



## **CONTRACT NO. 13-130010-01**

**REQUEST FOR  
PROPOSALS:**

**MUNICIPAL AUDIT SERVICES**

**SUBMISSIONS  
DEADLINE:**

**3:30 PM, LOCAL TIME,  
THURSDAY, AUGUST 22, 2013**

## REQUEST FOR PROPOSALS

**CONTRACT NO. 13-130010-01**

The District Municipality of Muskoka, Town of Bracebridge, Town of Gravenhurst and Township of Muskoka Lakes are requesting proposals to conduct annual audits of the accounts and transactions of the municipalities and its local boards and to express opinions on the financial statements of these bodies based on the audit.

ALL Proposals will be received by:                   The District Municipality of Muskoka  
Until:   3.30 p.m., Local Time, Thursday, August 22, 2013

Potential proponents must register their intent to submit by advising the contact person at the address below either by fax or email.

The proposal is only available free of charge from the District Municipality of Muskoka's website at [www.muskoka.on.ca](http://www.muskoka.on.ca) No hard copies of this proposal document will be provided. Proposals from those not registered will not be considered. Potential providers may only participate in this procurement process by submitting a proposal. Tenders or Quotations will not be accepted.

Nancy Cox Godfrey  
Manager of Purchasing and Support Services  
c/o District Municipality of Muskoka  
70 Pine Street  
BRACEBRIDGE, Ontario  
P1L 1N3

Phone: (705) 645-2231 Ext. 297  
Fax: (705) 645-5319  
[ncoxgodfrey@muskoka.on.ca](mailto:ncoxgodfrey@muskoka.on.ca)

**SECTION A - INFORMATION AND INSTRUCTIONS  
TO POTENTIAL SERVICE PROVIDERS AND PROPONENTS**

**A. PROPOSAL REQUEST**

1. Background

An annual audit of the accounts and transactions and to express an opinion on the financial statements of these bodies based on the audit for the District Municipality of Muskoka (the District) and the relative Area Municipalities of the Towns of Bracebridge and Gravenhurst, and of the Township of Muskoka Lakes along with their local boards, is required. Subject to Section 296 (1) of the Municipal Act, the Auditor may be required to perform additional duties designated by the Minister and/or perform duties required by the municipality and/or its local board which do not conflict with the duties designated by the Minister.

The detailed description of the work and the service to be provided are outlined in Section C - "Project Requirements" of this Request for Proposals package.

2. Proposal Request

This package consists of the following Sections:

- A. Information and Instructions to Potential Service Providers and Proponents;
- B. Proposal Forms;
- C. Project Requirements Along With:
  - Appendix "7A" – District of Muskoka
  - Appendix "7B-1" – Town of Bracebridge (Financials)
  - Appendix "7B-2" – Town of Bracebridge (Budget)
  - Appendix "7C" – Town of Gravenhurst
  - Appendix "7D" – Township of Muskoka Lakes
- D. Sample Letter of Engagement

3. A Proposal is Required

Proponents may only participate in this procurement process by submitting a proposal in accordance with the instructions herein. Tenders and/or quotations will not be accepted or considered.

**The proposal(s) may be submitted jointly for all Municipalities in this request or for each individual Municipality. The proponent is not obligated to submit a proposal for all of the Municipalities in this request if they so choose.**

**B. ELIGIBILITY AND PRE-SUBMISSION INFORMATION**

4. Eligibility to Submit Proposals

Proponents are only eligible to submit proposals if they meet the following qualifications:

- (i) must be a firm in the business of preparing municipal audits and accounting in accordance with the Municipal Act;
- (ii) must have a minimum of five (5) years experience in preparing such audits;
- (iii) must meet the qualifications noted in Section C – Project Requirements; and,
- (iv) must be able to provide a team of professionals that have demonstrated experience and expertise in the preparation of municipal audits and accounting.

5. Omissions, Discrepancies and Interpretations

Should a potential proponent find omissions from or discrepancies in any of the documents in this package or should the potential proponent be in doubt as to the meaning of any part of such documents, the potential proponent should notify the District and relative Area Municipalities, in writing not less than eight days before the submission deadline. If the District and relative Area Municipalities considers that a correction, explanation or interpretation is necessary or desirable, the District and relative Area Municipalities will issue such additional documentation, as the District and relative Area Municipalities deems appropriate to all potential proponents who have received an RFP package.

6. Forms and Inquiries

Proponents are advised that inquiries concerning the technical aspect of this RFP as it pertains to the District of Muskoka, shall be directed to Julie Stevens, Commissioner of Finance and Corporate Services, at 705-645-2231 ext 255 [jstevens@muskoka.on.ca](mailto:jstevens@muskoka.on.ca)

Proponents are advised that inquiries concerning the technical aspect of this RFP as it pertains to the Town of Bracebridge shall be directed to Carol MacLellan, Director of Finance/Treasurer, at 705-645-5264 [cmaclellan@bracebridge.ca](mailto:cmaclellan@bracebridge.ca)

Proponents are advised that inquiries concerning the technical aspect of this RFP as it pertains to the Town of Gravenhurst shall be directed to Janice LePage, Manager of Finance and Deputy Treasurer, at 705-687-3412 ext 260 [jlepage@gravenhurst.ca](mailto:jlepage@gravenhurst.ca)

Proponents are advised that inquiries concerning the technical aspect of this RFP as it pertains to the Township of Muskoka Lakes shall be directed to Steve Rettie, Treasurer, at 705-765-3156 [srettie@muskokalakes.ca](mailto:srettie@muskokalakes.ca)

Proponents are advised that all inquiries concerning the wording or possible changes to the documentation shall be directed to Nancy Cox-Godfrey, Manager of Purchasing and Support Services, District Municipality of Muskoka, at 705-645-2100, ext 297 [ncoxgodfrey@muskoka.on.ca](mailto:ncoxgodfrey@muskoka.on.ca)

Any and all questions shall be accepted by the pertinent Financial Officer until **Friday, August 16, 2013. Please note that all questions asked (if any) must also be sent to Nancy Cox-Godfrey and will be compiled into an Addendum and sent to registered proponents no later than Monday August 19, 2013.**

7. Disqualification of Proposals

The instructions and procedures set out in this Section (Information and Instructions to Potential Service Providers and Proponents) are to be followed by all proponents. Each proponent, by the submission of a proposal, expressly agrees to follow the instructions and procedures herein and to be bound by the terms and conditions herein. Failure to follow the instructions and procedures herein may, in the sole option of the District and relative Area Municipalities, result in a proposal being disqualified.

**C. PROPOSAL PROCEDURES**

8. Freedom of Information and Protection of Privacy

The District and relative Area Municipalities acknowledges that proposals received by it pursuant to this Request for Proposals may include proprietary or other confidential information. Attention is drawn to Item 7 of the Proposal Form of Section B.

Notwithstanding the foregoing, proponents are advised that all written communications received by the Municipalities as part of this procurement are subject to the provisions of the Municipal Freedom of Information and Protection of Privacy Act.

Questions about the application of the Municipal Freedom of Information and Protection of Privacy Act should be directed to the Freedom of Information Coordinator, c/o 70 Pine Street, Bracebridge, Ontario P1L 1N3, 705-645-2100 ext 239 on behalf of the District and relative Area Municipalities.

9. Timing of Submissions

Proposals must be submitted in original format in a self-addressed envelope provided by the proponent and shall be clearly marked with the Contract title, the Contract number, the name and address of the proponent and delivered to The District Municipality of Muskoka at 70 Pine Street, Bracebridge, Ontario P1L 1N3, on or before 3:30 p.m., Local Time on Thursday, August 22, 2013. Fax or e-mail submissions will not be accepted. The use of all types of mail or courier for delivery of a proposal will be at the risk of the proponent.

Proponents will thereafter be notified as to whether or not their proposal has been selected for consideration. It is anticipated that the District and relative Area Municipalities will make a short-list of potential providers by the week of September 3, 2013.

10. Amendment or Withdrawal of Proposals

A proponent who has already submitted a proposal may submit one (1) further revised proposal at any time up to the submission deadline. The last proposal received shall supersede and invalidate all proposals previously submitted by that proponent.

