

The Town of Smoky Lake

Request for Proposal

External Audit Services

August 2024

Closing Location

56 Wheatland Avenue
Smoky Lake, AB. T0A 3C0

Desired Closing Date and Time

Friday, September 13, 2024
4:00 p.m., local time

Contact Person

Dawn Phillips, CAO
Phone: (780) 656-3674
cao@smokylake.ca

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CLOSING DATE: Friday, September 13, 2024 CLOSING TIME: 4:00 p.m.

ANY OR ALL PROPOSAL SUBMISSIONS NOT NECESSARILY ACCEPTED

Town of Smoky Lake
External Audit Services Request for Proposal

2.0 INTRODUCTION

The Town of Smoky Lake (hereinafter referred to as the Town) invites qualified accounting firms to submit proposals to provide professional auditing services to the municipality. The purpose of this request for proposal is to obtain all auditing services required by the Town for its operations at a competitive value for service.

These audits are to be performed in accordance with 1) Generally Accepted Accounting Principles for Municipal Government established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and 2) Reporting requirements as set out by the Province of Alberta in the *Municipal Government Act* and its regulations.

We wish to make it clear that this RFP is not motivated by concerns about our current accounting firm who provide excellent service to the Town.

Assurance services are required for three financial reports.

- Town of Smoky Lake, includes FCSS and the Smoky Lake Mineral Rights Development Company Limited
- Municipal Financial Information Return
- Local Authorities Pension Plan Compliance Audit

Our current accounting firm audits each of these entities in conjunction with the Town.

3.0 PROPOSAL PROCEDURE

A. PROPOSAL RESPONSE

The Town is requesting responses to this Request for Proposal for Professional Auditing Services. (The reference to "Professional Auditing Services" does not preclude any type of accounting firm.)

Assurance and advisory services, in addition to the annual audit, may be required on as needed basis. Past requests have included participation in Council orientation, advice on accounting treatments, reviews of the financial implication of agreements, comments on accounting policies, reviews of grant reports, and advice on GST.

You are invited to submit on a separate proposal form for any services, other than those requested, that may be of interest to the Town. These extra services should be separately identified with a cost for each service provided.

RESPONSES TO QUESTIONS

Your firm may contact the CAO, Dawn Phillips via email at cao@smokylake.ca or the Assistant CAO, Crystal Bryks at finance@smokylake.ca to clarify any matters relating to the audit services in this request for proposal.

You may wish to review prior years' audited statements online at: <https://smokylake.ca/financial>

B. SUBMISSION OF PROPOSALS

Two copies of the response to this RFP must be submitted in a sealed envelope bearing the firm's name or one copy sent via email. The firm must return the completed proposal signed by a duly authorized representative and complete with all supporting documentation to:

Request for Proposals - Audit Services
Attn: Dawn Phillips, CAO
Town of Smoky Lake
56 Wheatland Avenue
P.O Box 460
Smoky Lake, AB. T0A 3C0

Or

Electronically via email to cao@smokylake.ca

A confirmation email will be sent upon receipt of the electronic proposal.

This documentation shall be received no later than **4:00 p.m. local time, Friday, September 13, 2024**. Any proposal received after the stated time and date will not be considered.

It is the respondent's responsibility to ensure that their submittal has all the necessary information concerning the intent and requirements of this RFP.

The intent of the Town is to make a recommendation of award to Council at its regular scheduled meeting on Monday, September 23, 2024.

The Town reserves the right to modify specified target dates and to reject any or all submissions (the Town will not necessarily accept the lowest price), or to cancel or withdraw the RFP for any reason without incurring any cost or liability for costs and damages incurred by a respondent including, without limitation, any expenses incurred in the preparation of the submission. The Town also reserves the right to request additional information from respondents, to waive any formality or informality in the selection, and to accept the proposal deemed most favorable to the interests of the Town.

C. PROPOSAL EVALUATION CRITERIA

Proposals will be evaluated using four (4) sets of criteria. Firms meeting the mandatory criteria will have their proposal evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements 10%

- a) The audit firm is independent and qualified to practice in Alberta.
- b) The audit firm adheres to the instructions in this Request for Proposal on preparing and submitting the proposal.
- c) The audit firm's ability to meet the Town's mandatory timelines.

2. Technical Quality 40%

- a) Expertise and Experience.
 - i. The audit firm's experience and performance on comparable government engagements. Negative or positive references.
 - ii. The experience of the audit firm's professional personnel to be assigned to the engagement, and how they will be utilized in the engagement.
- b) Audit Approach
 - iii. Description of the firm's audit approach with respect to completing its audit program. (E.g. reliance on controls, use of substantive testing, confirmation etc.)

