proponents from forming their own opinions and conclusions with respect to the matters addressed in this RFP.

The District reserves the right to modify the terms of this RFP at any time in its sole discretion. This includes the right to cancel the RFP at any time prior to entering into an agreement with the successful proponent.

There is no expressed or implied obligation of the District to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

## TERMS OF AGREEMENT

The term applicable shall be for a three-year period (calendar fiscal years 2017, 2018, 2019), with the option to extend for an additional period of two years (calendar fiscal years 2020, 2021), to a maximum total term of five years. The option to extend the term of this agreement is by mutual agreement between the two parties.

## SCOPE OF SERVICES

The District’s financial statements are prepared by District staff in accordance with Canadian generally accepted accounting standards for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Chartered Professional Accountants.

The District will make available to the Auditor a complete set of financial statements including notes that are ready for the audit. It is expected that these statements will be available by late March. These statements will be supported by a set of working papers and appropriate supporting documents.

The District’s proportionate ownership share of the Vancouver Island Regional Library is not included in the audited financial statements.

The Auditor will be required to fulfill the duties and responsibilities prescribed in Section 169 of the *Community Charter* and shall perform in compliance with generally accepted auditing standards. The audit is expected to be done in a timely manner and the Auditor shall provide relevant reports and requirements in accordance with a schedule satisfactory to the Director of Financial Services. The audit should be completed no later than April 30<sup>th</sup> of each year to allow the District to file the financial statements with the Ministry of Community, Sport, and Cultural Development before the 15<sup>th</sup> of May. The District's preferred timing for the year-end fieldwork is within the last two weeks of March or first week of April.

The District will provide resources and reasonable assistance to the Auditor for reproduction, pulling and re-filing documents and preparation of additional schedules.

The audit process includes evaluating the overall financial statement presentation as drafted by District staff, as well as reviewing and signing certain pages of the Provincial Financial Reporting forms, prepared by District staff.

The Auditor shall also produce a management letter providing observations and recommendations relative to the District's internal accounting controls, systems and procedures.

## REPORTS TO BE ISSUED BY THE AUDITOR

The Auditor shall issue a written opinion on the fair presentation of the consolidated financial statements or financial statements in conformity with Canadian public sector accounting standards suitable for printing within the financial statements.

The Auditor shall communicate in a letter to the Director of Financial Services any reportable conditions, as determined by the Auditor, found during the audit. The Auditor shall also provide appropriate beneficial suggestions to correct any areas of concerns and weaknesses arising as a result of the audit process.

## MEETINGS

The Auditor will attend meetings with municipal officials as required, including the planning and reviewing of the audit and financial statements. The Auditor is also expected to present the financial statements, audit report, and review the management letter with the Finance and Administration Committee which is responsible for advising Council on matters related to the external audit function.

## ASSISTANCE TO BE PROVIDED TO THE AUDITOR

The Finance Department staff will be available during the audit to provide information, documentation and explanations on financial matters.

The Finance Department staff will prepare draft financial statements including notes to the financial statements and all normal reconciliations, analysis, and supporting working papers. The District relies on the Auditor to make suggestions for different financial statement presentations and wording for the notes to the financial statements, most notably to incorporate new accounting pronouncements.

## AUDITOR'S STAFF ASSIGNMENTS

A schedule identifying the principal supervisory and management staff, including engagement partners and specialists, who would be assigned to the District's account is required. Information on the qualifications and experience of these staff must be provided.

## FIXED PRICE BID

A fixed price bid must be submitted for each of the five years (fiscal 2017, 2018, 2019, 2020, 2021) identified in this RFP.

The bid should contain all pricing information relative to performing the audit engagement as described in this RFP. The total all-inclusive maximum price bid is to contain all direct and indirect costs including all out-of-pocket expenses and submitted in the manner shown in Appendix 2. Changes in wording or presentation suggested or requested by audit staff during the course of any audit will not be considered as additional services.

## ADDITIONAL PROFESSIONAL SERVICES

If it should be necessary for the District to request the Auditors to render any additional services, whether or not these services are connected with the audit work specified in the RFP, the additional work will only be performed if set out in a letter between the District and the Auditors and performed at the rates set out in the fixed price fee schedules or such other negotiated rates as may be mutually agreed upon. Any unauthorized work is expressly excluded from any compensation.

Any requests for additional services will be strictly limited to situations where there exists no possibility for real or perceived conflict of interest in relation to this engagement.

In no case will the total remuneration for each fiscal year exceed the all-inclusive maximum cost as agreed to in the agreement as amended by any approved changes. Any changes to the purpose of the audit or inclusion of additional work shall be agreed to in writing by the Auditor and the District, including remuneration, before any such work is commenced.

## SUBMISSION REQUIREMENTS AND EVALUATION CRITERIA

The following must be included in the proposed submission, in the sequence listed below, and will be the basis for the proposed evaluation

### *Qualifications and Experience of the Audit Firm and Audit Team*

- Name of the key contact person and their resume, including qualifications and experience.
- A brief resume indicating experience and qualifications of any and all personnel who may be assigned to perform the audit and their roles.

