



REQUEST FOR PROPOSAL

#3579

AUDIT SERVICES

CLOSING: THURSDAY, AUGUST 15, 2013, 2:00 p.m.

**Halifax Regional School Board
33 Spectacle Lake Drive
Dartmouth, Nova Scotia
B3B 1X7**

Board Contact – General/Technical Questions

**Kathryn Burlton, Manager of Accounting & Purchasing
(902) 464-2000, Ext #2843**

kburlton@hrsb.ca

The HRSB encourages employment equity and affirmative action programs.

PART 1 – BACKGROUND

The Halifax Regional School Board is the largest school board in Nova Scotia serving more than 49,000 students and employing approximately 9,000 staff. There are 137 elementary and secondary schools across the region, and several offices. The Halifax Regional School Board operates within Halifax Regional Municipality.

The annual General Fund budget of the Halifax Regional School Board is approximately \$407 Million. In addition, the total Supplementary Fund budget is approximately \$17 Million. The Board's approved Budget and Business Plan 2013-2014 and audited Financial Statements for the period ending March 31, 2013 are available on the Board's web site at www.hrsb.ca.

The financial system operates on the SAP Accounting System maintained by the Province of Nova Scotia through a contract with IBM. The annual financial statements are prepared in accordance with PSAB, the Nova Scotia School Board Financial Handbook and generally accepted accounting principles. The Board's financial statements are prepared in order to meet the requirement for consolidation with the Province of Nova Scotia.

It is the practice of the Halifax Regional School Board to prepare its own financial statements and all related working paper files, with the assistance of the external auditors. The Board also processes all adjusting and closing entries at year end.

PART 2 - GENERAL SCOPE OF WORK

The selected auditor will be required to perform the following audit and related functions for the Halifax Regional School Board:

A) Audit of Annual Consolidated Financial Statements and Annual Report of Salaries & Expenses

The primary duty of the successful audit firm will be to perform an annual audit of the consolidated financial statements of the Halifax Regional School Board in accordance with generally accepted auditing standards for the purpose of issuing an independent auditor's report. A similar audit is required for the Board's Annual Report of Salaries & Expenses. Both audits must be provided to the Board by mid-June each year in order to be filed with the Province of Nova Scotia no later than June 30 each year. The external auditors are also required to provide information directly to the Auditor General of Nova Scotia.

Management Letter

As a result of the audit, the auditor is expected to provide the Board with a Management Letter reflecting observations and recommendations with respect to internal control and operational efficiency and effectiveness. Where such opportunities for improvement are identified, the auditor shall make recommendations directly to the Audit Committee of the Halifax Regional School Board.

Other Services

Occasionally, the auditor may be requested to provide additional services which may include investigations, providing financial, administrative or technical advice, or other ancillary services. If the school board auditor is engaged to provide such consulting functions, any fees shall be in addition to the audit work specified above.

PART 3 – TECHNICAL PROPOSAL/QUALIFICATIONS

The successful auditor must be listed as a registered municipal auditor and other specialized services should be available within the firm (i.e., IT consulting, taxation, professional standards, etc.).

To ensure a uniform evaluation process and to obtain the maximum degree of comparability, each proposal shall be presented in the order listed below. Elaborate brochures or voluminous examples are not required or desired.

- Section 1** Brief cover letter
- Section 2** Adherence to legal requirements
- Section 3** Extent of school board audit and/or consulting experience
- Section 4** References
- Section 5** Audit Resources/Staff
- Section 6** Ability to audit in a computerized environment
- Section 7** Proposed Audit approach
- Section 8** Other Services/Information

Section 1 - Cover Letter

- (a) Provide a brief cover letter including an overview of your audit firm, local autonomy and decision making (Audit partner(s)).

Section 2 - Adherence to legal requirements

- (a) Demonstrate your understanding of the legal requirements of a school board audit.

Section 3 - Extent of School Board Audit and/or Consulting Experience

- (a) What audit and/or consulting services have you recently performed for school boards? Please provide a statement of deliverables the school board could expect if you are the successful proponent.
- (b) What other services have you recently performed for other government or non-profit entities?