A proponent may withdraw his/her proposal at any time through mail, courier or email by submitting a written letter or email bearing his/her signature and seal (if applicable) as in his/her proposal to The District Municipality of Muskoka, c/o 70 Pine Street, Bracebridge, Ontario P1L 1N3. Telephone calls will not be considered.

**D. COMPLETION OF PROPOSAL FORM**

11. Section B - Proposal Form

Each proponent shall include **three (3)** completed copies of the Proposal Form per Municipality as contained herein, together with any further forms or sheets which the proponent is instructed elsewhere herein, or in any addendum hereto, to submit with his/her proposals. The Proponent may retain the rest of the Request for Proposal documents issued to him/her. The Proponent may also include additional information he/she deems appropriate by way of attachment to the Proposal Form.

12. Legibility and Unauthorized Revisions or Additions to Forms

All proponents shall use the Proposal Form contained herein and entries shall be made in ink or type written. Entries or changes made in pencil shall, unless otherwise decided by the District and the relative Area Municipalities, be invalid or informal. Proposal Forms which are incomplete, conditional, illegible or obscure or that contain additions not called for, reservations, qualifications, erasures, alterations (unless properly and clearly made and initialled by the proponent's signing officer) or irregularities of any kind, may be rejected.

13. Schedule of Fees and Expenses

(a) General

Potential proponents are advised that the District and the relative Area Municipalities are requesting that proposals be submitted on the following basis:

- (i) Cost of completing audit – lump sum of annual audit based on estimated hours and staffing complement;
- (ii) Miscellaneous and special assignments– fees and expenses basis.

To assist proponents, sample fees and expense items are set forth in the “Checklist” at the end of Section A.

Proponents shall give their total prices and shall fill in all blank spaces in the Schedule of Fees and Expenses.

If a proponent has omitted to enter a price for an item set out in the Schedule of Fees and Expenses, the proponent shall, unless the proponent has specifically stated otherwise in the proponent’s proposal, be deemed to have allowed elsewhere for the cost of carrying out the said item of work and, unless otherwise agreed to by the District and/or the relative Area Municipalities, no increase shall be made in the fees and expenses on account of such omission.

- (b) Harmonized Sales Tax (H.S.T.)

Fees and expenses shall NOT INCLUDE H.S.T. (if applicable) the District and relative Area Municipalities will add H.S.T. to the prices in the Schedule of Fees, Expenses and Timelines at the time it evaluates any proposals received.

- 14. Detailed Proposal and Proposed Timelines (Appendix “A”, Section B)

Proponents are required to attach their detailed proposal of work as Appendix “A” to Form 1.

- 15. Firm Profile (Appendix “B” of Section B)

Proponents are required to complete Appendix B to the maximum possible extent including both current and former customers, if any. A failure by a proponent to make full disclosure may result in disqualification. As space is limited, proponents are encouraged to select from their customer base, Municipal, Provincial, Federal or government-related customers with a customer profile similar to that of the District and relative Area Municipalities. Proponents may attach additional relevant information to Appendix “B”.

**E. OPENING AND EVALUATION OF PROPOSALS**

- 16. Disqualification

Under no circumstances will proposals be considered which:

- (a) are received after 3:30 p.m., Local Time on, Thursday, August 22, 2013 or;
- (b) are submitted by potential proponents not meeting the requirements in Section A, Item 4.

- 17. Right to Accept or Reject Proposals

THIS REQUEST FOR PROPOSALS IS NEITHER AN INVITATION TO TENDER NOR A REQUEST FOR QUOTATION. The District and relative Area Municipalities has the right to reject any and all proposals for any reason whatsoever. The District and relative Area Municipalities shall not be responsible for, and proponents shall not be entitled to, reimbursement for any liabilities, costs, expenses, loss or damages incurred, sustained or suffered, including loss of profit or

consequential loss, by any proponent prior or subsequent to or by reason of the acceptance or the non-acceptance by the District and relative Area Municipalities or by reason of any delay in the acceptance of a proposal. THE SUBMISSION OR A PROPOSAL DOES NOT CREATE A CONTRACT OF ANY KIND BETWEEN THE DISTRICT AND THE RELATIVE AREA MUNICIPALITIES AND A PROPONENT. The District and relative Area Municipalities reserves and shall have the right to reject any or all proposals and to waive formalities as the interests of the District and relative Area Municipalities may require without stating reasons therefore.

18. Evaluation Criteria

The District and relative Area Municipalities will, as part of the evaluation of proposals, evaluate the qualifications and work performance of each proponent. In the event that the District and relative Area Municipalities in its sole discretion, requests additional information to evaluate a proposal, proponents shall forthwith provide such additional information the District and relative Area Municipalities. If a proponent fails to provide the requested information within the timeline specified by the District and relative Area Municipalities, the District and relative Area Municipalities may, in its sole discretion, reject the proposal.

All proposals received will be evaluated for compliance with the District and relative Area Municipalities' requirements as set out herein, including the proponent's experience, qualifications and performance history. Cost is a consideration. Other factors may, in the sole discretion of the District and relative Area Municipalities, be used. To assist proponents, evaluation criteria are outlined in the "Checklist" at the end of Section A.

Proposals will be evaluated using a staged process:

- a) Stage 1 – All proposals received will be evaluated for compliance with the District and relative Area Municipalities' requirements as set out herein and the proponent's performance history.
- b) Stage 2 – This stage is at the discretion of the District and relative Area Municipalities. Based on the initial evaluation, the District and relative Area Municipalities may, but are not obligated to, select up to four (4) proponents to proceed to Stage 2 of the evaluation process. Stage 2 will involve the selected proponents each being given an opportunity to further detail their proposals to the District and relative Area Municipalities.
- c) Stage 3 – Engagement of the Auditor (if any).

19. Notices

Notices to proponents shall be made by fax or e-mail to them at the fax numbers or e-mail addresses contained in their proposals. A notice shall be considered received by the proponent on the date it is faxed or e-mailed.

20. Completion of a Letter of Engagement

After selection of a successful proponent (if any), the District and each of the relative Area Municipalities will forward individual Letters of Engagement for signatures by the successful proponent tailored to reflect the proposal (if any) that is acceptable to the District and to each of the Relative Municipalities. The successful proponent is required to sign and return the documents to the respective municipality within ten (10) working days of the date of mailing.

21. Terms of the Letter of Engagement

It is understood that proponents may have their own agreement forms and that such forms vary from proponent to proponent. To ensure that proposals are submitted on the same basis and that valid evaluations of proposals can be undertaken, the Agreement Terms are set forth in Section D of this Request for Proposals. The successful proponent, if any, shall be required to sign a contract that includes but is not limited to these terms and conditions. However, the District and relative Area

Municipalities may consider a Letter of Engagement from the service provider and signed by all related parties, subject to all the requirements of this RFP being met in full through this letter.

THIS REQUEST FOR PROPOSALS AND ANY AGREEMENT THAT MAY ARISE THEREFROM DOES NOT CREATE A PARTNERSHIP OR JOINT VENTURE OF ANY KIND BETWEEN THE DISTRICT, THE RELATIVE AREA MUNICIPALITIES AND THE SUCCESSFUL PROPONENT. THE SUCCESSFUL PROPONENT, WILL BE UNDERTAKING THE PROJECT AS AN INDEPENDENT CONTRACTOR.

22. Indemnification and Liability Insurance

The successful Proponent shall indemnify the District and the relative Area Municipalities, its officers, employees and agents, from all claims, demands, actions or other proceedings initiated by others, arising out of, or attributable to anything done or omitted to be done by the successful Proponent, its officers, employees or agents, in connection with the services performed, or required to be performed, under this proposal. This indemnity shall be in addition to and not in lieu of any insurance to be provided by the successful Proponent in accordance with this RFP.

The successful Proponent agrees to purchase and maintain in force at its expense, including the payment of all deductibles, a policy of Liability Insurance, acceptable to the District and relative Area Municipalities in the amount of not less than TWO MILLION DOLLARS (\$2,000,000.00), and to deliver a Certificate of Insurance originally signed by an authorized agent of the insurance company who issued the policy, to the District and relative Area Municipalities' addresses upon the Consultant's execution of any Contract.