3. Price 30%

- a) Cost effectiveness of the proposal. Cost may not be the primary factor in the selection of an audit firm.

4. Value Added Services 20%

- a) Ability to provide additional services, and advisory services/publications.

5. Presentation

During the evaluation process the Town may, at its discretion, request anyone or all firms to make oral presentations. Such presentations will provide firms with the opportunity to answer any question the Town may have about the firm's proposal. Not all firms may be asked to make such oral presentations.

D. CONTRACT TERMS

Upon approval by Council, the successful firm will be required to enter into a formal contract with the Town. The contract shall allow the Town and the Audit Firm the standard 30-day cancellation clause.

E. TERM

The accounting firm selected by the Town will provide professional auditing services to the Town for a three (3) year term. The Town may, with the consent of the successful bidder, extend the terms of this Request for Proposal for an additional 3-year extension on the same terms and conditions. Should the firm desire to enter into renewal negotiations with the Town for the 3-year extension, the firm must serve the CAO with written notice of its desire to enter into renewal negotiations 90 days prior to expiration of the initial three (3) year term.

If the Town and accounting firm fail to agree on a contract price for the renewal period, it is agreed between the parties that the Town will be under no further obligation to negotiate a Renewal Agreement and shall be free to solicit Request for Proposals from other accounting firms for the provision of services.

F. CONFLICT OF INTEREST STATEMENT

In its proposal, the respondent must disclose to the Town any potential conflict of interest that might

compromise the performance of the work. If such a conflict of interest does exist, the Town may, at its discretion, refuse to consider the proposal. The respondent must also disclose whether it is aware of any Town employee or Council member having a financial interest in the respondent and the nature of that interest. If such an interest exists or arises during the evaluation process or the negotiation of the Agreement the Town may, at its discretion, refuse to consider the proposal or withhold the awarding of any agreement to the respondent until the matter is resolved to the Town's sole satisfaction.

G. RIGHT TO ACCEPT OR REJECT

The Town reserves the right to accept or reject any or all proposals and to waive irregularities and informalities at its discretion. The Town reserves the right to accept a proposal other than the lowest proposal without stating reasons. By the act of submitting a proposal, the proposer waives any right to contest in any legal proceedings or action the right of the Town to award the Work to any qualified proposer in its sole and unfettered discretion. Without limiting the generality of the foregoing, the Town may consider any other factor besides price and capability to perform the Work that it deems in its sole discretion to be relevant to its decision including, but not limited to experience, reputation, solvency, cost of maintenance, customer service or quality of past performance. The Town is not obliged to select the proposal with the lowest price. The Town also reserves the right to discuss/negotiate with any or all respondents. Award of this proposal is subject to Council approval and Town's internal policies and procedures.

H. ADDENDUM

An addendum, should one be necessary, will be issued to all Respondents that were issued the RFP. The Town reserves the right to revise this RFP up to the proposal submission date. Any revisions shall be included in Addenda to the RFP distributed to all Respondents. When an Addendum is issued, the date for submitting proposals may be changed by the Town if, in its opinion, more time is necessary to enable respondents to revise their proposals. The Addendum shall state any changes to the proposal submission date, all terms and conditions, which are not modified, shall remain unchanged. All respondents must acknowledge receipt of RFP documents and all Addenda in their proposal.

I. ERRORS AND OMISSIONS

The Town shall not be held liable for any errors or omissions in any part of this RFP. While the Town has used considerable effort to ensure an accurate representation of information in this RFP, the information contained in the RFP is supplied solely as a guideline for Respondents. The information is not guaranteed or warranted to be accurate by the Town of Smoky Lake, nor is it necessarily comprehensive or exhaustive. Nothing in the RFP is intended to relieve the Respondent from forming their own opinions and conclusions with respect to the matters addressed in the RFP.

4.0 GENERAL INFORMATION

A. THE ORGANIZATION

With a population of approximately 1,031 residents, located just over an hour from Edmonton, The Town of Smoky Lake offers its residents and visitors many of the same services of the city without the line ups or traffic.

The Town is the Pumpkin Capital of Alberta and the home of the annual Great White North Pumpkin Fair, which brings in nearly 10,000 people to a community of just over 1,000. The excitement does not stop there though, as the Town also hosts the Smoky Lake Stampede, the Town Heritage Days, and numerous other community events throughout the year. Smoky Lake is a must-visit to anyone looking to experience city-

level celebrations in a charming small-town setting. Just check out the Town Calendar to learn more!