Section 4 - References

Proponents must provide a list of three (3) client references that contract or have contracted for audit services which are considered identical or similar to the requirements of this Request for Proposal. Failure to do so may be cause for rejection of proposal. The list should include the following information:

- (a) Company Name and Address
- (b) Contracting Officer and Telephone Number
- (c) Technical Representative and Telephone Number
- (d) A brief, written description of the specific services provided

Proponents must also provide a listing of accounts of similar size gained and lost in the last 12 months including reasons for loss of accounts. HRSB reserves the right to contact representatives of lost accounts.

Section 5 - Audit Resources/Staff

- (a) A principal contact person should be named but it is understood that individuals with expertise in areas of required service may be used in place of the principal contact. Please identify individuals and their area of expertise.
- (b) What is the size and make-up of the audit team to be assigned to the audit, including supporting specialists readily available, giving normal work location? Proponents shall provide the name, title, address and telephone number and a one page resume of the audit partner and the audit manager who will be assigned to the audit. Failure to do so may be cause for rejection of proposal. These credentials may be subject to verification. In the event there would be a change in the persons named under the contract, the proponent shall be required to submit, for approval to the Halifax Regional School Board, the credentials and resumes of the persons the proponent proposes to assign. Failure to do so may be cause for termination of the contract.
- (c) Based on historical experience, what turnover of audit staff can be expected over the next three years? What commitment can your firm make to continuity of the audit staff assigned to the Halifax Regional School Board?
- (d) How will you ensure that new staff will become familiar with our operations?
- (e) How will you ensure that audit deadlines are met? (Your answer should include a discussion of your existing client base and audit timing related to such audits; note deadlines for reporting in Education Act).
- (f) What other resources does your firm have to draw upon?
- (g) A detailed work plan is required showing timing of work and itemized deliverables for the Audit for the year ended March 31, 2014. Proponents shall provide a response to demonstrate understanding of the scope of work, including, but not limited to, the approach that will be taken in 2013-14 and the years following.

- (h) Explain how you would propose to use staff of the school board, if at all, to assist during the audit. Indicate the approximate time requirement and work expected.
- (i) Clearly outline the expectations of Board staff in preparation for the audit (i.e. What documents etc., are expected prior to the beginning of the field work?).
- (j) Explain how you would manage the transition of Auditor in a manner transparent to HRSB.
- (k) Describe the transition plan as it relates to HRSB needs.

Section 6 - Ability to Audit in a Computerized Environment

- (a) What is the extent of your audit team's computer audit experience?
- (b) What access does your firm have to "computer specialists?"
- (c) Does your firm utilize computer assisted audit techniques? How would this be applied to the Halifax Regional School Board? What involvement/support is required of HRSB staff?

Section 7 - Proposed Audit Approach

- (a) What will be your approach to examining systems and relying on internal control?
- (b) How will analytical review procedures, compliance testing and substantive procedures be used?
- (c) How will disruptions to our normal work flow be minimized?
- (d) Identify the communications which will keep both your management and school board management informed of audit progress and aware of problem situations on a timely basis.
- (e) What procedures will you perform to enable you to provide: (a) a Management Letter to the school board; (b) Review of the consolidation worksheets and data to the Province?
- (f) Please provide any other audit approach information that you wish the selection committee to consider.

Section 8 - Other Services/Information

- (a) Does your firm have advisory services in the areas of taxation?
- (b) Will management consulting personnel be available if requested by the Board?
- (c) Additional brief facts concerning your firm which you feel are critical in evaluating your proposal.

PART 4 - COST PROPOSAL

The answers to the questions in this section should be provided in a separate section of your response to this RFP.

- (a) *Audit* - Estimated hours to fully complete the audit and all associated tasks and the fixed audit fee for each year of the three year appointment. The fixed fee for the two optional one year terms will be negotiated prior to awarding an extension. The total fee shall be a fixed price. Please provide the circumstances under which additional fees may be requested and the rates for such adjustments.
- (b) What, if any, additional costs will be added to the above fixed price, e.g., an allocation of overhead or any office services, or other charge added to the total billing in addition to the charges detailed?
- (c) *Special* – Provide an hourly rate for each year of the three year appointment for each staff person who may provide special services such as taxation, business and internal control systems review and risk assessment.
- (d) Will the school board be billed for any “start-up” costs relating to the audit? If yes, provide an estimate and range for start-up costs.
- (e) Is your firm prepared to provide itemized billings? Please indicate the level of detail.