The Certificate of Insurance will duly note that the District and the relative Area Municipalities are Additional Insureds and the expiry date of the insurance policy is valid for the duration of the contracted work.

The firm is also expected to provide to the District and the relative municipalities, a Certified Certificate from WSIB for their employees who will be working on behalf of the proponent.

23. Occupational Health and Safety

The successful Proponent, for purposes of the Ontario Occupational Health and Safety Act, shall be designated as the Constructor for this project and shall assume all of the responsibilities of the Constructor as set out in that Act and its regulations.

The foregoing shall apply notwithstanding that the successful Proponent/Contractor has been referred to as the Contractor' in this and any other related document.

- a) (i) The Contractor acknowledges that he has read and understood the Occupational Health and Safety Act together with the Corporation's Health and Safety Policies and Procedures.
- (ii) The Contractor covenants and agrees to observe strictly and faithfully the provisions of the said Occupational Health and Safety Act and all regulations and rules promulgated there under together with the Corporation's Health and Safety Policies and Procedures.
- (iii) The Contractor agrees to indemnify and save the Corporation harmless for damages or fines arising from any breach or breaches of the said Occupational Health and Safety Act and/or the Corporation's Health & Safety Policies and Procedures.
- (iv) The Contractor agrees to assume full responsibility for the enforcement of the said Occupational Health and Safety Act and the Corporation's Health and Safety Policies and Procedures and to ensure compliance therewith.
- (v) The Contractor further acknowledges and agrees that any breach or breaches of the Occupational Health and Safety Act and/or the Corporation's Health & Safety Policies and Procedures whether by the Contractor or any of its sub-contractors may result in the Contractor and/or sub-contractor being removed from the site and in the immediate



termination of this contract herein and the forfeiture of all sums owing to the Contractor by the Corporation.

- (vi) The Contractor shall allow access to the work site on demand to representatives of the Corporation to inspect work sites to ensure compliance with the Occupational Health and Safety Act and the Corporation's Health and Safety Policies and Procedures.
- (vii) The Contractor agrees that any damages or fines that may be assessed against the Corporation by reason of a breach or breaches of the Occupational Health and Safety Act by the Contractor or any of its sub-contractors will entitle the Corporation to set-off the damages so assessed against any monies that the Corporation may from time to time owe the Contractor under this contract or under any other contract whatsoever.
- (viii) Where any portion of the work or services in this Contract is contracted to a subcontractor, the Contractor agrees that the provisions of this section will apply to the subcontractor and the Contractor will enforce said provisions.

b) The successful Contractor shall provide a list of all controlled hazardous materials or products containing hazardous materials, all physical agents or devices or equipment producing or omitting physical agent and any substance, compound, product or physical agent that is deemed to be or contains a designated substance in accordance with the Workplace Hazardous Materials Information System (WHMIS) as defined under the Ontario Occupational Health & Safety Act and shall provide appropriate Ontario Material Health & Safety Data Sheets for these substances used for the performance of the required work, all prior to the performance of said work.

c) Where hazardous materials, physical agents and/or designated substances are used in the performance of the required work, the successful Contractor shall ensure that the requirements of the Ontario Occupational Health & Safety Act and associated regulations are complied with.

**CHECKLIST**

**TYPICAL FEES AND EXPENSES FORM**

**PART A - FEES**

Consulting services on a fees and expenses basis typically include a table similar to the following detailing the personnel proposed to be assigned to the Project.

**HOURLY RATE TABLE**

PERSONNEL	DISCIPLINE	HOURLY RATES (exclusive of HST)
Person 1		\$ /hr
Person 2		\$ /hr
Person 3		\$ /hr
Etc.		\$ /hr

1. The proposal shall include a firm quotation for the fees for Fiscal 2013 and an estimate of the probable fees for Fiscal 2014, 2015, 2016 and 2017.
2. The fees must include all accounting, audit and report preparation work.

3. Expenses relating to direct disbursements must be clearly stated to be either part of the fees or estimated separately.
4. Any related taxes must be separately identified.
5. In estimating the fees, the proponent should segregate the budgeted fees for any specialized work or account and the regular audit fees so that each Municipality may see how the total charges are derived.
6. All fees and expenses must be quoted in Canadian dollars.
7. All fees and expenses quoted will be kept confidential until Council releases them for purposes of approval, just prior to the appointment of the successful auditors.
8. Should the actual time to perform the services be less than estimated, it is expected that the reduction will be passed onto the District and the Relative Municipalities.

### **ITEMS PROPONENTS MAY WISH TO INCLUDE IN THEIR DETAILED PROPOSALS**

#### **A. General Information**

- The background of the firm indicating similar projects completed elsewhere and curriculum vitae of the personnel assigned to the project.
- Identify audit team members by area of responsibility and role in the study.
- Identification of an individual who will act as the designated liaison.
- A detailed description of the auditor's proposed approach to completing the project including a work plan and time chart for carrying out the phases of the study and including a critical path delineating what staff resources will be required, when they will be required and what information is to be provided.
- A clear description of the public audit process and format for presentations to committee and council.
- A detailed cost estimate for each phase that includes the number of days required completing each of the tasks by each member of the audit team. The proposal will include a table showing the per diem rates for all audit team members. The overall audit costs for both professional fees and expenses shall be an upset limit.
- Provide at least three references, including contact and phone number.
- A list of past work undertaken should identify any potential conflict of interest with respect to the auditor conducting work with others who may be working for or with the District and the Relative Area Municipalities.
- Per diem rates should also be provided for attendance at required committee or council meetings.
- Company brochures and curricula vitae may be included separately from the above submission requirements.
- Fee discounts, if any, and the basis on which such fee discounts may be available.
- Description of the auditing techniques to be utilized
- Procedures for reviewing the audit work performed
- An estimate of effort for the audit. The effort is to be broken down by the Municipal Entities, by staff resource assigned. The effort should also separately identify any initial start-up costs, if any required.
- Supplementary information regarding any ancillary services made available to the District and Relative Area Municipalities free of charge on routine matters. These may include but are not necessarily limited to staff assistance and or publications relating to GST/HST, Federal/Provincial pension reform, income tax, other sales taxes, employee benefit plans, employee taxable benefits, internal audit, financial systems development, and cash management.
- An explanation of why your firm should be selected above all others. Information must be specific, detailed and verifiable to affect the points awarded.

B. Understanding the District and the Relative Area Municipalities' Requirements

Proponents are encouraged to demonstrate their understanding of the functional/technical requirements, the constraints and the issues involved in the preparation of municipal audit.

- Proponents may wish to address the following in their proposals:
  - functional and technical requirements associated with the preparation of the audit
  - the existing conditions
  - implementation strategies
  - any significant issues, challenges and constraints
  - description of the approach to the major issues to be dealt with

C. Scope of Services, Work Plan & Schedule

In addition to the items noted under General Information, proponents may wish to address the following in their proposals:

- List of Deliverables (reports, detailed schedule, estimates)
- Points where input from the District and the Relative Area Municipalities may be required
- A schedule for completion of the project with the major inputs/approvals by others, from contract award through to completion

Management and organization:

- Identify roles of key groups (the District and Relative Area Municipalities, third parties, proponents team of staff, sub-consultants, specialists)
- Organization chart with role titles and names
- Reporting relationships
- Profiles of the key positions

Methodologies to complete the audit and provide the services:

- Planning
- Systems and Procedures review
- Compiling Audit evidence
- Completing Engagement

D. Personnel

In addition to the items noted under General Information, proponents may wish to address the following in their proposals:

- Demonstrate the capability and the capacity of the proponent to provide the quality of services described in the previous parts
- Completeness of team. Are all the roles and specialties covered off?
- Sufficient technical resources
- A commitment to provide qualified resources to the project
- Sufficient technical resources
- What back up will be available if the proposed resources are not available?
- Details about the human and technical resources the consultant will dedicate to the project
- Percentage of time the key individuals will spend on the project
- Where the work will be undertaken (if more than one office in the firm)

Experience of the key resources on comparable projects including:

- The names of firms worked for at the time and position in the firm
- The scope of involvement of the firm and the key individuals on the listed projects
- References
- Date of professional registration or technician
- Certification/graduation, years of experience
- Length of time with the present firm

Experience of the Firm:

- Size of firm and depth of experience of the firm on various project types, design success
- Experience on similar projects
- Range of experience that can be drawn on from individuals in the firm
- Depth of the firm and capability to provide additional resources if and when needed
- Potential effect of additional work entering the firm

**SOME PROPOSAL EVALUATION FACTORS**

<b>DESCRIPTION OF FACTOR</b>
<b>A. Understanding the Municipality’s Requirements</b>
<ul style="list-style-type: none"> <li>• Understanding of the existing conditions</li> <li>• Understanding of the goals and objectives</li> <li>• Understanding of the functional/technical requirements</li> <li>• Understanding of the constraints and issues</li> </ul>
<b>B. Scope of Services, Work Plan and Schedule</b>
<ul style="list-style-type: none"> <li>• Methodology</li> <li>• Action plan</li> <li>• List of deliverables</li> <li>• Does the work plan fit within the time constraints</li> <li>• Identification of the required District inputs</li> <li>• Management of the services</li> </ul>
<b>C. Consultant Team</b>
<ul style="list-style-type: none"> <li>• Experience on similar projects</li> <li>• Depth and range of experience</li> <li>• Qualifications of designated individuals</li> <li>• References</li> <li>• Capability to perform the services</li> <li>• Commitment of qualified Resources</li> </ul>
<b>D. Cost</b>
<ul style="list-style-type: none"> <li>• General Cost of Services</li> <li>• Additional meeting attendance costs</li> </ul>

END of SECTION A – August, 2013

**SECTION B - PROPOSAL FORM**

TO: The District Municipality of Muskoka  
70 Pine Street, Bracebridge, Ontario P1L 1N3

PROJECT: MUNICIPAL AUDIT SERVICES – The District Municipality of Muskoka, Town of  
Bracebridge, Town of Gravenhurst and Township of  
Muskoka Lakes

FROM: FIRM: \_\_\_\_\_

AUTHORIZED CONTACT PERSON: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

TELEPHONE: \_\_\_\_\_ FAX: \_\_\_\_\_

EMAIL ADDRESS: \_\_\_\_\_

1. I/WE, the undersigned having carefully examined the Information and Instructions to Potential Service Providers and Proponents, Project Requirements and Contract Forms and hereby submit the following proposal to complete the work and provide the services. We understand and accept the said Information and Instructions to Potential Services Providers and Proponents, Project Requirements and hereby agree to all of the terms and conditions therein.
2. I/WE acknowledge receipt of the Information and Instructions to Potential Service Providers and Proponents, and Project Requirements and acknowledge that each forms an integral part of this Proposal. We undertake that the project can be delivered complete and satisfactory to the District in every way within the costs estimates set forth in the Schedule of Fees and Expenses hereto.
3. Notifications to me/us may be given by facsimile or email addressed to me/us at the fax number or email address contained in this Proposal Form.
4. Without limiting the generality of the foregoing, and submitting the proposal, we specifically acknowledge and agree to Item 17 of the Information and Instructions to Potential Service Providers and Proponents. Attached to this Proposal are the following:
  - Schedule of Fees and Expenses
  - Appendix A - Detailed Proposal and Proposed Timelines
  - Appendix B - Firm Profile
5. I/WE declare that information contained herein to be accurate. We hereby authorize The District Municipality of Muskoka and the relative Area Municipalities to contact any and all persons or firms listed herein to verify and/or obtain such additional information, as the District and relative Area Municipalities may deem necessary to evaluate this proposal.
6. I/WE will provide additional information promptly, if requested by the District or any of the relative Area Municipalities.

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

**SCHEDULE OF FEES AND EXPENSES**

The proposal(s) may be submitted jointly for all Municipalities in this RFP or for each individual Municipality. The proponent is not obligated to submit a proposal for all of the Municipalities if they so choose.

ONLY IF SUBMITTING FOR DISTRICT MUNICIPALITY OF MUSKOKA - 7A.	PRICE/RATES (EXCLUDING HST)
PART A – COMPLETION OF ANNUAL AUDIT SERVICES BASED ON ESTIMATED HOURS (LUMP SUM)	\$

I/WE warrant and represent that the project can be completed to the satisfaction of the District Municipality of Muskoka for prices not exceeding the above noted prices and rates.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Proponent

**SCHEDULE OF FEES AND EXPENSES**

The proposal(s) may be submitted jointly for all Municipalities in this RFP or for each individual Municipality. The proponent is not obligated to submit a proposal for all of the Municipalities if they so choose.

ONLY IF SUBMITTING FOR TOWN OF BRACEBRIDGE – 7B.	PRICE/RATES (EXCLUDING HST)
PART A – COMPLETION OF ANNUAL AUDIT SERVICES BASED ON ESTIMATED HOURS (LUMP SUM)	\$

I/WE warrant and represent that the project can be completed to the satisfaction of the Town of Bracebridge for prices not exceeding the above noted prices and rates.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Proponent

**SCHEDULE OF FEES AND EXPENSES**

The proposal(s) may be submitted jointly for all Municipalities in this RFP or for each individual Municipality. The proponent is not obligated to submit a proposal for all of the Municipalities if they so choose.

ONLY IF SUBMITTING FOR TOWN OF GRAVENHURST – 7C.	PRICE/RATES (EXCLUDING HST)
PART A – COMPLETION OF ANNUAL AUDIT SERVICES BASED ON ESTIMATED HOURS (LUMP SUM)	\$

I/WE warrant and represent that the project can be completed to the satisfaction of the Town of Gravenhurst for prices not exceeding the above noted prices and rates.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Proponent



**SCHEDULE OF FEES AND EXPENSES**

The proposal(s) may be submitted jointly for all Municipalities in this RFP or for each individual Municipality. The proponent is not obligated to submit a proposal for all of the Municipalities if they so choose.

<b>ONLY IF SUBMITTING FOR TOWNSHIP OF MUSKOKA LAKES – 7D.</b>	<b>PRICE/RATES (EXCLUDING HST)</b>
PART A – COMPLETION OF ANNUAL AUDIT SERVICES BASED ON ESTIMATED HOURS (LUMP SUM)	\$
PART B – Cost of Financial Information Return completion which is included in Lump Sum of Part A	\$

I/WE warrant and represent that the project can be completed to the satisfaction of the Township of Muskoka Lakes for prices not exceeding the above noted prices and rates.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Proponent

**SCHEDULE OF FEES AND EXPENSES**

The proposal(s) may be submitted jointly for all Municipalities in this RFP or for each individual Municipality. The proponent is not obligated to submit a proposal for all of the Municipalities if they so choose.

SUBMITTING A COMPLETE PROPOSAL FOR ALL MUNICIPALITIES LISTED IN THIS RFP	PRICE/RATES (EXCLUDING HST)
PART A – COMPLETION OF ANNUAL AUDIT SERVICES BASED ON TOTAL ESTIMATED HOURS (LUMP SUM EQUAL TO THE SUM OF SECTION C, 7A, 7B, 7C & 7D COMBINED)  LESS percentage for providing Audit Services to all Municipalities outlined in this RFP. _____%	\$ _____  \$ _____ (TOTAL DISCOUNTED PRICE)

I/WE warrant and represent that the project can be completed to the satisfaction of the District and the Relative Area Municipalities for prices not exceeding the above noted prices and rates.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Proponent

**APPENDIX "A"**

**DETAILED PROPOSAL AND PROPOSED TIMELINES**

Proponent should attach their detailed proposal along with their timeline for relative municipalities as Appendix A of this proposal.

**APPENDIX "B"**

**FIRM PROFILE**

**1 CORPORATE PROFILE**

1) If Corporation:

(a) Parent and/or Subsidiary Companies:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(b) Year Incorporated: \_\_\_\_\_

Federal \_\_\_\_\_

Provincial [province(s)] \_\_\_\_\_

(c) If Registered: \_\_\_\_\_

Province(s)/date(s) \_\_\_\_\_

2) If Partnership:

Name of Partners:

\_\_\_\_\_

Date of Establishment of Partnership:

\_\_\_\_\_

3) Owned by Individual:

\_\_\_\_\_

Date of Establishment:

\_\_\_\_\_

4) References (minimum 3 required)

	<b>Company Name</b>	<b>Contact Person</b>	<b>Telephone</b>
1			
2			
3			
4			
5			

5) Similar projects undertaken in each of the last five years and the annual value.