The Town also offers a selection of gourmet restaurants, comfortable hotels, a brand-new school, an array of shopping options, and a fully equipped hospital. Smoky Lake is proud of its Ukrainian heritage and honored to be located next to Metis Crossing and Victoria Settlement, all of which contribute to the Town's rich cultural element. More information can be found at the Town's website www.smokylake.ca

The Town's operating budget is \$4.4M with a capital budget of \$350,000.00. The Town provides a wide range of services to its residents including fire protection, parks and recreation, community services, water/sewage and road and public works services. The Town's Strategic Plan can be found at www.smokylake.ca under the Government tab.

The Town employs approximately 10 full-time employees, 9 seasonal/part-time and 5 Councillors. The Town has four departments that report through the Chief Administrative Officer. The Chief Administrative Officer reports to Town Council.

B. COMPUTER EQUIPMENT

Financial and Asset Management for the Town are processed using Muniware Software. The 10-year capital plan is prepared from project information in Muniware and engineer reports. Data is backed up to the Town's server network daily. The financial software and hardware are supported by CORE Network Solutions.

C. OPERATING SYSTEMS

The following systems are computer processed internally via Muniware Software:

1. Accounts Payable

The Town has 5,000 vendors and issues approximately 1,450 cheques per year. The Town issues paper-based cheques to process vendor payment and EFT's.

2. General Ledger

The Town's system has 1,250 active accounts.

3. Accounts Receivable

The Town's system has approximately 264 active accounts and produces approximately 360 invoices per year.

4. Utility and Property Tax Systems

The Town's utility system has approximately 575 utility accounts, billed monthly generating about 6,900 invoices per year. The tax system has approximately 740 property tax accounts.

5. Payroll

Payroll is processed monthly for all staff and Council. The Town employs a combination of paper and electronic timesheets that are coded by function.

6. Audit Preparation

Working papers and schedules are prepared and reconciled to the General Ledger by Town staff. Town staff analyzes, and co-ordinates all other information required for audit purposes, and will prepare year-end

journal entries. The annual Management Letter along with the draft Financial Statements must be available for presentation to the Management Team by the first of April each year, and the final Financial Statements must be ready for Management to submit to Council by the 15th of April each year.

5.0 SUMMARY OF CORE PROFESSIONAL AUDITING SERVICES REQUIRED

A. TECHNICAL REQUIREMENTS

The purpose of the Technical Proposal is to demonstrate the qualifications, competency and capacity of the audit firms seeking to undertake an independent audit of the Town in conformity with the requirements of this Request for Proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the audit firm and of the specific staff to be assigned to this engagement. It should also specify an audit approach that will meet the Request for Proposal requirements.

The Technical Proposal should address all the points outlined in the Request for Proposal. The proposal should be prepared simply and economically, providing a straightforward, concise description of the respondent's capabilities to satisfy the requirements of the Request for Proposal. While additional data may be presented, the following subjects, item numbers 1 through 6 must be included. They represent the criteria which the proposal will be evaluated against.

1. Qualified to practice in Alberta

An affirmative statement should be included that the firm and all assigned key professional staff are properly qualified to practice in Alberta.

2. Firm Qualifications and Experience

The respondent should state the size of the firm, the size of the firm's municipal governmental audit staff, the location of the office from which the work on this engagement is to be performed, the number and nature of the professional staff to be employed in this engagement on an hourly basis and the number and nature of the staff to be so employed on a part-time basis.

3. Partner, Supervisory and Staff Qualification and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each person is qualified to practice as a CPA in Alberta. Provide information on the government auditing experience of each person.

Indicate how the quality of staff over the term of the agreement will be assured. Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons.

Other audit personnel may be changed at the discretion of the respondent provided that replacements have substantially the same, or better qualifications or experience.

4. Similar Engagement with Other Municipal Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum 3) performed in the last five years that are similar to the engagement described in this Request for Proposal.

5. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the service required. The proposal should include at least the information on the Audit Program used, statistical sampling technique and tools, quality control program, usual content of management letter and organization of audit team.

6. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be requested from the Town.

B. PRICE

1. Total all-inclusive maximum price, excluding GST.

The fee must be inclusive of all audit work and associated costs resulting from and during the normal course of an audit. Unless agreed to in advance, any billings for additional audit work will not be considered.

