

TOWN OF STELLARTON  
REQUEST FOR PROPOSALS  
EXTERNAL AUDITING SERVICES

December 2, 2019

250 Foord Street  
PO Box 2200  
Stellarton, NS B0K 1S0

Phone: (902) 752-2114  
Fax: (902) 755-4105  
Website: [www.stellarton.ca](http://www.stellarton.ca)



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EXTERNAL AUDITING SERVICES

**INTRODUCTION**

The Town of Stellarton (the “Town”) invites proposals from qualified accounting firms to provide external auditing services for the next five (5) fiscal years of the Town ending March 31, 2020, 2021, 2022, 2023 and 2024.

This Request for Proposal (RFP) and supporting documents supplied with it define both the form and content required of your proposal. We urge you to structure your response in accordance with the terms of this RFP. It will be by these criteria that we will determine whether a Proposal is complete, appropriate and competitive. **Proposals that do not conform to these terms and conditions may be given lesser weight than others, or may be rejected.**

Please ensure that all information supplied in response to the RFP contain sufficient details to support the services being proposed.

This document is not intended to limit the content of your Proposal but to provide a common framework for the Town of Stellarton to assess each Proposal in a professional manner in a transparent fair process. You may provide unsolicited information if you consider it to be relevant.

Any questions with regard to this RFP should be directed to:

Susan Higdon  
Town Clerk / Treasurer  
Town of Stellarton  
250 Foord Street, PO Box 2200  
Stellarton, NS B0K 1S0

Telephone: (902) 752-2114  
Fax: (902) 755-4105  
Email: [susan.higdon@stellarton.ca](mailto:susan.higdon@stellarton.ca)

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**CONFIDENTIALITY NOTICE**

The RFP contains confidential information, which is proprietary to the Town of Stellarton. The sole purpose of providing this information is to enable the recipient to evaluate the Town's external audit services requirements and to prepare and submit a Proposal that satisfies these requirements. The recipient agrees to keep the information in this RFP in confidence and agrees not to reproduce or disclose information to any person or source not providing an audit proposal. The Town of Stellarton reserves the right to have this information returned upon conclusion of the evaluation process. Should the recipient of these materials not wish to submit a proposal, all information shall be returned to the Town of Stellarton. Proponents must ensure that such information is not released to any third parties or unauthorized individuals. Failure to comply may result in criminal or civil charges and/or the Proponent's disqualification from any further invitations issued by the Town.

Proposal packages may be subject to disclosure under the Province's "Freedom of Information" legislation. By submitting a Proposal, the Proponent agrees to the appropriate disclosure of the information supplied, subject to the provisions of the governing law. The Town cannot guarantee the confidentiality of the complete content of any Proposal after the procurement has been awarded to the successful Proponent.

## SECTION 1 - TERMS AND CONDITIONS

### SUBMISSION OF PROPOSALS

The following is to be used in the preparation of a proposal for external audit services for the Town of Stellarton. If you wish to include an alternate method of servicing a specific requirement please provide full details and indicate the related charges separately.

1. The Municipal Government Act requires that audit firms/public accountants be registered as Municipal Auditors pursuant to the Act. (MGA 42(1))
2. Completed vendor proposals and other correspondence should be submitted to:

Susan Higdon  
Town Clerk / Treasurer  
Town of Stellarton  
250 Foord Street  
PO Box 2200  
Stellarton, NS B0K 1S0

3. Proposals must be submitted in a sealed envelope clearly marked **“TOS - External Audit Services Proposal”**.
4. Please provide **four (4)** paper copies and **one (1)** digital copy of your proposal.
5. **Closing Time and Date:**  
  
Proposals are due and will not be accepted any later than **January 6th, 2020 at 2:00 pm**.
6. Late proposals will not be accepted and will be returned unopened.
7. Proposals must be submitted on firm letterhead duly signed by an authorized person.
8. Proposals will be opened in the Town Office Committee Room, 250 Foord Street, Stellarton, NS commencing at **2:15 pm on January 6th, 2020**. The opening of proposals at that time is to publicly record receipt of them. Details of the submissions will not be publicly disclosed at that time.
9. **Terms and Conditions**

The terms and conditions of the audit services proposal submitted by you are to remain firm and irrevocable from the proposed closing date of January 6th, 2020 to February

11th, 2020 and, if you receive our letter of acceptance, become part of the contract with the Town, expiring at the completion of the audit for the year ended March 31, 2024.

## **10. Timing for Selection**

It is anticipated that the successful Proposal will be selected and the submitter notified no later than February 11th, 2020. On the same day, notice shall be sent to all other submitters notifying them that their Proposals have not been selected.

## **PROPOSAL REGULATIONS**

- 1.** Submission of a Proposal indicates acceptance by the submitter of all of the conditions contained in this RFP unless otherwise clearly and specifically noted in the Proposal submitted.

