STAFF REPORT

To: Council

From: Michelle Williams, Director of Finance

Approved by: Warren MacLeod, Chief Administrative Officer

Date: January 24, 2024

Subject: RFP – Auditing Services

ORIGIN

The current contract for the Municipal Auditors expires March 31, 2024.

BACKGROUND

In October 2023, the Municipality posted an RFP for auditing services with a deadline of December 14, 2023.

DETAILS

A Request for Proposal (RFP) for Auditing Services was posted on the Municipal website as well as the Nova Scotia Procurement website. One proposal was received, namely Grant Thornton LLP.

The Deputy CAO and the Director of Finance met to open and review the submission, January 2, 2024. The submission meets all the criteria set out in the RFP and reference was checked.

Grant Thorton has been the Municipality's Auditors since completing the financials March 31,2017. Staff experience has been positive, they are professional, knowledgeable, and helpful.

RECOMMENDATION

That Council of the Municipality of the District of Shelburne award the municipal auditor contract to Grant Thornton LLP for a five year term with the possibility of extension, in the amount of $32,500 plus HST for fiscal 2024/2025.

ATTACHMENTS

RFP – Auditing Service

MUNICIPALITY OF THE DISTRICT OF SHELBURNE

Auditing Services

Request for Proposals

Deadline: December 14, 2023 2:00pm AST

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1.0 GENERAL TERMS AND CONDITIONS

1.1 Background

Municipality of the District of Shelburne (Municipality) is located on the southwest shore of Nova Scotia and is a rural area with a population of 4,336, concentrated in the coastal regions. Established by Statute in 1855, the District of Shelburne is one of five municipal units in Shelburne County and is located on the eastern side of the county, bordering District of Barrington on the west, Region of Queens on the east and surrounds the Towns of Shelburne and Lockeport. District of Shelburne boasts rugged coastlines, white sand beaches, fishing villages, a rich maritime history and friendly people.

The Municipality is governed by a Council consisting of a Warden, Deputy Warden and five (5) Councillors. Council members are elected directly to Council with one Councillor being elected in each of the seven (7) districts. The Warden and Deputy Warden are then elected from among the Councillors. Councillors serve for a four-year term of office. The current term began in November, 2020 and expires in October, 2024.

The Municipality provides a full range of services, including general government, transportation, economic development and recreation/cultural services as well as provides financial assistance for fire services and financial transfers to the provincial government for such things as policing service, corrections, education and housing.

The Municipality's administration is located at 414 Woodlawn Drive, Shelburne County.

1.2 Purpose

The Municipality is in the process of selecting a municipal auditor to provide services for a five year term including fiscal years 2024/2025 through to 2028/2029, with the possibility of extensions.

Through this Request for Proposal, the Municipality seeks to:

- Specify the terms and conditions that would govern this service
- Select the successful proponent, if any.

This Request for Proposal states the instructions for submitting proposals, and the procedures and criteria by which the successful proponent will be selected. **Proposals that do not conform to these terms and conditions may be given lesser weight than others, or may be rejected.**

1.3 Proposal Submissions

Any change notices, appendices and addenda issued for this Request for Proposal shall be considered part of this proposal document. It is the proponent's responsibility for the submission of a proposal and any amendments at the proper location within the proper times and the Municipality assumes no responsibility.

The proposal is to be submitted in a sealed envelope clearly marked with the proposal name to the Finance Department on or before the closing date and time. Proposal can be submitted in one of the following ways:

a) Mail: PO Box 280 Shelburne, NS B0T 1W0

b) In person: Municipal office located at 414 Woodlawn Drive, Shelburne County

Fax and email submissions are **not** acceptable.

It is the responsibility of each proponent to submit all required documents as outlined in this Request for Proposal.

The Municipality is not liable for any costs incurred by firms in preparing responses to this Request for Proposal or for any work performed prior to official appointment by the Municipality.

Any revisions to this Request for Proposal will be issued as an addendum.

This document and request for proposals process does not constitute a call for tenders.

1.4 Terms and Conditions

1. All proposals shall be irrevocable and remain open for acceptance for sixty (60) days after the closing date/time. Proposals become the property of the Municipality.
2. Proposals, which contain qualifying conditions or which otherwise fail to conform to the terms and conditions may be disqualified or rejected.
3. Proposals will be signed by an official authorized to bind the firm and will provide the name(s), title(s), address, email and telephone number of the individual(s) to be contacted during the evaluation process.

1.5 Closing Date

Submissions must be received **no later than 2:00 pm AST, Thursday December 14, 2023**.

The Proponent can submit their proposal in person or mail to:

Michelle Williams MBA, B.Comm,
Director of Finance
Municipality of the District of Shelburne
414 Woodlawn Drive
P.O. Box 280
Shelburne, NS
B0T 1W0

Proposals received after this time will not be considered.

Submission of a proposal indicates acceptance by the Proponent of the Terms and Conditions specified in this RFP.