The RFP should contain all pricing information relative to performing the audit engagement as described in this Request for Proposal.

2. Rates by partner, specialist, supervisory and staff level for any additional services.

3. Rates for Additional Professional Services.

4. Rates for travel and/or accommodation while on site during the audit.

5. Rates for the completion of the LAPP Audit (completed annually).

6. Rates for the completion of the Financial Statement.

If it should become necessary for the Town to request the audit firm to render any additional service to either supplement the services required in the RFP, or to perform additional work as a result of specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the Town and the audit firm. Any such additional work agreed to between the Town and the audit firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the cost proposal.

7. GST Consideration

Respondents will not include any amount in the proposal for Goods and Services Tax. The GST will be billed by the successful respondent as a separate item in addition to the contract amount.

C. TIME REQUIREMENTS

1. Annual Schedule

Before October 31st of each year of the contract the auditors, staff from the Town of Smoky Lake and the Assistant CAO shall meet for the purpose of defining a schedule of joint activities which will lead to the assembly, audit and submission of the Annual Financial Statement of the Town for the year concerned, on or before April 30. The auditors shall present the Annual Financial Statements to Council no later than the Council meeting on the third Monday in April of each year.

- a) The important key dates by which time necessary information is to be assembled by both parties.
- b) A list of all the necessary schedules, working papers, analyses and any other information relevant to statement preparation.
- c) A definition of the responsibilities of the Town and auditor's staff with respect to preparation of all required documents with consideration that there is to be as much involvement from Town staff as possible, at the least cost to the Town.
- d) Dates for meetings between the Town and audit staff to review progress made by both parties.

The above-mentioned schedule shall be finalized on or before October 31 of each year.

2. Delivery of Annual Financial Statements

Audited Annual Financial Statements shall be delivered to the attention of the CAO and Assistant CAO by the deadlines set out in the annual schedule.

Preferably in conjunction with delivery of the Annual Financial Statements, but in no case later than thirty (30) days following delivery of said statements, the auditor shall communicate in a management letter to the Town any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. In addition, reportable conditions that are also material weaknesses shall be identified as such in the report.

As part of the audit of the Town of Smoky Lake financial statements, discussion and presentations to Administration and Council are required. The management letter is considered a public document provided for information when the financial statements are presented for approval. The Town may publish an annual financial report starting in May 2025 for the 2024 fiscal year and each year thereafter.

The Town, in accordance with the *Municipal Government Act*, must submit to Alberta Municipal Affairs the Audited Annual Financial Statements and the Financial Information Return for the year ended December 31st by May 1st of the following year.

6.0 FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT

The respondent acknowledges and agrees that the *Freedom of Information and Protection of Privacy Act* applies to all records relating to, obtained, generated, compiled, collected or provided under, or pursuant to, this Request for Proposals to provide professional auditing services.

A. CONFIDENTIALITY OF REQUEST FOR PROPOSAL

The access and privacy provisions of the *Freedom of Information and Protection of Privacy Act* govern all documents submitted to the Town. While this Act allows persons a right of access to records in the Town's custody or control, it also prohibits the Town from disclosing your personal information or confidential business information. This prohibition takes effect if disclosure would be significantly harmful to your business interests or would be an unreasonable invasion of your personal privacy as defined in sections 16 and 17 of the *Act*. Firms are encouraged to identify those portions of their submissions which they are submitting in confidence and which, if revealed, would harm the business interest of the company.

Proponents will ensure that they have obtained written consent from each of those employees before forwarding such personal information to the Town. Such written consents are to specify that the personal information may be forwarded to the Town for the purposes of responding to this RFP and use by the Town for the purposes set out in the RFP.

Specific records or specific portions of the records submitted by the firms that are identified as confidential will be treated as having been supplied in confidence and will not be released unless required by law.

B. RATING AND EVALUATION RECORDS

Assessment criteria and allocation formulas for this Request for Proposal are public information. Individual assessments of bidders are considered confidential and of interest to competitors or other bidders under this Request for Proposal. Individual assessment information will be provided, upon request, to the submitter/bidder to whom it relates, and to others, only in accordance with the *Freedom of Information and Protection of Privacy Act*.

C. PERSONAL INFORMATION ABOUT FIRMS' EMPLOYEES OR AGENTS

The purpose of collecting the personal information that must be provided in this Request for Proposal is to enable the Town to ensure the accuracy and reliability of the proposal, to enable the Town, and to evaluate your response to this Request for Proposal.