- 2. Town's Right to Reject**

The Town of Stellarton reserves the right, without prejudice,

- to accept any Proposal,
- to reject any or all Proposals,
- to not be obligated to accept the lowest Proposal,
- to accept any Proposal that it considers to be in its best interests,
- to waive formality, informality or technicality in any Proposal,
- to reject any proposal that it feels incapable of providing the necessary resources to perform the work in a satisfactory manner.

Proponents may be required to demonstrate financial stability, authorization to provide the services being acquired, and/or regulatory agency approval or registration as needed or otherwise clarify the Proponent's capability to satisfy the invitation requirements.

Acceptance is subject to the approval of the Town Council.

- 3.** No adjustments will be allowed to any submitted Proposals. Proposals, however, may be withdrawn by written request prior to the closing date and time for the submission of proposals.
- 4.** Late proposals will be rejected.
- 5.** The submitter must be prepared to include in the contract for services any oral or written representations, undertakings or guarantees that are made prior to the final agreement, including the entire response to this RFP, or parts thereof.

6. The accepted Proposal may be impacted in the event that the structure of the Town of Stellarton and/or its related funds changes during the period identified in the **Introduction**. Any such event may require the alteration and renegotiation of the accepted Proposal to accommodate such change.
7. The Town of Stellarton shall not pay a fee to any audit firm for the preparation and delivery of its Proposal in response to the Town's RFP. The Town will not be responsible for any costs, expenses, losses, damages or liability incurred by the Proponent as a result of, or arising out of, the submission of any proposal, or due to the Town not accepting or rejecting any proposal. The Town reserves the right to retain all Proposals submitted and to use any ideas contained in any Proposal regardless of whether that Proposal is selected.
8. In case of any disputes over completeness, accuracy and/or interpretation of this RFP, the versions of such documents held by the Town will be considered correct. Information, offers, commitments or instruction obtained by any source other than the Town of Stellarton will not be binding on the Town. Inquiries regarding this request for audit services can be directed to:

Susan Higdon, Town Clerk / Treasurer (902) 752-2114  
Email: [susan.higdon@stellarton.ca](mailto:susan.higdon@stellarton.ca)

Inquiries and responses given may be recorded and may be distributed to all other Proponents as Addenda. No responses shall be binding on the Town unless made in writing. All inquiries regarding the interpretation of these Terms and Conditions, general procurement policy or procedures must be made to the Town of Stellarton.

9. It is mandatory to complete **Section 3 - EXTERNAL AUDIT PROPOSAL REQUIREMENTS**.

## **SECTION 2 - GENERAL INFORMATION**

The Town of Stellarton is a municipal government that was incorporated in 1889 pursuant to the Municipal Government Act. The Town provides or funds municipal services such as police, fire, public works, parks and recreation, and other general government operations. The Town owns one utility and provides funding support for other financial entities involved in economic development, solid waste management, library services, recreation services and public transit.

The Town's population is approximately 4,200. The legislative body is comprised of a mayor and four councilors. Municipal elections occur every four years with the next election slated for 2020.

The Town levies a general tax rate on its residential, resource and commercial properties based on current assessment values provided by the Property Valuation Services Corporation (PVSC).

The Town employs approximately 40 full-time people along with 10 seasonal employees. For 2020 the Town's General Operating Fund budget is \$8.0 million of which \$7.0 million is raised from taxation and the Water Utility Operating Fund budgeted revenues is \$1.8 million.

1. It is expected that the term of the contract of the successful proponent will be from April 1, 2020 to midnight September 30, 2024 (or whenever the finalized March 31, 2024 statements are accepted by Council).
2. In accordance with Section 42 of the Municipal Government Act, Council is required to appoint a municipal auditor who is registered pursuant to the Act.
3. The Town's 2018/19 Audited Consolidated Financial Statements and the 2019/2020 Operating and Capital budgets are included in this package.
4. Regular Council meetings are generally held on the second Monday of each month. Committee of the Whole meetings are generally held on the fourth Monday of the month.
5. The Town performs data processing using TownSuite Municipal Software from PROCOM Data Services Inc as well as Microsoft Office for the majority of services.
6. Royal Bank is currently providing the Town's banking services.
7. Billings (information is approximate):
  - Taxes - 2,125 accounts - billed twice a year

- Water - 2,300 accounts - billed quarterly with Residential as flat rate and Commercial as metered
- Miscellaneous Receivables

**8.** The Town issues approximately 3,000 cheques annually.

**9.** Payroll

- 26 pay periods (bi-weekly)
- Payroll is done internally
- Direct deposit

**10.** Employees

- 40 full-time (approximately)
- 10 part-time/seasonal (approximately)

**11.** The Town provides draft Consolidated and Non-Consolidated Financial Statements for the audit as well as supporting audit file documentation.

## **SECTION 3 - EXTERNAL AUDIT PROPOSAL REQUIREMENTS**

Please provide the information requested below.

### **1. Audit Firm**

- Please provide a general description of your audit firm, including the structure and size.
- Please list your major municipal clients.
- Please discuss your audit philosophy and methods.
- Please include municipal references.
- Please indicate your presence and support in the Pictou County Area.

