

MUNICIPAL ASSESSMENT AGENCY

INSTRUCTIONS TO BIDDERS

EXTERNAL AUDIT SERVICES

September 2019

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INTRODUCTION & SCOPE

Purpose and Scope of Work

The Municipal Assessment Agency (the Agency) is seeking bids from auditing firms in Newfoundland and Labrador to provide auditing services to the Agency over the next five years. The Agency is seeking to appoint an auditing firm to provide services for the 2019-20 fiscal year to the 2023-24 fiscal year. However, any appointment will be subject to annual review and confirmation by the Agency's Board of Directors (the Board).

Background

The Agency is dedicated to the promotion of professional property valuation and assessment services throughout the Province of Newfoundland and Labrador.

The Agency is responsible for operating within the *Assessment Act, 2006*. Clients of the Agency are the municipalities throughout the Province, excluding the City of St. John's, that have decided to implement a property tax system. The Agency operates on the basis of collecting a fee per assessed property from each municipal client.

The Head Office is located in St. John's with the Eastern Regional Office, two Regional Offices located in Gander and Corner Brook and several small satellite offices strategically located throughout the province. Approximately 50 staff are employed by the Agency.

The Agency is requesting bids from audit firms to provide audit services starting with the audit for the year ended March 31, 2020. Included in the Agency's vision for the future is a commitment to demonstrate accountability and transparency in its management. The Agency is satisfied with the service provided by its current external auditor; however, an open process to select the Agency's various professional service providers will enhance the accountability of the Board.

Governance Structure

The Agency is governed by a ten member Board. Eight represent municipal interests, two are citizen representatives appointed by the provincial government. The Chief Executive Officer is an ex-officio member of the Board. The CEO leads the organization at the operational level. The Minister of Municipal Affairs and Environment is the holder of the sole common share for the Agency.

The Board has established a number of committees to enable them to fulfill their various governance responsibilities. The committees include Finance and Audit, and Public Relations and Policy. The purpose of the Finance and Audit Committee is to enable the Board to fulfill their governance responsibilities regarding financial services, policies, activities and reporting.

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The Finance and Audit Committee is responsible to

- a) Review and recommend to the Board for approval the Agency’s annual operating and capital budgets along with the annual assessment rates.
- b) Interpret financial policies and goals as necessitated by changes in economic and/or internal conditions.
- c) Review and evaluate the adequacy of the Agency’s system of internal financial and management control; and the accounting principles and policies adopted by the Board to ensure they are appropriate in the circumstances.
- d) Review and recommend to the Board for approval the audited financial statements.
- e) Assure the independence of the Agency’s external auditors in the performance of their duties.
- f) Ensure there are no unresolved issues between management and the external auditors that could affect the financial statements.

The purpose of the Public Relations and Policy Committee is to review policies that have major implications such as those related to governance and those that can affect the Agency’s relationship with municipalities before they are submitted to the Board for approval and to set the strategy for dealing with matters related to the public.

Technology and Information Systems

The Agency’s current technical environment is based on a centralized client-server model. Specialized payroll software is provided by Ceridian Canada and accounting software is provided by Sage.

KEY DATES AND SUBMISSION INFORMATION

Key Dates

The timetable for this limited call for bids is as follows:

- | | | |
|----|---|--------------------|
| 1. | Request released to bidders | September 5, 2019 |
| 2. | Bids to be received by | September 26, 2019 |
| 3. | Short-listed bidder presentations, if necessary | October 3, 2019 |
| 4. | Notification to successful bidder:
(Pending ratification at AGM) | October 24, 2019 |
| 5. | Official Notification: | November 18, 2019 |

Bid Submission Information

Faxed bids will not be accepted. Bids will be received by the Agency up to 3:00 p.m. NDT, September 26, 2019. Hard copy bids should be delivered to the following:

**Municipal Assessment Agency
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Response to Call for Audit Services
Director of Corporate Services
75 O’Leary Avenue
St. John’s NL A1B 2C9

Contact

Jennifer Quilliam, CPA-CMA, MBA
Director of Corporate Services
Telephone: (709) 724-1526
E-mail: jquilliam@maa.ca

Should any item in this Instructions to Bidders be unclear, please contact the above for further clarification. If it is considered that a meeting with auditing firms would be beneficial, firms will be so advised.

Firm Contact

Each bid should include the name; title, e-mail address and telephone number of one individual who may be contacted in the event further clarification of the bid is required.

Fees

All fees for each service outlined in the bid must be clearly identified. Where no fee or charge is quoted, it will be assumed that any fee or charge is included elsewhere in the bid.

EVALUATION PROCESS

Emphasis will be placed on the ability to meet audit requirements in choosing the Agency’s auditors. Demonstrated ability to provide a timely and efficient audit and to identify opportunities for improvement is required. Information regarding experience and available technical expertise, in all areas, is also required.

The following criteria will be used to evaluate all potential candidates:

<u>Criteria</u>	<u>Weighting</u>
Fees	40
Audit resources and experience	30
Audit approach	15
Bid and, if necessary, presentation	15

Presentation

If it is unclear which firm to award this contract, the firms which are short-listed may be invited to present their bid to the Evaluation Committee. All costs associated with such a presentation will be the responsibility of the bidders.

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Conditions of Acceptance or Rejection

The Agency reserves the right to reject all bids, to select a bid that is not the lowest-cost, and to refuse any bid that does not meet the information or timing requirements of this document. The Agency will not reimburse any costs incurred in the preparation and presentation of a bid.

