



REQUEST FOR PROPOSAL AREA1501

AUDIT SERVICES

DECEMBER 2, 2015

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# 1 Introduction

This Request for Proposal (RFP) has been posted on the Alternative Resource Energy Authority web site for your convenience at [www.areans.ca](http://www.areans.ca) and the Province of Nova Scotia tender website.

Addenda and attachments are posted if issued. It is the firm's responsibility to ensure that the entire RFP and associated links, in its latest version, is reviewed prior to due date of a proposal. To receive a hard copy of the RFP or addenda, please contact Greg Towne, AREA Treasurer, at (902) 538-4014 or email [info@areans.ca](mailto:info@areans.ca).

Alternative Resource Energy Authority (AREA) invites Proposals from qualified accounting firms for professional services to audit their annual consolidated financial statements and supplementary financial information. The auditor will be responsible for the following:

- a. Performing an annual audit in accordance with generally accepted auditing standards (as defined in the CICA Handbook), which will include advice on internal control and related procedures.
- b. Attending meeting(s) with the AREA Board as required for establishing the audit process and planning, executing and reporting on the audit of the financial statements.
- c. Discussing with and advising AREA staff on accounting, auditing and tax issues that may arise during the year.
- d. Issuing special reports in connection with statutory financial reporting to the Province and other established special agreements.

Alternative Resource Energy Authority reviews its professional services on a regular basis. As part of this process, auditing services proposals are requested for four fiscal years of the AREA ending March 31, 2015; 2016; 2017; 2018.

It is not the intent of this RFP to completely describe all aspects of the requirement for Audit Services. Descriptions of the services outlined within this RFP are to insure that the overall goal of AREA is achieved. This RFP therefore, serves only as a guideline to solicit proposals from qualified firms. For ease of reference, each firm or individual receiving this RFP is referred to as a "firm" and the firm or individual selected to provide services for AREA is referred to as the "Selected Firm." This RFP states the instructions for submitting proposals, the procedure and criteria by which a firm may be selected, and the contractual terms by which AREA proposes to govern the relationship between it and the Selected Firm.

## 2 Background

Alternative Resource Energy Authority is an Intermunicipal authority incorporated in July 2013 and is owned by the Towns of Antigonish, Berwick and Mahone Bay. It was primarily created to construct and operate a windfarm facility in Ellershouse, Nova Scotia.

The AREA Board consists of six members, two from each town. Duties of the authority are performed by Board members or staff of the towns. AREA does not employ any staff.

As of November 2015, the facility is in the final stages of construction and achieving commercial operation. To date, approximately \$23.5 million dollars' worth of costs have been incurred for capital purposes and the authority is starting to incur operating costs.

The functions of Treasurer were performed by the Town of Mahone Bay until September 2015, and are currently being performed by the Town of Berwick. The physical location of files and documents are Berwick, Nova Scotia. The authority has not yet released audited financial statements; as part of the provision of auditing services, the selected firm will be asked to provide audited financial statements for the year ended March 31, 2015 and then for the years ended March 31, 2016, 2017 and 2018.

AREA is currently using Sage Enterprise as its financial software.

## 3 Instructions to Proponents

### 3.1 *Definition of Terms*

The following terms used in the RFP documents shall be construed as follows:

- a) "Act" refers to the Municipal Government Act.
- b) "AREA" shall mean Alternative Resource Energy Authority.
- c) "Agency/Authority" shall be synonymous with the term AREA.
- d) "Board" shall mean the Board of Alternative Resource Energy Authority, the advisory Board of the agency.
- e) "Firm" shall mean the person or firm making the offer.
- f) "May" indicates something that is not mandatory, but permissible.
- g) "MGA" refers to the Municipal Government Act.
- h) "Must/Shall" indicates a mandatory requirement. A proposal that fails to meet a mandatory requirement will be deemed non-responsive, and not be considered for award.
- i) "Proposal" shall be the offer presented by the proposer.
- j) "Review Panel" is an independent committee established by the Board to review, evaluate, and score the proposals, and to recommend award to the proposer that submitted the proposal determined by the committee to be in the best interest of AREA.
- k) "RFP" shall be the acronym for Request for Proposals.