Year	Description of Project and Client Company	Cost
2008		\$
2009		\$
2010		\$
2011		\$
2012		\$

**2 CONSULTANT AND KEY SERVICE PERSONNEL INFORMATION**

- 1) I/WE attach a matrix identifying key personnel participating in the project with hourly rate and estimated hours of work, associated with each work function and task.
- 2) I/WE attach resumés of qualifications and experience of all persons who will perform work for this project and identify the most pertinent work experience.
- 3) I/WE attach a project outline that explains approach, study design, work plan (Critical path), Scope of Work and key milestones.

**3 SUPPLEMENTARY INFORMATION**

1. I/WE will provide additional information promptly, if required, to substantiate, amplify or clarify our interest.
2. I/WE recognize any and all addenda that may be provided during the course of this process and indicate the number received as follows:

Addendum Number	Date

**4 INFORMATION DECLARATION**

I/WE declare the foregoing information to be accurate. We hereby authorize The District Municipality of Muskoka to contact any and all persons or firms listed herein to verify and/or obtain such additional information as Muskoka may deem necessary to evaluate this request for proposal.

Name and Title of Authorized Officer: \_\_\_\_\_

Signature of Authorized Officer: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDITIONAL INFORMATION RELEVANT TO FIRM PROFILE**

---

END of SECTION B – August, 2013

**SECTION C – PROJECT REQUIREMENTS**

**1. PURPOSE OF REQUEST FOR PROPOSAL**

To conduct an annual audit of the accounts and transactions for each of the municipality listed under this Request for Proposals and their local boards, and to express an opinion on the financial statements of each of these bodies based on the audit. Subject to Section 296 (1) of the Municipal Act the auditor may be required to perform additional duties designated by the Minister and/or perform duties required by the municipality or local board which do not conflict with the duties designated by the Minister.

**2. BACKGROUND INFORMATION AND SCOPE OF WORK**

The following Parts highlight some background information and the proposed scope of work to be conducted for each of the municipalities included under this request for proposal.

**3. QUALIFICATIONS**

Section 296 (1) of the Ontario Municipal Act, 2002-2003, states that the municipality shall appoint an auditor licensed under the *Public Accountancy Act*.

**4. TERM**

The term of appointment for the audit is for a period of up to five years. However, the appointment is to be reviewed on an annual basis as Councils reserve the right not to re-appoint if dissatisfied in any way.

**5. ANNUAL SCHEDULE AND FEE ANALYSIS**

Before November 30 of each year, the auditor shall meet with the Treasurer to discuss and agree upon a schedule for the completion of the audit for the current year. Each year, before any audit work begins, the Auditor shall submit to the Treasurer a fee estimate detailing the expected audit hours by major account and audit tasks, the staff level proposed to work on each task, the hourly rates to be charged and the total expected fee.

The Auditor shall keep account of actual time spent on each task and submit to the Treasurer upon the completion of the audit, a schedule, which compares the actual audit time spent to the audit time budgeted. The costs of this administration function of the audit time shall be considered to be included in the fee quoted under this proposal.

**6. SUMMARY OF KEY DATES AND SELECTION PROCESS**

Response to Request for Proposal Due	3:30 PM Local Time on Thursday, August 22, 2013
Joint Review & presentation of proposals to Committee of Relative Local Treasurers	Week of September 3 – 5, 2013
Presentation & recommendation for award of audit services to each of the respective municipalities.	September, 2013
Engagement Letter	October, 2013

## **SECTION C – PROJECT REQUIREMENTS**

### **7A. The District Municipality of Muskoka**

The District Municipality of Muskoka comprises a vast geographic area located just two hours north of Toronto. Vibrant natural beauty abounds set within a mosaic of pristine lakes surrounded by rocky shorelines and majestic forests has ensured Muskoka position as premier vacation area in Ontario for well over 100 years.

The local economy is based, predominantly, on tourism, reflecting the area's scenic natural setting - the district contains over 600 lakes—and a significant number of seasonal residences and resorts. Several thriving urban centres provide excellent shopping and entertainment services and a wide variety of employment possibilities. First class resorts, artisans' shops and visitor attractions complement the heritage landscape and growing communities.

The configuration of Muskoka's tourism industry continues to evolve, with an increasing portion of tourism revenues generated in the non-traditional spring, fall and winter seasons. In conjunction with this trend towards the year-round usage of vacation homes, cottages and resorts, certain urban areas, such as Gravenhurst, Bracebridge and Huntsville, are also experiencing growth in residential and commercial developments. Following tourism, the local economy also derives strength from the presence of light manufacturing and a growing service sector. Muskoka's permanent population is roughly 60,000, with an estimated seasonal population of 81,000 bringing the total population up to 141,000.

The District Municipality of Muskoka was established by Provincial legislation and commenced operations on January 1, 1971. In design and function, the District closely parallels other Regional Municipalities in Ontario with the District Corporation forming the upper tier of a two-tier system of local government. The Towns of Bracebridge, Gravenhurst, Huntsville, along with the Townships of Georgian Bay, Lake of Bays and Muskoka Lakes constitute the six area (lower tier) municipalities within Muskoka.

#### ***The District's Responsibilities:***

- Purification, supply and distribution of water (in 9 urban areas)
- Sewage and septage treatment and sanitary sewage collection (in 9 urban areas servicing over 11,400 properties)
- Collection, diversion and disposal of solid waste
- District Roads (738 total kilometres)
- Port Carling Locks
- District Planning and Economic Development
- Police Services
- Land Ambulance Services
- Muskoka Airport
- 911 Co-ordination
- Long Term Care – The Pines
- Ontario Works
- Child Care System Support
- Social Housing Funding
- Public Health Funding
- Representation on the Board of Health of the Simcoe-Muskoka District Health Unit and the Muskoka Tourism & Marketing Agency
- Borrowing of money for capital expenditures (District acts as Agent for Area Municipality, agencies and boards in long term debenture financing in Muskoka)



- Establishing tax ratios between property classes
- Tax assistance for low income elderly and disabled residents
- Provincial Offences – Administration of all Part 1 and Part 3 Offences and Prosecution of Part 1 Offences.

### **Financial Overview**

In 2013, Muskoka's budgeted \$145 million dollars to fund its current operations of which \$105 million is for tax supported activities and \$40 million is for water, sewer and waste management operations. The District employs 352 personnel with the largest contingent (125) dedicated to the District Long Term Care Facility.

In the current ten-year capital plan (2013-2022) Muskoka has identified \$343 million in capital spending, of which \$125 million is for rate supported water and wastewater projects, \$147 million is for tax supported roadway maintenance & construction and \$71 million is for other tax supported projects. While tax supported projects are financed solely by internal reserve funds, water and wastewater infrastructure projects rely, predominantly, on debentures, rate charges and reserve funds.

On November 7, 2012, Moody's assigned an AA2 long-term issuer rating to the District Municipality of Muskoka. The rating reflects a strong local economy, based on seasonal residences and tourism, high property values and consistent operating performance, generating surpluses to support infrastructure needs. In Moody's analysis they stated that,

“...Over the past several years, Muskoka has reigned in expenses and limit their growth, helping the district to record consistent consolidated surpluses in recent years. From 2007 to 2011, Muskoka registered consolidated surplus averaging 12% of total revenues, allowing the city to build reserves and fund capital expenditures on a pay-as-you-go basis, thereby reducing the city's reliance on borrowing.”

A copy of the consolidated financial statements is provided in Appendix “7A” to this Section C and is also available on the District website along with other relevant financial information (<http://www.muskoka.on.ca>).