### *Demonstrated Success in Conducting Audits of Similar Organizations in Size and Complexity*

- A minimum of three references, preferably local government or related agencies, for which your company has provided similar services within the last five years. Please provide organization name, address, contact name, telephone number, client profile and the years of service for each.

### *Methodology*

- A statement of your understanding of the services to be performed and your ability and commitment to fulfill the responsibilities as described.
- Details or proposed methodology for keeping the District abreast of changes, in particular those related to PSAB requirements impacting financial reporting.
- Details or proposed audit methodology, including interim approach and the timing and duration of visits.

### *Fees*

- The net total cost to perform audits for five years beginning with the 2017 fiscal year (breakdown of each year).
- A breakdown of the hourly charge out rates for each individual.

### *Value Added Services*

- The District is prepared to consider any value added services that proponents may be willing to offer.

## TRANSMITTAL LETTER

A letter of transmittal briefly stating the proponent's understanding of the work to be done and a statement that the proposal is a firm and irrevocable offer for the period 2017 – 2021 shall be submitted along with the RFP response.

## SELECTED AGREEMENT TERMS

### *Termination of the Agreement*

The agreement may be terminated for the following reasons:

If the District and the Auditor mutually agree to terminate the agreement for reasons agreed to by both parties SIXTY (60) days written notice shall be given; or

If the Auditor is in default in the performance of any of its material obligations set forth in the agreement, then the District may, by written Notice to the Auditor require such default to be corrected. If within FIFTEEN (15) days after receipt of the Notice the default has not been corrected or reasonable steps to correct the default have not been taken, the District, without limiting any other right it may have, may immediately terminate this agreement and must pay the Auditor for the services rendered and disbursements incurred by the Auditor to the date of termination, less any amounts necessary to compensate the District for damages or costs incurred by the District or by any person employed by or on behalf of the District arising from the Auditor's default.

### *Insurance*

The Auditor shall, at their own expense, provide and maintain to the District until the completion of the agreement the insurance documents as referred to in Appendix 3.

## CONTACT PERSON

The Auditor's principal contact with the District will be Jeannie Beauchamp, Director of Financial Services, or a designated representative who will coordinate the assistance to be provided by the District to the Auditor.



## APPENDIX 1

### ESTIMATED VOLUMES AND STATISTICS – 2016

Estimated Population .....	3,605
No. of G/L Accounts.....	834
No. of Full-Time Employees .....	9
No. of Part-Time Employees .....	2
No. of Other Employees (Casual, Temporary, Fire, Council).....	39
No. of General Cheques Issued.....	1,094
No. of Invoices Issued.....	177
No. of Properties .....	1,548
No. of Vendors' Invoices Processed.....	1,301
No. of Purchase Orders Issued.....	200
No. of Bank Accounts.....	1

## APPENDIX 2

### AUDIT TEAM MIX HOURS AND BUDGET SUMMARY

Staff Assignment	Hours*	Rate	Budget
Audit Partner		\$	\$
Review Partner		\$	\$
Sector Specialists		\$	\$
Audit Manager		\$	\$
Other Staff		\$	\$
Staff not yet qualified		\$	\$
Totals (hours, budget)			\$
Misc. Disbursements			\$
GST (other taxes)			\$
Total Fixed Fee			\$

*\*One calculation should be completed for each year where the hours differ. The hours worked by each member of the team should be clearly identified.*

## APPENDIX 3

### SELECTED AGREEMENT TERMS – INSURANCE

The Auditor shall, at their own expense, provide and maintain until the completion of the Audit the following insurance in a form acceptable to the District of Lantzville with an insurer licensed in British Columbia:

- Commercial General Liability Insurance with a limit of not less than \$2,000,000 inclusive per occurrence for bodily injury (including death), and damage to property including loss or use thereof. Such insurance shall include coverage from broad form property damage, contractual liability, completed operations and product liability. Commercial General Liability policies shall provide that no cancellation or lapse of or material alteration in the policy shall become effective until THIRTY (30) days after written notice of such cancellation, lapse or alteration has been given to the District of Lantzville.
- Professional Liability in an amount not less than \$2,000,000 insuring the Audit Firm's liability resulting from errors and omissions in the performance of professional services during the audit.

Any deductible amounts in the foregoing insurance which are payable by the policyholder shall be in an amount acceptable to the District of Lantzville.

The Auditor shall provide the District of Lantzville with a certificate or certificates of insurance as evidence that such insurance is in force including evidence of any insurance renewal or policy or policies and also name the District of Lantzville as an additional insured on the Auditor's Commercial General Liability (CGL) Policy with respect to this contract with the District.

Maintenance of such insurance and the performance by the Auditor of their obligation under this clause shall not relieve the Auditor of liability under the indemnify provisions set forth herein.