1.6 Municipal Contact for Request for Proposal

It shall be the proponent's responsibility to clarify any points in question with the Finance Department of the Municipality prior to submitting the proposal. Inquiries should be directed to the following **via email only**:

Name: Michelle Williams, MBA, B.Comm
Title: Director of Finance
Address: Municipality of the District of Shelburne
414 Woodlawn Drive
P.O. Box 280
Shelburne, NS
B0T 1W0
Email: michelle.williams@municipalityofshelburne.ca

If a proponent discovers any inconsistency, discrepancy, ambiguity, error, or omission in this Request for Proposal, it must notify the Municipality immediately in writing.
Any revision to this Request for Proposal will be issued as an addendum.

1.7 Award of Contract

The Municipality will endeavor to notify the successful proponent by Thursday, January 25, 2024.

1.8 Opening and Evaluation Criteria

Since price is not the only criteria on which proposals will be evaluated, there will not be a public opening of proposals.
Each response to this Request for Proposal will be evaluated by the Municipality to determine the degree to which it responds to the requirements as set out. Because this is a Request for Proposal, other factors in addition to price will be considered when submissions are evaluated. Factors to be considered will include, but not necessarily be limited to:

Criteria	Weight
Experience • General auditing experience • Specific municipal experience • Ability to provide additional services internally i.e. Financial Modeling	**40%**
Pricing • Fee for external audit • Fee for ancillary services	**15%**
Staffing • List of audit team names assigned to our audit, amount of time assigned to each person and their qualifications	**15%**
Ability to meet audit schedule • Field work • Presentation at Audit Committee and Council	**15%**
References • Provide description of comparable work and contact information	**10%**
Completeness of submission and project appreciation • Professionalism of submission.	**5%**

1.9 Rejection of Proposals

The Municipality reserves the right to reject any or all proposals received, not necessarily accept the lowest proposal amount, or accept any proposal which it may consider to be in its best interest. The Municipality also reserves the right to waive formality, informality or technicality in any proposal.

The Municipality is not under any obligation to award a contract, and reserves the right to terminate the Request for Proposal at any time for any reason, and to withdraw from discussions with all or any of the proponents who have responded. The receipt and opening of a proposal does not constitute acceptance of any proposal.

1.10 Confidentiality

This RFP contains confidential information, which is proprietary to the Municipality. The sole purpose of providing this information is to enable the recipient to evaluate the Municipality's audit service 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 Municipality and the proponent agree that the content of each response to this Request for Proposal will be held in the strictest confidence, and details of any response will not be discussed with any other party. Only information subject to the Freedom of Information and Privacy Act may be disclosed.

1.11 Term of Agreement

The successful proponent will provide services for a five year term including fiscal years 2024/2025 through to 2028/2029, with the possibility of extensions.

1.12 Reservation of Right

Proponents will not have the right to change conditions, terms or prices of the proposal once the proposal has been submitted in writing to the Municipality, nor shall proponents have the right to withdraw a proposal once it has been submitted.

1.13 Governing Law

Any contract resulting from this Request for Proposal shall be governed by and interpreted in accordance with the laws of the Province of Nova Scotia.

2.0 GENERAL INFORMATION

Municipal services are provided to the community by employees, contracted services, and volunteers. Employees (fulltime, part time, contract and seasonal) number approximately 37 plus seven councillors.

The Municipality may also employ casual employees to fill in as required or for special projects.

The Municipality's budget and financial information can be found on its website using the following links:

https://www.municipalityofshelburne.ca/budget-highlights/

https://www.municipalityofshelburne.ca/statements-and-reports/

2.1 Information Technology

The Municipality's IT service is outsourced.

Townsuite is the accounting software used in the Finance Department.

The Municipality uses a combination of paper and electronic filing systems.

2.2 Financial and Volume Statistics

The Municipality's Operating Budget for 2023/2024 is $8,844,101.

The Municipality performs all financial data processing, using in-house employees and Townsuite software. This includes general ledgers, accounts payable and receivable sub ledgers, tax and billings, cash receipting, budgeting and bi-weekly payroll.

The Municipality utilizes CIBC for its banking services. There are ten bank accounts related to the Municipality's funds. Generally, all transactions are managed through the Municipality's general operating account, with appropriate accounting managed with due to/from accounts as they relate to Capital Fund, Operating Reserve Fund, Special Reserve Fund and Capital Reserve Fund.

Council approves an operating line of credit for operational purposes, credit cards issued to designated staff and temporary borrowing required for capital projects.

Currently, the following borrowing limits have approval:

- Municipal Operating Fund $2,791,500 maximum overdraft limit
- Corporate Credit Card $24,500 maximum total

Billings (approximate)

- Taxes over 7,000 accounts billed once a year
- Septage Receiving 2-3 accounts billed monthly
- Regional Materials Recovery Facility (RMRF) 100 accounts billed per month

Bank Account Activity

- Approximately 2,000 payments annually
- Approximately 15,000 receipts annually
- Ten bank accounts

Fund Structure

- 00-> Operating
- 02-> Capital Fund
- 04-> Operating Reserve
- 05-> Capital Reserve
- 06-> Gas Tax
- 07-> District Grant

- 08-> Kids Fair Play
- 10->Special Purpose

The auditor is expected to prepare and provide the year-end financial statements for the audit. Each fund is to have a balance sheet and an income statement. Financial statements are to conform to the Provincial Financial Information Return (FIR) in a manner that makes filling out the FIR consistent and easily mapped to each line of the FIR.