- l) "Selected Firm" shall refer to the firm or individual selected to provide services for AREA.
- m) "Supplier/Proponent/Consultant" shall be considered synonymous with the term "firm".
- n) "Should" indicates something that is recommended, but not mandatory. Failure to do what "should" be done will not result in rejection of your proposal.
- o) "Submittal Deadline" shall be the date and time on or before all proposals must be submitted.
- p) "Treasurer" shall be the Treasurer of AREA.

### 3.2 Enquiries

All enquiries regarding this Request for Proposal (RFP) must be made in writing by fax or e-mail and addressed to:

Greg Towne, Treasurer  
 Alternative Resource Energy Authority  
 Phone: (902) 538-4014  
 Fax: (902) 538-3724  
 Email: info@areans.ca

### 3.3 Closing Date

For evaluation purposes, **four (4) hardcopies** of your Proposal should be received by AREA by 2:00 pm, Friday, January 15, 2016 (the "Submittal Deadline"). Facsimile transmissions will not be accepted

### 3.4 Opening of Proposals

Proposals will be opened in public in the Berwick Town Hall, 236 Main Street, Berwick NS commencing at 2:05 pm on January 15, 2016. The opening of proposals at that time is to publicly record receipt of them. Details of the submissions will not be publicly disclosed.

### 3.5 Schedule

This Request for Proposal process will be governed by the following timetable of events. Although AREA will attempt to meet all dates, it specifically reserves the right to modify any date(s) at its sole discretion by notifying all Firms on our website at [www.areans.ca](http://www.areans.ca) or in writing at the addresses noted in the Proposals submitted to AREA.

Item	Date
Availability of RFP	December 2, 2015
Proposal Submission by 2:00 pm	January 15, 2016
Submission Evaluations	by January 22, 2016
Presentations to the Review Panel (if required)	by January 29, 2016
Approval of Firm by the Board	by February 8, 2016

### 3.6 *Address for Submissions*

Proposals should be clearly marked "RFP: AREA Audit Services" and be received at:  
Alternative Resource Energy Authority  
c/o Town of Berwick  
PO Box 130, 236 Commercial Street  
Berwick, NS B0P 1E0

### 3.7 *Addenda*

If deemed necessary by AREA, responses to any questions and/or any additional information will be issued by AREA in the form of an Addendum, which shall form part of this RFP. No oral conversation will affect or modify the terms of this RFP or may be relied upon by any Proponent.

Any Addenda issued to this RFP will be posted on the AREA website at [www.areans.ca](http://www.areans.ca) and the Province of Nova Scotia tender website. It is the responsibility of the Proponent to ensure that it has received any Addenda issued prior to the Proposal submission date. Upon submitting a Proposal, a Proponent will be deemed to have received notice of all Addenda that have been issued.

All requests for clarification must be received in writing by this individual at least four (4) working days prior to the closing date to allow written clarification to be issued to all respondents. Verbal responses are only binding when confirmed by written addenda.

### 3.8 *Clarity and Organization of Proposals*

Proposals should be complete, clear, consistent, well organized and legible to facilitate evaluation. All information requested in this RFP should be provided in your Proposal.

## 4 **General Conditions**

### 4.1 *Municipal Auditor*

The Municipal Government Act requires that audit firms/public accountants be registered as Municipal Auditors pursuant to the Act (MGA 42(1)).

### 4.2 *Term of Contract*

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 15, 2016 to February 8, 2016 and, if you receive our letter of acceptance, become part of the contract with AREA, expiring at midnight March 31, 2018.