### **2. Audit Staff**

- Indicate the size and make-up of the audit team to be assigned to the audits.
- Detail the extent of their municipal auditing experience.
- Estimate the number of hours that are anticipated to be required for the annual audit, broken down between the various categories of staff assigned to each of the responsibilities and including details of initial start up and any changes in municipal reporting.
- Indicate the firm's quality control procedures and supervisory and review procedures intended to be employed in the conduct of the Town's audit.
- It is expected that the audit senior will be present throughout most of the audit fieldwork and provide regular updates to the Town Clerk / Treasurer as to the status of the audit and issues that may have arisen.

### **3. Audit Approach**

- Indicate how your firm will determine an audit strategy and undertake audit planning.
- Indicate how your firm will address matters of audit scope and materiality.
- Indicate your process for considering critical levels of errors warranting changes to the accounts.
- Indicate how your firm will control and co-ordinate the audit process.
- Detail how your firm will identify and respond to critical audit issues.

### **4. Transition**

- The proposal should include a detailed description of the Proponent's requirements to assume work on behalf of the Town. All assumptions and recommendations about the manner in which the Town's audit will be

transferred needs to be outlined in detail. Include resources and time requirements for the Proponent as well as Town staff and detailed costing of transition work required.

#### **5. Public Sector Accounting (PSAB)**

- Offer your firm's knowledge and experience in municipal government PSAB standards.
- Indicate any special audit planning required related to PSAB standards.

#### **6. Ancillary Services**

- Sections 43 and 44 of the MGA require the auditor to appear before Council and the Audit Committee to discuss matters pertaining to the audit. Detail any extra charge for this service.
- Indicate the firm's experience and staff complement to provide ancillary services such as comprehensive non audit services, tax services, etc. to municipal clients.

#### **7. Special Audit Work**

- The Town may require the Auditor to examine periodically the Town's compliance with other government funding agreements. Indicate any extra charge for these services.
- The Town may require the auditor to prepare the consolidated statements. Indicate any additional work required by the Town and any extra charge for this service.
- The auditors may be required to conduct a financial training session with the Audit Committee. This would be a high-level presentation designed to better familiarize new/existing committee members with the process and expectations. Indicate any extra charge for these services.

#### **8. Annual Audit Schedule**

- Please make reference to your ability to meet the following schedule.
- **Before February 28th** of each year, the Town's auditors shall meet with the Audit Committee to discuss the planning of the annual audit.
- A list of necessary schedules, working papers, analysis and other information to be prepared by Town staff will be finalized at this time.

#### **Milestones are:**

- Audit begins in the **3<sup>rd</sup> week of May** each year or such date as is required to complete draft reports by June 30<sup>th</sup>.

- Final draft financial statements, Auditor’s Reports and Draft Internal Controls letter shall be available to the Town Clerk / Treasurer by June 30<sup>th</sup> each year. The contents of the Draft Internal Controls letter will be discussed and agreed to with management prior to the presentation of the final Internal Controls Letter.
- The Audit Committee shall meet each year with the Auditor in early July to review the results of the audit. Additionally, the Auditor(s) shall attend meetings with Council called to discuss their work and reports and shall provide such information as requested which will enhance Council’s understanding of the annual financial statements and reports.

## **9. Audit Fees**

The proposal should include a firm quotation for the fees to be charged for each audit year ending March 31, 2020 to 2024. The fees must include all auditing assignments.

### **Proposed fees for the next five years should include:**

- Fee for the Town of Stellarton Non-Consolidated and Consolidated Financial Statements, including Auditors’ Report
- Internal controls letter
- Fee for any additional work, as related to the audit
- Any fees, administrative or other, charged over and above the basic audit fee must be quoted.

### **Other Fees:**

- Out-of-pocket expenses must be included in the audit fees set out in your Proposal.
- The audit should be considered as a “local” audit and the Town shall not be responsible for any disbursement incurred by the firm, caused by using staff from other locations.
- Any additional service outside the audit assignment is to be approved by the Town Clerk / Treasurer.

### **The fee proposal should include:**

- **An analysis of hours by grade of staff who will be involved in the audit together with details of hourly charge-out rates**
- **Indicate the basis of charging expenses**
- **Indicate the proposed billing schedule**
- **Can detailed itemized invoices be provided?**

## **10. Termination**

In the event that the successful proponent fails to comply with any of the terms and conditions set forth in this document, the successful proponent will be notified in writing and will be given fifteen days to comply. At the expiration of the stated period of time, if the successful proponent has not complied to same, to the satisfaction of the Town, the Contract will be terminated. Any termination of the contract by the Town as aforesaid shall be without prejudice to any other rights or remedies the Town may have. If for any valid reason the Town deems it necessary to terminate this five-year contract, the Town will have the right to do so with one- year notice.

## **11. General**

Provide any other information and/or comments which you feel are appropriate for the Town to consider in making its decision.

## **Supporting Documents**

The following supporting documents are provided:

- Audited Consolidated Financial Statements 2018/2019
- Operating Budgets 2019/2020
- Capital Budgets 2019/2020