Should the Agency deem it necessary to augment, modify or clarify the Instruction to Bidders, all firms will be notified and will receive written addendum. As well, the Agency reserves the right to discuss any and all bids and to request additional information from bidders.

Mandatory Service Requirements

The following is a description of the scope of audit and related work to be performed by the selected auditor. In responding, the firm should describe their approach to providing the required service including:

- (a) Overview of the firm and audit approach
- (b) Audit partner and staff experience
- (c) Audit resources
- (d) Proposed audit approach
- (e) Audit fees
- (f) Technological expertise
- (g) Industry and property assessment experience

1) Audit of Financial Statements

The primary duty of the auditor will be to attest that the identified financial statements are fairly presented in accordance with generally accepted accounting principles.

The Agency is required to submit to the Comptroller General a copy of its audited financial statements, by early June in the year following its March 31 year end. Further to this, the Agency has to file an Annual Report, including financial statements, with the Minister of Municipal Affairs and Environment. It is imperative that the audit firm provide a copy of the audited financial statements and audit opinion in the electronic formats required to the Agency to assist in fulfilling its annual reporting requirements.

2) Management Letter

This letter provides recommendations to management of any significant opportunities for improvement (both management and operational) identified during the course of the audit.

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Assistance Provided to Auditors

A major objective of the Agency is to ensure a quality audit and services at a reasonable cost. Accordingly, staff are prepared to provide reasonable assistance as required by the auditor. Such assistance would include the following:

- (a) Preparation of draft financial statements
- (b) Preparation of accounting schedules and reconciliations
- (c) Retrieval of documentation supporting transactions selected for testing
- (d) Key financial staff available to assist during the audit
- (e) Other reasonable assistance as required by the auditor

The above would include meetings with audit staff during the planning and fieldwork stage of the audit.

The Agency's 2018-19 Audited Financial Statements are available for viewing on the Agency's website www.maa.ca.

APPENDIX A: AUDIT FIRM BID OUTLINE

All bids will be evaluated using standard and objective guidelines.

In order to assist the Agency in making this decision, please provide complete, concise responses to the following:

Section 1: Covering Letter

Section 2: Overview of the Firm and Audit Approach

- 2.1 General description of your firm and its local resources

Section 3: Audit Partner and Staff Experience

- 3.1 What is the size and make up of the audit team to be assigned to the audit? Please attach resumés for the partner and lead auditor to be assigned.
- 3.2 What is the extent of their auditing experience with the Municipal Assessment Agency and/or comparable agencies such as municipalities and crown entities? Please list such audits that your firm completes.
- 3.3 Based upon historical experience, what turnover of audit staff can be expected over the term of your appointment?
- 3.4 How will you ensure that all new staff are familiar with the Agency's operations in a timely manner?
- 3.5 To what extent is the partner in charge involved with the Agency's audit? Will he/she be in contact with Agency officials?
- 3.6 Within the organization of your firm, what is the stature of the audit partner to be assigned to the Agency audit?

Section 4: Audit Resources

- 4.1 What is the size of the audit staff and support staff of the office to be involved in the work?
- 4.2 The Agency is required to forward a copy of the audited financial statements to the Comptroller General's Office by early June and to file an Annual Report, containing the audited financial statements, to the Minister of Municipal Affairs and Environment by a date to be set by the Lieutenant Governor in Council. How will you ensure that the audit is completed and the

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appropriate information (in the appropriate format) is forwarded to Agency staff within these timeframes?

Section 5: Proposed Audit Approach

- 5.1 What will be the approach to examining systems and internal controls?
- 5.2 How will analytical review procedures, compliance testing, and substantive procedures be used?
- 5.3 How will disruptions in our normal workflow be minimized?
- 5.4 Comment on the coordination with the Director of Corporate Services, the Manager of Human Resources, and the Accountant.
- 5.5 Identify the communications that will keep management informed of the audit progress and aware of problem situations on a timely basis.
- 5.6 What procedures will you perform to enable you to provide a management letter to the Agency?
- 5.7 Please provide any other audit approach information that you wish the Agency to consider.

Section 6: Audit Fees

- 6.1 What is the annual fee for each of the five years 2019-20 through 2023-24? Ensure all costs and taxes are included in the amount.
- 6.2 Will the Agency be billed for any start-up costs relating to the audit?
- 6.3 What is your firm's policy for billing extra and special work? What rates can the Agency expect to be billed for non-audit services?
- 6.4 How many hours (minimum/maximum) do you plan to assign to each member of the audit team?
- 6.5 How are out of pocket expenses handled?
- 6.6 Explain how you would propose to use Agency staff to assist during the audit.

Section 7: Computer Audit Expertise

- 7.1 What is the extent of computer audit experience on the audit team as related to the Agency's operating environment?

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- 7.2 Does your firm utilize computer-assisted audit techniques?
- 7.3 Who on your audit team will be able to adapt computer-assisted audit techniques to the Agency's audit?
- 7.4 What would be the impact on the fee schedule?

Section 8: Industry Experience

- 8.1 Does your firm have experience auditing assessment agencies, municipalities or crown entities?
- 8.2 What type of management advisory services have you recently performed for assessment agencies, municipalities or crown entities?

Section 9: Other Comments

- 9.1 Please provide a listing of any references with which we may confer in confidence.
- 9.2 Are there any current or anticipated conflicts of interest?
- 9.3 Please provide any other brief comments that you wish the Agency to consider when evaluating your bid.