PART 5 - EVALUATION

- (a) The evaluation process may result in a short list based on the stated criteria. Proponents could be asked to prepare a presentation, prior to the final selection.
- (b) Evaluation of the proposal will be based on criteria found on the Audit Services Proposal Evaluation Form (Appendix “A”).
- (c) The results of the above process will be brought to the Board’s Audit Committee with a recommendation from the evaluating committee to award.

PART 6 - GENERAL INFORMATION

1. Prior to the closing date and time on the cover sheet, proponents must submit **Three (3) PAPER COPIES AND ONE (1) ELECTRONIC COPY OF PROPOSALS** to:

***Kathryn Burlton, Manager of Accounting & Purchasing
Halifax Regional School Board
33 Spectacle Lake Drive
Dartmouth NS, B3B 1X7***

2. Proposals must remain firm for ninety (90) days from the closing date.
3. **Timing for Selection:** The success proponent will be notified by the end of September 2013.
4. **General Questions:** May be directed to Kathryn Burlton, Manager of Purchasing & Accounting, (902) 464-2000 #2843 or e-mail: kburlton@hrsb.ca.
5. **Technical Questions:** May be directed to Terri Thompson, Director of Financial Services, (902) 464-2000 #2241 or or e-mail tthompson@hrsb.ca or to Kathryn Burlton, Manager of Purchasing & Accounting, (902) 464-2000 #2843 or e-mail: kburlton@hrsb.ca.
6. After contract award, all coordinating for services will be with Terri Thompson, Director of Financial Services, (902) 464-2000 #2241 or e-mail tthompson@hrsb.ca.
7. Prospective proponents are not eligible to submit a proposal if current or past corporate and/or other interests may, in the opinion of the Halifax Regional School Board, give rise to conflict of interest in connection with this project. Proponents are to submit with their proposal documents, any issue that may constitute a conflict of interest for review by the Halifax Regional School Board. Halifax Regional School Board's decision on this matter will be final.
8. The Halifax Regional School Board reserves the right to reject any or all proposals or parts of proposals, when in this reasoned judgment, the public interest will be served thereby. The Halifax Regional School Board may waive formalities or technicalities in proposals as the interest of the Halifax Regional School Board may require. The Halifax Regional School Board may waive minor differences in the proposal provided these differences do not violate the proposal intent.
9. Proponents are solely responsible for their own expenses in preparing, delivering or presenting a proposal and for subsequent negotiations with the Halifax Regional School Board, if any.
10. **TERM:** The term of the contract will be for the audit of the fiscal year ending **March 31, 2014 and concluding with an audit of the fiscal year ending March 31, 2016 (3 years)** with an **option to renew for two additional one year terms** at the sole discretion of the Board.

11. **Your Contractual Terms:**

List separately any contractual terms which must be included as part of the Agreement if awarded to you and which would be a condition to HRSB's acceptance of your Proposal. List separately any contractual terms which you would like the HRSB to consider but which would not be a condition to the acceptance by the HRSB of your Proposal and which would only be part of the Agreement with the HRSB with the specific further agreement of the HRSB. Failure to furnish such terms will mean that the proponent agrees to meet all requirements of the Request for Proposal.

12. **Termination for Convenience:** The Halifax Regional School Board may terminate a contract, in whole or in part, whenever the Halifax Regional School Board determines that such a termination is in the best interest of the Halifax Regional School Board, without showing cause, upon giving written notice to the proponent. The Halifax Regional School Board shall pay all reasonable costs incurred by the proponent up to the date of termination. However, in no event shall the proponent be paid an amount which exceeds the bid price for the work performed. The proponent shall not be reimbursed for any profits which may have been anticipated but which have not been earned up to the date of termination.

13. **Termination for Default:** When the proponent has not performed or has unsatisfactorily performed the contract, the Halifax Regional School Board may terminate the contract for default. Upon termination for default, payment will be withheld at the discretion of the Halifax Regional School Board. Failure on the part of the proponent to fulfill the contractual obligations shall be considered just cause for termination of the contract. The proponent will be paid for work satisfactorily performed prior to termination, less any excess costs incurred by the Halifax Regional School Board in re-procuring and completing the work.