### **Entities**

The project scope will cover the following organizational entities of the District:

1. District Municipality of Muskoka
2. The District Municipality of Muskoka Municipal Non-Profit Housing Corporation

### **Project Scope**

The scope of services will include as a minimum the following:

#### **Accounting**

- Assistance or advice, from time to time, on such matters as the PSAB pronouncements and reporting requirements

#### **Audit**

Planning and performing an audit to obtain reasonable assurance whether the financial statements are free of material misstatement in accordance with Canadian Generally Accepted Auditing Standards. This would include:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- Assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation
- Reviewing and testing of internal controls and reporting on any significant negligence, irregularity or discrepancy from prescribed accounting principles and policies observed during the course of the audit
- Commenting, through an annual management letter, on operational effectiveness of the accounting systems employed at the District
- Expressing an opinion on the financial statements and based on the audit
- Issuing an audit report on the annual financial statements
- Meeting with District Management to review the financial statements and to discuss management letter
- A minimum of two (2) meetings with the Chair and Council in relation to the audit and presentation of the financial statement and to discuss management letters

**Other Services**

- Audit of annual program returns for the social assistance programs as required
- Audit of annual statement on Federal Gas Tax Funding
- Preparation of non-profit housing corporation's tax return
- Other services as required.

## **SECTION C – PROJECT REQUIREMENTS**

### **7B. Town of Bracebridge**

The Corporation of the Town of Bracebridge (Bracebridge) has a population of approximately 15,414 (Statistics Canada 2011 census) with an additional seasonal population of approximately 30,000.

Bracebridge is one of six lower-tier municipalities within the District Municipality of Muskoka. As of January 1, 2013, the Town of Bracebridge along with the Bracebridge Public Library has a combined full-time staff complement of 71 approved positions. In addition to full-time staff, the Town and the Public Library also utilize a variety of permanent part-time, casual part-time, temporary and contract staff, with the specific number of these staff varying throughout the year. A computerized payroll system is used to determine and remit a bi-weekly payroll.

#### ***Town of Bracebridge's Responsibilities:***

- economic development
- fire and emergency services
- library services
- parks and trails
- culture and recreation services
- public works, winter control and road maintenance services
- engineering and construction services
- by-law enforcement
- general government
- building inspection
- municipal planning

#### **Financial Overview**

The Town of Bracebridge Approved 2013 Municipal Budget includes tax levy revenue of \$11,063,500 plus a separate BIA tax levy of \$172,100.

Lakeland Holding Ltd is controlled by The Corporation of the Town of Bracebridge which owns 65.11% of the common shares. Lakeland Holding Ltd. Is a government business enterprise and is accounted for using the modified equity method in these consolidated financial statements. Lakeland Holding Ltd and its subsidiaries are incorporated under the laws of Ontario and together they generate, sell and distribute hydro electric power and other retail services to users in Bracebridge, Huntsville, Sundridge, Burk's Falls and Magnetawan in the Province of Ontario.

A copy of the Audited Consolidated Financial Statements for the fiscal year ending December 31, 2012 is provided as Appendix "7B-1" of this Section C.

A copy of the Approved 2013 Municipal Budget and Business Plan is provided in Appendix "7B-2" of this Section C and is also available on the Town of Bracebridge website at [www.bracebridge.ca](http://www.bracebridge.ca)

#### **Entities**

The project scope will cover the following organizational entities of the Town of Bracebridge:

1. Town of Bracebridge
2. Bracebridge Public Library
3. Business Improvement Area Board of Management
4. Cemetery Trust Fund

### **Project Scope**

The project scope will include as a minimum, the following:

#### **Accounting**

- Updating of TCA schedules and calculation of current-year amortization
- Analysis of certain general ledger accounts in order to amend account records as required.
- Assisting in preparation of adjusting journal entries to reallocate and amend accounting records as required.
- Assistance or advice, from time to time, on matters such as tangible capital assets, asset management plans and reporting requirements.

#### **Audit**

Planning and performing an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. This would include:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- Assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation
- Reviewing and testing of internal controls and reporting on any significant negligence, irregularity or discrepancy from prescribed accounting principles and policies observed during the course of the audit.
- Commenting on operational effectiveness of the accounting systems employed in the Town.
- Expressing an opinion on the financial statements and based on the audit.
- Issuing an audit report on the annual financial statements.
- A minimum of two (2) meetings with the Mayor and Council in relation to the audit and presentation of the financial statement and to discuss management letters.
- Meeting with Town Management to review the financial statements and to discuss management letters.

#### **Report Preparation**

- Summarizing general ledger accounts into provincial reporting format.
- Preparation of the Financial Information Return and Municipal Performance Measurement Program and reporting thereon.
- Preparation of Consolidated Annual Financial Statement and reporting thereon.
- Preparation of Gas Tax Rebate Report (Audit) if required in that year

**SECTION C – PROJECT REQUIREMENTS**

**7C. Town of Gravenhurst**

The Corporation of the Town of Gravenhurst (Gravenhurst) has a population of approximately 11,640 that increases upwards to 30,000 in peak recreational periods.

Gravenhurst is one of six lower-tier municipalities within the District Municipality of Muskoka.

The Town of Gravenhurst has approximately 200 employees (permanent full-time, permanent and seasonal part-time and volunteers) delivering municipal services. A computerized payroll system is used to determine and remit a biweekly payroll.

The functional organization of the Town is provided in the table below.

<b>Department</b>	<b>Functions</b>
Community Services	<p>Development and delivery of recreational and leisure service programs to both the residents and visitors</p> <p>Operates major facilities.</p>
Corporate Services	<p>Provides the Finance, Human Resources and Information Technology services to Town.</p> <p>Major financial responsibility ensures adequate financial controls are in place to safeguard Town' assets.</p> <p>Human Resources ensure equity of compensation and performance evaluation and recruits new resources.</p> <p>Information technology plans, implements and maintains corporate systems; manages the data communication network; supports the personal computer environment; and provides operational support and planning of the computer infrastructure.</p> <p>Collecting in excess of \$30,000,000 annually.</p> <p>Issues approximately 10,000 tax bills twice a year.</p>
Development Services	<p>Delivery of planning, building, by-law and geospatial information services.</p> <p>Inspection for construction projects.</p> <p>Provides By-law Enforcement.</p>
Economic Development and Corporate Communications	<p>The Economic Development and Communications department plays a dual role for the Corporation.</p> <ol style="list-style-type: none"> <li>1. It delivers a full range of economic development services. Its core objective is to foster an environment conducive to job creation, increased municipal tax assessment and overall economic prosperity for the Town of Gravenhurst.</li> <li>2. It is responsible for the delivery of communication services for the Corporation.</li> </ol>

Department	Functions
Infrastructure	<p>Delivery of public works services including:</p> <p>Environmental engineering reviews regarding storm water runoff quality and quantity, sediment and erosion control</p> <p>Development of transportation construction program for maintenance, replacement and new road infrastructure construction</p> <p>Maintenance of roads, cross-walks, sidewalks, storm sewers and watercourses and winter control</p> <p>Fleet Maintenance of vehicles and equipment</p> <p>Provides maintenance to Town owned and operated cemeteries</p> <p>Manages open spaces, parks and recreational trails</p> <p>Provides maintenance and repairs to municipally owned buildings.</p>
Legislative Services/Clerk's Office	<p>Legislative Services/Clerks provides administrative support to Council and its Committees and ensures that all of the actions taken by Council are recorded, communicated and managed.</p> <p>Legislative Services/Clerks is responsible for the following services: Preparation and distribution of all Council and Committee of the Whole Agendas and Minutes, Lottery Licensing, Municipal Business Licensing, Marriage Licences, Freedom of Information Requests, Commissioner of Oath, Vital Statistics</p>
Fire Department	<p>Provides fire prevention and protection services through a volunteer firefighter department.</p>

In the delivery of these services to more than 8,435 households and 500 businesses, the Town owns and operates the following facilities:

Community Centres	1	Tennis Courts	4
Aquatic Facilities	1	Trails (km)	60
Older Adult Centres	1	Parks Maintained	8
Arena	1	Library	1
Ball Diamonds	4	Cemeteries	5
Soccer Fields	1	Museum	1
Beaches	4	Fire Stations	3
Public Docking	120	Road Lane (km)	480
Public Boat Launches	5	Bridges	5
Playground Structures	4	Sidewalks (km)	80

The total consolidated own source revenues for the fiscal year ending December 31, 2012 is approximately \$15,000,000. A copy of the 2011 consolidated financial statements is provided in Appendix "7C" to this Section C.