3.0 AUDIT PROPOSAL REQUIREMENTS

3.1 Audit Firm

i. Provide a general description of your audit firm, including the size of your office location, provincial, national and international affiliations.
ii. Provide a list of government, and government related clients (including any municipal clients) you currently have.
iii. Provide a list of other services that you provide in house ie financial modeling, etc.
iv. Include at least three references, two of which should be municipal if possible, including contact information.
v. Auditor to confirm they are registered as a municipal auditor with the Department of Municipal Affairs pursuant to section 457 of the Municipal Government Act.

3.2 Audit Staff

i. Provide details on the size and make-up of the team to be assigned to this audit. This list should detail the audit team names assigned to our audit, amount of time assigned to each person and their qualifications. Provide the position of the individual who will be the main point of contact with the Director of Finance for the duration of the fieldwork.
ii. Indicate the extent of their municipal auditing experience, as well as any other experience you feel relevant.
iii. Provide information on how much turnover you expect within the audit team and explain how your firm would manage the noted turnover.

3.3 Audit Approach

i. Provide information on how your firm determines the appropriate audit approach, and how that would impact an organization the size of the Municipality.
ii. Indicate what process your firm uses in communicating issues arising during fieldwork to the client.
iii. Provide a sample document of the type of report your firm would communicate to the Municipality's Audit Committee and Council.
iv. Indicate how PSAB standards impact the audit planning and fieldwork, if at all.
v. Indicate your firm's use of computer assisted audit techniques, including transaction testing and audit working papers.
vi. Proposal should include a description of the proponents' requirements to assume work on behalf of the Municipality. All assumptions and recommendations about the manner in which the Municipality's audit will be transferred needs to be outlined in detail. Include resources and time requirements for the Proponent. Cost to perform this should be included in proposal.

3.4 Public Sector Accounting Board (PSAB)

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

3.5 Audit Schedule

Generally, the expectation as it relates to the year-end audit is as follows:

i. ***Before December 31st*** of each year, the Municipality's auditor shall meet with the Director of Finance to discuss the planning of the annual audit. At that time, the auditor will provide a list of necessary schedules, working papers and other information they require from Municipal staff.
ii. ***January*** – Audit Committee to meet with Municipality's Auditor to review audit workplan.
iii. ***May*** - Audit fieldwork carried out.
iv. ***June***–Audit Committee to meet with the Auditor and Director of Finance to review the draft year-end statements, Management Letter, draft FIR and any pertinent audit findings.
v. ***July*** - Financial Statements, Management Letter & FIR presented to Council.

Your response should include confirmation that your firm can meet the timeline noted above. If potential schedule conflicts are likely, please indicate which dates are problematic and suggestions to resolve those conflicts.

3.6 Ancillary Services

Provide fee charged for questions posed by the Director of Finance throughout the year. ie. HST related questions, various scenarios, etc.

Provide information and cost related to other services your firm may be able to provide to the Municipality.

3.7 Audit and Other Fees

Your proposal shall include a quote (excluding HST) to audit the fiscal year ended March 31, 2025 and an indication of how that fee will change in each of the successive years, i.e. inflation, fixed amount, etc.

Your submission will include:

- Estimated hours by staffing level, including hourly charge out rate for each team member. Indicate which team members are being used for the audit.
- Indicate whether an additional charge/fee would be applied for first year audit.
- Are there other charges/expenses that your firm would expect to invoice as part of the financial audit service. Specify what these would be and how they would be billed.
- Your firm to provide Management Letter.
- Your firm to complete the annual Financial Information Report (FIR) for the Province by their due date.
- Your firm to address the Financial Condition Index (FCI) indicators in the audit report where the Municipality received a red grade.
- The auditor is expected to prepare and provide the year-end financial statements for the audit. Each fund is to have a balance sheet and an income statement. Financial

statements are to conform to the Provincial Financial Information Return (FIR) in a manner that makes filling out the FIR consistent and easily mapped to each line of the FIR.

Any additional service or fees beyond those noted above must be approved by the Director of Finance for the Municipality. In the event that the Auditor encounters issues during the audit that may require additional billings, the Auditor will, bring these matters in writing to the attention of the Director of Finance in order to allow the Municipality a reasonable chance to mitigate any potential extra billings.

4.0 TERMINATION

In the event that the Respondent fails to comply with any of the terms and conditions set forth in this document, the Respondent will be notified in writing and will be given fifteen days to comply with the violated sections. At the expiration of the stated period of time, if the Respondent has not complied with same to the satisfaction of the Municipality, the Contract may be terminated and the Municipality reserves the right to have the remaining work contracted out to another firm. Any termination of the contract by the Municipality as aforesaid shall be without prejudice to any other rights or remedies the Municipality may have.

5.0 OTHER/GENERAL COMMENT

Provide any other comment/detail which you feel may be appropriate for the Municipality to consider in making its decision on appointing the Municipal Auditor.