#### 4.3 *Cost of Proposal*

Preparation and submission of a Proposal in response to this RFP is voluntary and any costs associated with Proposal preparation, submission, meetings, negotiations or discussions with AREA are solely that of the Proponent submitting the Proposal.

#### 4.4 *No Claim*

AREA will not be liable to any Proponent for any claims, whether for costs, expenses, losses or damages, or loss of anticipated profits, or for any other matter whatsoever, incurred by the Proponent in preparing and submitting a Proposal, or participating in negotiations for a Contract, or other activity related to or arising out of this RFP. Except as expressly and specifically permitted in this RFP, no Proponent shall have any claim for any compensation of any kind whatsoever, as a result of participating in this RFP, and by submitting a Proposal, each Proponent shall be deemed to have agreed that it has no claim.

#### 4.5 *Proponent's Qualifications*

In submitting a Proposal, the Proponent acknowledges and agrees that it has read, understood and agrees to all terms and conditions described in the RFP and that it has the necessary experience, skills and ability to effectively provide the Services.

#### 4.6 *Privilege*

Alternative Resource Energy Authority reserves the right to:

- i. Suspend or cancel the RFP at any time for any reason without penalty.
- ii. Reject any and all bids or accept any bid or part thereof and may award all or a portion of the work to one or more proponent.
- iii. Waive any informalities, formalities, technicalities or to reject any or all proposals based on the proponent's lack of proven experience, performance on similar projects or the suitability of proceeding with the execution of the work.
- iv. In the event that a number of proponents submit bids in substantially the same amount or should proposals be scored equal, AREA may, at its discretion, call upon those proponents to submit further bids.
- v. No term or condition shall be implied, based upon any industry or trade practice or custom, any practice or policy of AREA or otherwise, which are inconsistent with the provisions contained herein.

#### 4.7 *Adjustments & Withdrawal*

No adjustments will be allowed to submitted proposals. Proposals, however, may be withdrawn prior to the closing date and time for the submission of proposals.

#### 4.8 *No Binding Contract*

AREA may, after reviewing the Proposals received, enter into discussions with one or more of the Proponents, without such discussion in any way creating a binding contract between AREA and any Proponent. There will be no binding agreement with AREA until a Proposal has been presented and approved by the Board.

#### 4.9 *Confidentiality*

Any information acquired about AREA by a Proponent during this process must not be disclosed unless authorized by AREA, and this obligation will survive the termination of the RFP process.

#### 4.10 *No Conflict of Interest*

By submitting a Proposal, the Proponent declares that it has no pecuniary interest in the business of any third party that would cause a conflict of interest or be seen to cause a conflict of interest in carrying out the services.

#### 4.11 *Timing for Selection.*

It is anticipated that the successful Proposal will be selected and the submitter notified no later than February 7, 2016. On or after that day, notice shall be sent to all other submitters notifying them that their Proposals have not been selected. Acceptance is subject to the approval of the Board.

#### 4.12 *Schedules and Milestones*

Before January 31<sup>st</sup> of each year, AREA's auditors shall meet with the Treasurer to discuss the planning of the annual audit. A list of necessary schedules, working papers, analysis and other information to be presented by AREA will be finalized at this time.

The audit is normally performed in May or June of each year, but may be adjusted on mutual agreement of the AREA and the Selected Firm.

Audited financial statements must be presented by the Auditor to the Board no later than July 31<sup>st</sup> of each year, to meet deadlines relating to Board approval and distribution to AREA partners.



## 5 Evaluation Procedure

All proposals will be evaluated by a Review Panel for completeness and suitability for the requirements. Firms will be contacted, if necessary, to clarify any major items in question. Based on the analysis of the Proposals, a ranking of Firms will be established. Proposals will be ranked on their ability to meet the present and future needs of AREA and ranked on the basis as set out in Section 6. A short-list of Firms will be finalized and interviews may be required at the discretion of the Review Panel to assist in its evaluations. A "Selected Firm" will be selected and will be recommended to the Board.