**Entities**

The scope of services will cover the following organizational entities of the Town:

1. Town of Gravenhurst
2. Gravenhurst Public Library
3. Business Improvement Area Board of Management
4. Gravenhurst Power Inc.

### **Project Scope**

The scope of services will include as a minimum the following:

#### **Accounting**

- Analysis of certain general ledger accounts in order to amend account records as required.
- Assisting in preparation of adjusting journal entries to reallocate and amend accounting records as required.
- Reviewing reserve and reserve fund transactions for the year and preparation of adjusting journal entries.
- Assistance or advice from time to time on matters such as tangible capital assets, asset management plans and reporting requirements.

#### **Audit**

Planning and performing an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. This would include:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.
- Assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.
- Reviewing and testing of internal controls and reporting on any significant negligence, irregularity or discrepancy from prescribed accounting principles and policies observed during the course of the audit.
- Commenting on operational effectiveness of the accounting systems employed in the Town.
- Expressing an opinion on the financial statements and based on the audit.
- Issuing an audit report on the annual financial statements.
- A minimum of two (2) meetings with the Mayor and Council in relation to the audit and presentation of the financial statement and to discuss management letters.
- Meeting with Town Management to review the financial statements and to discuss management letters.

#### **Report Preparation**

- Summarizing general ledger accounts into provincial reporting format.
- Preparation of Provincially required Report on Compliance with Agreements.
- Preparation of the Financial Information Return and reporting thereon.
- Preparation of Consolidated Annual Financial Statement and reporting thereon.
- Preparation of Annual Financial Statement and reporting thereon for the Gravenhurst Business Improvement Area.
- Preparation of Annual Financial Statement and reporting thereon for the Gravenhurst Library Board.
- Preparation of Annual Return on the Receipt and Investment of Perpetual Care Funds under the Cemeteries Act and reporting thereon.

**SECTION C – PROJECT REQUIREMENTS**

**7D. Township of Muskoka Lakes**

The Corporation of the Township of Muskoka Lakes (Muskoka Lakes) has a population of approximately 6,500 that increases upwards to 25,000 in peak recreational periods.

The Township is one of six lower-tier municipalities within the District Municipality of Muskoka.

Muskoka Lakes has approximately 116 employees (permanent full-time, permanent and seasonal part-time) delivering municipal services.

The functional organization of the Town is provided in the table below:

<b>Department</b>	<b>Functions</b>
Chief Administrative Officer	Overall management of the Corporation Liaison with Council. Directly responsible for senior managers, as well as human resources and economic development.
Treasury	Responsible for tax collection, accounts payable, accounts receivable, payroll and all other financial administration. Major financial responsibility ensures accountability and transparency with respect to management of Township assets.
Planning	Delivery of planning and geospatial information services. Oversees the Official Plan and Comprehensive Zoning By-law and the various planning functions.
Public Works	Development of transportation construction program for replacement and new road infrastructure. Maintenance of roads, bridges, sidewalks, storm sewers and winter control Fleet Maintenance of vehicles and equipment Provides maintenance to Township owned and operated cemeteries. Provides maintenance to township owned and operated parks.



Department	Functions
Clerk's Office	Protection of, and access to, the permanent valuable records of the Corporation Management and control of Municipal Elections Provide administrative support to the Council and Committees. Information technology plans, implements and maintains corporate systems; manages the data communication network; supports the personal computer environment; and provides operational support and planning of the computer infrastructure.
Development Services	Provides building inspection services and assures compliance with the Building Code and Township By-laws. Septic inspection services.
Fire Department	Provides fire prevention and protection services through a volunteer firefighter department. Responsible for the Emergency Management Plan for the Township. Responsible for By-law Enforcement.
Economic Development	Responsible for utilization of recreational facilities and facilitating community events. Responsible for communication and marketing of the Township.

In the delivery of these services to more than 10,000 households and 400 businesses, the Township owns and operates the following facilities:

Community Centres	12	Fire Stations	10
Libraries	2	Public Works Yards	3
Cemeteries	9	Township Office Building	1
Parks	12	Visitor Centre	1

The total consolidated revenues for the fiscal year ending December 31, 2011 is \$13,616,790. A copy of the 2012 consolidated financial statements is provided in Appendix "7D" to this Section C.

**Entities**

The scope of services will cover the following organizational entities of the Township:

1. The Corporation of the Township of Muskoka Lakes

2. The Corporation of the Township of Muskoka Lakes Public Library

**Project Scope**

The project scope will include as a minimum the following:

**Audit**

Planning and performing an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. This would include:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- Assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation
- Reviewing and testing of internal controls and reporting on any significant negligence, irregularity or discrepancy from prescribed accounting principles and policies observed during the course of the audit
- Commenting on operational effectiveness of the accounting systems employed in the Township
- Expressing an opinion on the financial statements and based on the audit
- Issuing an audit report on the annual financial statements
- Meeting with Township management to review the auditor's report and to discuss management letters
- A minimum of two (2) meetings with the Mayor and Council, in relation to the audit, and presentation of the financial statement and to discuss management letters

**Other Services**

- The Financial Information Return component is to be provided separately to determine the cost associated with its completion. From this information, a decision will be made whether or not to engage this component.
- Preparation of Consolidated Annual Financial Statement and reporting thereon
- Preparation of financial Statements for the Public Library and reporting thereon

**SECTION C – APPENDICES “7A”, “7B-1”, “7B-2”, “7C” AND “7D”**

The Appendices, containing the Consolidated Financials and, in the case of the Town of Bracebridge, the Approved Budget for 2013, may be pulled from the District of Muskoka's website at [www.muskoka.on.ca](http://www.muskoka.on.ca), Tenders, RFPs & RFQs under RFP 13-130010-01.

END of SECTION C – August, 2013

**SECTION D – SAMPLE LETTER OF ENGAGEMENT**

The following is a portion of a Letter of Engagement that can be used by each Municipality and the successful audit firm. This is in a sample format only and can be modified to reflect specific requirements of each municipality.

**LETTER OF ENGAGEMENT**

between

\_\_\_\_\_ (known as “the Municipality”)

and

\_\_\_\_\_ (known as “the Auditor”)

The purpose of this letter is to confirm our mutual understanding of the terms of our engagement.

**OBJECTIVE, SCOPE AND LIMITATIONS**

The statutory function as auditors of the (Municipality name) is to report to the Council members by expressing an opinion on the (Municipality name) annual financial statements. The auditor will conduct the audit in accordance with Canadian generally accepted auditing standards and will issue an audit report.

The audit will not be planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

An auditor conducting an audit in accordance with Canadian generally accepted auditing standards obtains reasonable assurance that the financial statements taken as a whole are free of material misstatement, whether caused by fraud or error. It is important to recognize that an auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of:

- a. Factors such as use of judgement, and the use of testing of the data underlying the financial statements;
- b. The inherent limitations of internal control; and
- c. The fact that much of the audit evidence to the auditor is persuasive rather than conclusive in nature.

Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. Further, while effective internal control reduces the likelihood

that misstatements will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards.

Should the (Municipal name) wish to include the financial statements and the auditor's report thereon in a document proposed to be used at some future date, the auditor would consider their consent to the inclusion of their report at that time.

## **THE MUNICIPALITY'S RESPONSIBILITIES**

The Municipality is responsible for:

### Financial Statements

- a. The preparation and fair presentation of the Municipality's financial statements in accordance with Canadian generally accepted accounting principles;
- b. When differential reporting options have been used to present the financial statements, acknowledging that:
  - (i) the Municipality meets the criteria for using such reporting options;
  - (ii) the owners have been appropriately informed of such reporting options;
  - (iii) the owners' written unanimous consent have been obtained for each differential reporting option; and
  - (iv) such consent has not been withdrawn.