14. **Contract Between Board & Successful Proponent:**
This Request for Proposal document, the proponent's response to this solicitation, the Board's award letter and subsequent engagement letter with the successful proponent complete the contract between the Board and the successful proponent. Any subsequent additions or modifications may only be made in writing and must be executed by both parties.

15. **Public Information/Proprietary Information:**

The Halifax Regional School Board is subject to the Freedom of Information and Protection of Privacy Act as well as the Personal Information International Disclosure Protection Act.

16. **Confidentiality:**

The selected proponent agrees not to release or in any way cause to release any confidential information of the Halifax Regional School Board unless they have been specifically approved to do so in writing.

17. **Services from Other Firms:**

The Board reserves the right to engage specialized services from other accounting/auditing/management consulting firms.

18. **Governing Law:**
This RFP and any Proposal shall be governed by and interpreted in accordance with the laws of the Province of Nova Scotia and the laws of Canada applicable therein, excluding any conflict of laws rules that may apply therein. Proponent hereby attorns to the exclusive jurisdiction of the courts of the Province of Nova Scotia.
19. **Contract Documents:**
Refer to item 14.
20. **Right to Negotiate:**
HRSB may, in its sole discretion:
- a) award to a Proponent the Contract, based on its Proposal, without further negotiation or documentation; or
 - b) award to a Proponent the right to negotiate and finalize such further documentation as HRSB determines to be necessary or advisable. The entering into of such negotiation by HRSB shall not fetter its discretion to award the Contract to other Proponents, not award any Contract, or otherwise under clause 21.
21. **HRSB Discretion:**
The Proponent hereby acknowledges that:
- a) HRSB shall have the right to reject any or all Proposals for any reason, or to accept any Proposal which HRSB in its sole, unrestricted discretion deems most advantageous to it. The lowest, or any, Proposal will not necessarily be accepted and HRSB shall have the unrestricted right to:
 - i) accept any Proposal, and in the event it only receives informal, non-conforming or qualified Proposals with respect to this RFP, accept any such Proposal; or
 - ii) accept a Proposal that is not the lowest price; or
 - iii) reject a Proposal that is the lowest price even if it is the only Proposal received;
 - b) HRSB reserves the right to consider, during the evaluation of Proposals:
 - i) information provided in the Proposal itself;
 - ii) information received in response to enquiries of credit and industry references set out in the Proposal;
 - iii) the manner in which the Proponent provides services to others;
 - iv) the experience and qualification of the Proponent;
 - v) the compliance of the Proponent to HRSB's requirements and specifications;
 - vi) such alternate goods, services, terms or conditions that may be offered, whether such offer is contained in a Proposal or otherwise,
 - vii) the Proponent's Innovative Proposal, if any; and
 - viii) any other consideration in HRSB's discretion;
 - c) HRSB may rely upon the criteria it deems relevant, even if such criteria has not

been disclosed to Proponent. By submitting a Proposal, the Proponent acknowledges the HRSB's rights under this Section and absolutely waives any right or cause of action against HRSB and its employees, agents or Trustees by reason of HRSB's failure to accept the Proposal submitted by the Proponent, whether such right or cause of action arises in contract, tort including negligence or otherwise; and

- d) HRSB shall not at any time have any obligation to deal exclusively with the Proponent. HRSB expressly reserves its rights, in its sole discretion, to seek a Proposal regarding the subject matter hereof, from any person whomsoever and at any time.

22. **Limitation of Liability:**

Proponent, by submitting a Proposal to this RFP, agrees that it will not claim damages, costs or expenses for whatever reason, relating in any way to this RFP and any resulting process (including without limitation any subsequent discussions or negotiations, if any, or in respect of any competitive process) and waives any and all claims against HRSB whatsoever, whether for costs, damages or expenses incurred by Proponent in preparing its Proposal, in participating in this RFP process (including without limitation any subsequent discussion or negotiation, if any), loss of anticipated profit or any other matter whatsoever related to this RFP and any resulting process, discussions or negotiations.

23. **Statement of Agreement and Understanding/Signature Form:**

RFP submissions must include Appendix "C" – "Statement of Agreement and Understanding", signed by an Authorized Signing Authority for your company.