### 5.1 Evaluation of Proposals

Award of contract shall be based on the following criteria:

a. Compliance by the Bidder with the Request for Proposal	pass/fail
b. Firm Profile and Experience with Municipal Audits	10%
c. Personnel	10%
d. Approach to Engagement	20%
e. Additional Services	10%
f. Fees and value	50%

### 5.2 Acceptance

Your response will indicate your acceptance to the conditions outlined in this Request for Proposal.

## 6 Proposal Content

All Proposals should contain the following information about the Firm:

- The name of the firm, local address, telephone number, facsimile number, name of contact person, email address.
- The location of the office from which the work is to be performed, the number of partners, managers and other professional staff employed at that office.
- A description of the range of services provided by the local office.
- Identification of the partner, managers and supervisors who will be assigned to AREA's audit. Include short biographies of each supervisory person, along with professional qualifications and a summary of relevant experience.
- A list of current and prior government or public sector audit clients including the number of years of service on each and the name, telephone number and email address of at least three contacts for reference.
- Non-auditing professional services provided to other municipal clients and innovative products offered by your firm.

- g. Proposals must state the firm's understanding of the work to be performed and provide a description of the firm's audit approach.
- h. Proposed fees for producing AREA's Consolidated Financial Statements including Auditors' Report, including:
  - An estimate of the total hours of work required to complete the audit, broken down by major anticipated tasks.
  - The hourly billing rates for each category of staff.
  - Other identified additional costs or disbursements, and how these will be charged.
  - An all inclusive maximum cost for the requested work should be clearly laid out for each of the next four years for basic audit services.
  - A pricing structure for special or additional work could be included.
- i. In addition, AREA welcomes your comments on:
  - Innovative ways to reduce audit fees and streamline the audit process.
  - Approach to fee negotiation for additional or unplanned audit work.
  - Strategies to familiarize the audit team with the operations of AREA.
  - Quality assurance / control processes employed by you to ensure effective product and service delivery.

## 7 Work Performed by AREA

AREA will perform the following functions in relation to the annual audits:

- a. Preparation of the year end working papers, including analytical reviews of all accounts, as required, and current and prior actual and current actual to current budget.
- b. Arrangement of audit confirmations to banks, lawyers and other entities as required upon receipt of forms from auditors.
- c. Provide information on the transaction flow for each cycle and identification of related financial controls.
- d. Provision of access to phones, copiers, fax machines. Workspace to perform the audit will also be provided.

## 8 Volumes and Statistics

### **Transactions – up to March 31, 2015**

Prior to March 31, 2015, there are approximately 300 transactions (invoices and journal vouchers) relating to capital invoices, bank or interest charges or other internal adjustments. Approximately 75 cheques were issued on behalf of AREA via the Town of Mahone Bay bank account, with AREA reimbursing Mahone Bay in March 2015.

Net costs incurred by AREA totaled over \$5,800,000.

### **Transactions – April 2015 to March 2016**

Approximately 300 transactions until November 2015 (invoices and journal vouchers) relating to capital invoices, bank or interest charges or other internal adjustments. Approximately 100 cheques have been issued to date, with another 20 to 30 expected to pay for capital invoices. Total net construction costs are expected to exceed \$23,500,000.

The facility started to produce power in early November 2015 and began to incur operating costs at that point. Total transactions are expected to be less than 150 total for the balance of the fiscal year, which include billings to electric utilities and the processing of operating costs. Total operating revenues of AREA are expected to be around \$625,000 until March 31, 2016.

### **Transactions – Fiscal 2016/17 and 2017/18**

Operating revenues for these years are expected to exceed \$2,200,000. It is expected that there will be fewer than 500 total operating transactions in any one year, and expect to issue fewer than 200 cheques in any one year.

### **Payroll**

AREA does not employ any staff.

### **Banking**

AREA maintains one bank account. Various ledger accounts (such as general operations or reserve balances) are tracked and reconciled to the bank account.