### Completeness of Information

- c. providing the auditor with and making available complete financial records and related data, and copies of all minutes of meetings of Council members;
- d. providing the auditor with information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements;
- e. providing the auditor with information relating to any illegal or possible illegal acts, and all facts related thereto;
- f. providing the auditor with information regarding all related parties and related party transactions.

### Fraud and Error

- g. the design and implementation of internal controls to prevent and detect fraud and error;
- h. an assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- i. providing the auditor with information relating to fraud or suspected fraud affecting the entity involving:
  - (i) management;
  - (ii) employees who have significant roles in internal control; or
  - (iii) others, where the fraud could have a material effect on the financial statements;

- j. providing us with information relating to any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or other;
- k. communicating its belief that the effects of any uncorrected financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole;

Recognition, Measurement and Disclosure

- l. providing the auditor with its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the financial statements;
- m. providing the auditor with any plan or intentions that may affect the carrying value or classification of assets or liabilities;
- n. providing the auditor with the measurement and disclosure of transactions with related parties;
- o. providing the auditor with an assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with measurement uncertainty, CICA handbook – accounting section 1508;
- p. providing the auditor with information relating to claims and possible claims, whether or not they have been discussed with the Municipality's legal counsel;
- q. providing the auditor with information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the Municipality is contingently liable;
- r. providing the auditor with information on whether or not the Municipality has satisfactory title to assets, liens or encumbrances on assets, and assets pledged as collateral;
- s. providing the auditor with information relating to compliance with aspects of contractual agreements that may affect the financial statements;
- t. providing the auditor with information concerning subsequent events; and

Written Confirmation of Significant Representations

- u. providing the auditor with written confirmation of significant representations provided to us during the engagement on matters that are:
  - (i) directly related to items that are material, either individually or in the aggregate, to the financial statements;
  - (ii) not directly related to items that are material to the financial statements but are significant, either individually or in the aggregate, to the engagement; and
  - (iii) relevant to your judgements or estimates that are material, either individually or in the aggregate, to the financial statements.

If it is agreed that for any electronic distribution of the Municipality's financial statements and the auditor's report thereon, the municipality is solely responsible for the accurate and complete reproduction of the financial statements and the auditor's report thereon.

While the report may be sent to the Municipality electronically by the auditor for the Municipality's convenience, only the signed (electronically or manually) report constitutes the Municipality's record copy.

If the Municipality intends to publish or otherwise reproduce the auditor's report (or otherwise make reference to the auditor's company) in a document that contains other information, the Municipality agrees to:

- a. provide the auditor with a draft of such document to read; and
- b. obtain the auditor's approval for including of their report, before the document is finalized and distributed.

The Municipality also agrees that if the auditor's name is to be used in connection with the financial statements, it will attach the auditor's report when distributing the financial statements to third parties.

### **THE AUDITOR'S RESPONSIBILITIES**

The Auditor will perform the audit in accordance with Canadian generally accepted auditing standards. These standards require that the Auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements present fairly, in all material respects, the financial position, result of operations and cash flows in accordance with Canadian generally accepted accounting principles. Accordingly, the Auditor will plan and perform the audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the financial statements taken as a whole, including illegal acts whose consequences have a material effect on the financial statements.

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Accordingly, except for information that is in or enters the public domain, the Auditor will not provide any third party with confidential information concerning the affairs of the Municipality without the Municipality's prior consent, unless required to do so by legal authority, or the rules of professional conduct/code of ethics.

The Auditor will communicate in writing to those responsible for financial reporting oversight, the relationships between the Auditor and the Municipality (including related entities) that, in the Auditor's professional judgement, may reasonably be thought to bear on the Auditor's independence. Further, the Auditor will confirm their independence with respect to the Municipality.

The objective of the audit is to obtain reasonable assurance that the financial statements are free of material misstatement. However, if the Auditor identifies any of the following matters, they will be communicated to the appropriate level of Municipal management:

- a. misstatements, resulting from error, other than trivial errors;
- b. fraud or any information that indicates that a fraud may exist;
- c. any evidence obtained that indicates an illegal or possible illegal act, other than one considered inconsequential, has occurred;
- d. significant weaknesses in the design or implementation of internal controls to prevent and detect fraud or error; and

- e. related party transactions identified by the Auditor that are not in the normal course of operations and that involve significant judgements made by management concerning measurement or disclosure.

The matters communicated will be those that the Auditor identifies during the course of their audit. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.

The Auditor will consider the Municipality's internal control to identify types of potential misstatements, consider factors that affect the risks of material misstatement, and design the nature, timing and extent of further audit procedures. This consideration will not be sufficient to enable the Auditor to render an opinion on the effectiveness of internal control over financial reporting.

#### Other Services

Any additional services that the Municipality may request and the Auditor agrees to provide will be the subject of separate written arrangements.

## **OTHER MATTERS**

### **Privacy and Confidentiality**

The Auditor is committed to the protection of personal information. During the course of planning, performing and reporting on the results of the audit of the Municipality's financial statements, partners and employees assigned to this engagement will need to obtain, use and disclose personal information in the possession of, or under the control of, the Municipality. The Municipality is responsible for obtaining, when required under law or regulation, consent from those parties that provided the Municipality with their personal information for the Auditor to obtain, use and disclose it for its required purposes.

### **Use of Electronic Communications**

During the course of the engagement, the Auditor may need to electronically transmit confidential information to each other and to outside specialists or other entities engaged by either the Auditor or the Municipality. Electronic methods include telephone, cell phones, email and fax. These technologies provide a fast and convenient way to communicate. However, all forms of communications have inherent security weaknesses and the risk of compromised confidentiality cannot be eliminated. The Municipality agrees to the use of electronic methods to transmit and receive information.

### **Working Papers/Reports**

All materials, reports and work created, developed or performed by the Auditor including its working papers during the course of the audit are the property of the Auditor.

### **Fees and Expenses**

Any fee estimates by the Auditor take into account the agreed-upon level of preparation and assistance from the Municipality's personnel and others (such as specialists, internal auditors and secondary auditors upon whom we plan to rely), if any. The Auditor undertakes to advise Municipal management on a timely basis should this preparation and assistance not be provided or should any other circumstances arise which cause fees to exceed the Auditor's estimates. Bills, including expenses, will be rendered on a regular basis as the assignment progresses. Accounts are due when rendered.

The Auditor retains the right to suspend or terminate the Auditor's service in the event of non-payment, and the Municipality will be obligated to compensate the Auditor for all time expended and to reimburse the Auditor for out-of-pocket expenses through the date of termination.

#### Interest on Overdue Accounts

All accounts outstanding over 30 days will be charged interest at the rate of \_\_\_\_\_% per month (\_\_\_\_\_ % per annum) until paid.

#### Taxes

All fees and other charges do not include any applicable federal, provincial or other goods and services or sales taxes or any other taxes or duties whether presently in force or imposed in the future. Any such taxes or duties shall be identified and charged separately on the Auditor's billings.

#### Other

If, in the Auditor's opinion, the auditor's professional obligations require it, the Auditor may resign from the engagement prior to completion. Should the Municipality not fulfill its obligations set out herein and in the absence of rectification by the Municipality within 10 days, the Auditor, upon written notice to the Municipality, may terminate its performance and will not be responsible for any loss, cost or expenses resulting from such early termination.

#### Limitation of Liability

In any action, claim, loss or damage arising out of the engagement, the Municipality agrees that the Auditor's liability will be several and not joint and several, and the Municipality may only claim payment from the Auditor of the Auditor's proportionate share of the total liability based on degree of fault. Any action against the Auditor must be commenced on or before the date which is the earlier of:

- (i) eighteen months from the date on which the audit report is provided to the Municipality; and
- (ii) the date by which an action must be commenced under any applicable legislation other than limitation legislation.

In no event shall the Auditor be liable to the Municipality whether the claim be in tort, contract or otherwise, for an amount in excess of five times the professional fees paid by the Municipality for the engagement. In no event shall the Auditor be liable to the Municipality, whether a claim be in tort, contract or otherwise for any consequential, indirect, lost profit or similar damages or failure to realize expected savings.

The auditor will use all reasonable efforts to complete within any agreed upon timeframe the performance of the services described above. However, the Auditor shall not be liable for failures or delays in