APPENDIX "A"

AUDIT SERVICES PROPOSAL EVALUATION FORM

COMPANY NAME: _____

EVALUATOR: _____

Immediate Pass/Fail

Each Proponent will be evaluated according to the information included in the proposal response and against the following criteria, provided the immediate pass requirements are met:

	WEIGHT	SCORE
1) Knowledge and Understanding		
a) Demonstrated knowledge of the needs of HRSB as an organization as well as its diverse operations.	5	
b) Experience in auditing school boards or other educational organizations.	5	
c) Experience in auditing large, public sector organizations.	5	
d) Ability to audit in a computerized environment.	5	
2) Quality and Comprehensiveness of Work Plan		
a) Ability to provide appropriate resources (staff).	10	
b) Ability to meet target dates for completion (see Appendix "B")	10	
c) Quality and scope of audit plan as it relates to HRSB needs.	10	
3) Transition Management		
a) Proven ability to facilitate transition in a manner transparent to the client.	5	
b) Quality and scope of transition plan as it relates to HRSB needs.		
4) Other Services		
a) Ability to provide additional specialized services as necessary, e.g. management consulting services.	5	
5) References	15	
6) Cost	25	
TOTAL	100	

APPENDIX “B”

SCHEDULE OF TARGET DATES **FOR FINANCIAL REPORTING**

December/January	Interim Audit, if required
Mid-February	Advise staff of year end deadlines and schedule year end tasks and responsibilities
Mid April	Year End Close of books
Third week of May	Auditors to commence year end work
End of May	Discussion/resolution of audit issues
Mid-June	Presentation of draft financial statements to Audit Committee. Draft statements provided to management one week in advance of scheduled Audit Committee meeting.
End of June	Delivery of final approved and signed financial statements and audit letters, at least two (2) business days prior to provincial deadline.

APPENDIX “C”
Statement of Agreement and Understanding

TO PROPONENTS:

The submission of a proposal will be considered as a representation that the proponent has carefully investigated all conditions which may affect or may, at some future date, affect the performance of the AUDIT SERVICES required by this proposal and as described in this RFP Document and that the proponent is fully informed concerning the conditions to be encountered, quality and quantity of work to be performed; also, that the proponent is familiar with all Federal and Provincial laws, policies of the Halifax Regional School Board which in any way affect the performance of the work or persons engaged or employed in the work.

The undersigned company represents and warrants that it is authorized to carry on business of this nature and that it is not prohibited by any law applicable in Nova Scotia from performing this Contract.

The undersigned also acknowledges receipt and understanding of, and has taken into consideration all information presented in, this RFP and agrees to be bound by its terms and conditions.

The undersigned further confirms and agrees that the person whose name is set out below is fully authorized to represent the company and to bind it to this Proposal and the Contract awarded pursuant to it and in all matters relating to or arising out of the subject matter of this Proposal.

COMPANY NAME: _____

NAME (PRINTED)

AUTHORIZED SIGNATURE

SIGNATURE OF WITNESS

DATE

RETURN THIS SHEET WITH YOUR PROPOSAL

APPENDIX "D"

HALIFAX REGIONAL SCHOOL BOARD

PROPONENT COST BID SHEET

NAME OF AUDIT FIRM _____

ADDRESS _____

PHONE _____ FAX _____ E-MAIL _____

NAME OF PERSON SIGNING FOR FIRM _____

POSITION OF PERSON SIGNING FOR FIRM _____

	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>
ANNUAL AUDIT	2012/2013	2013/2014	2014/2015
FIXED FEE (Excluding HST)	\$	\$	\$

NOTE:

If fees are to be charged for any services in addition to the proposed total fixed audit fee for all audit services as outlined in Sections 2 (a) and 2 (b), they must be clearly identified (use an additional sheet) and agreed upon before commencement of the service. Where no fee is quoted, it is deemed to be included in the fixed annual audit fee. Additional Fees? YES _____ (additional sheet attached) NO _____

DESIGNATED PROJECT MANAGER:

Name: _____

Position: _____

Phone Number: _____

NAME (PRINTED)

AUTHORIZED SIGNATURE

SIGNATURE OF WITNESS

DATE

RETURN THIS SHEET WITH YOUR COST PROPOSAL