

**Incorporated Hamlet Of (*community*)**

**External Audit Services**

**Requests for Proposals**

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MACA Audit Guidelines  
Hamlet Act Section 145-147

# Terms of Reference

## Purpose of the Work

The Hamlet of (*community*) requires external audit services for the calendar years 20XX, 20XX and 20XX. The Hamlet is a non-tax based municipality with a population of approximately X00 people. The Mayor, Deputy Mayor, and (*number of*) Councillors are the governing body and meet regularly at least (*number of times*) a month. The Finance Committee, which is comprised of (*number*) Councillors and the Mayor, also meet once a month.

The Hamlet of (*community*) has an annual budget nearing the proximity of \$X,X00,000.00 (*X.X million dollars*). Revenue is generated from GNWT formula funding. Additional grant is normally received for special projects and programs through out the course of the year, mainly by application.

The Hamlet of (*community*) uses Fund Accounting and currently maintains the following funds: General Operating Fund, Capital Fund Account, and Reserve and Investment Funds.

The Hamlet of (*community*) is currently maintaining all functions of recording and reporting data through the Simply Accounting system.

## Scope of the Work

The auditor is expected to prepare financial statements in the format prescribed for non-tax based municipalities by the GNWT Department of Municipal and Community Affairs (MACA) and the Hamlet Act, Sections 145-147. The auditor is expected to perform an independent audit to express an opinion on the Hamlet's financial system including a management letter, audit recommendations, a review of financial statements with the Finance Committee and copies of working papers for the Finance Officer.

The Hamlet of (*community*) will:

- close Accounts Receivable and prepare Allowance for Doubtful Accounts,
- prepare Balance Sheet reconciliations,
- close accounts Payable and prepare accrual entries, and
- prepare an analysis of reserve accounts.

## **Circumstances**

The Hamlet processes approximately:

- *X00* Accounts Payable invoices monthly,
- *X00* Accounts Receivable invoices monthly,
- *X0* receipts daily, and
- *XX* regular, *XX* casual employees paid either by direct deposit or paycheque.

The Hamlet of (*community*) staff directly related to the audit will be:

- Senior Administrative Officer, *X years*
- Finance Officer, *X years*

## **Investigations and Examinations to be Conducted**

The proposer may contact Bill Harding, Finance Officer if further information is required. Copies of the 20XX financial statements are available upon request.

## **Relevant Policies, Standards and Requirements**

The Hamlet of (*community*)'s expectations are

- assets will be safeguarded,
- Hamlet Act,
- MACA guidelines,
- Generally Accepted Accounting Principles,
- reconciliations are prepared monthly,
- financial statements are prepared monthly, and
- staff are bonded and have RCMP clearance.

## **Schedule for Completion**

The audit must be completed in time for review by the Finance Committee, Council and the Department of Municipal and Community Affairs by the deadlines prescribed by the department.

## **Information to be provided in the Proposal**

## **Names, Qualifications, and Location of Proposed Personnel**

- The auditor must possess a professional accounting designation.
- All persons to be involved in the audit must be named in the proposal.
- A resume must be provided for all persons to be involved in the audit.
- Non-designated persons involved in the audit must be covered by the auditor for bonding insurance; a copy to be submitted with the proposal and must have RCMP clearance.
- Experience with fund accounting, municipal accounting and GNWT municipal accounting in both tax based and non taxed based, must be included.
- Summary of list of clients for reference.
- Location of auditor.
- References.

## **Resources to be Assigned to the Audit**

Provide information for each of the personnel to be assigned to the audit, their availability and the tasks to be assigned to them.

## **Proposed Audit Plan**

Provide an audit plan. Identify in the plan, major tasks, hours for each task, start dates, completion dates, time lines, personnel to be assigned and dependencies.

Provide information on how the audit hours will be managed to ensure completion on time and within budget. Include a regular review of progress compared to plan with the Finance Officer.

## **Cost for Audit**

A fixed cost for the audit; in addition an hourly rate for pre approved work required outside of the audit, if necessary.

## **Required Proposal Content and Evaluation Criteria**

## **Description of Content and Format Expectations**

As possible, information requested in the proposal to be provided in point form. Also to be included: a copy of the business license, certificate of WCB in good standing, insurance liability certificate and a cover letter regarding the proposed offer.

## **Criteria to be used in Evaluation**

- Experience in similiar audits
- Qualifications of auditor
- Audit plan and regular reporting
- Local content
- Cost
- Reference

The lowest bid or any bid not necessarily accepted.

Proposals will be evaluated and recommendations reviewed with the Finance Committee and forwarded to Council for final approval.

## **Contract**

### **Description of Contract**

Contractor Name: \_\_\_\_\_

Contractor Address: \_\_\_\_\_

Contractor Telephone: \_\_\_\_\_

Description of Work: Provision of Audit Services for 20XX, 20XX and 20XX.

Hamlet of (*community*)  
P.O. Box XX  
(*community*), NT X0X 0X0

Location: Hamlet Office

## Offer

The undersigned proposer (here in after called the Auditor) hereby offers the Hamlet of (*community*) (here in after called the Hamlet) to provide Audit services as described in the Request for Proposals attached and for the total sum of XXXX thousand XXX hundred dollars (\$X,XXX.00) for 20XX, XXXX thousand XXX hundred and XX (\$X,XXX0) for 20XX and XXXX thousand XXX hundred and XX (\$X,XXX0) for 20XX. Additional hours, for pre-approved work outside the audit, shall be at the price of XXX dollars (\$XX.00) per hour. Other annual costs, as per the proposal, will be pre approved and accepted as needed.

## General Agreement

The Auditor agrees:

To complete the audit described in the Request for Proposals, Hamlet Act, MACA guidelines and auditing standards.

To indemnify and save harmless the Hamlet from, and against: all claims, costs, demands, losses, damages, actions, suits or other proceedings by whosoever made, brought, or prosecuted in any manner based upon, occasioned by, or attributable to the actions or activities of the Auditor, pursuant to this contract.

Not to assign or sublet the whole or any part of this contract, without the express written consent of the Hamlet in advance.

To pay its employees such fair and reasonable salaries and wages as are generally accepted for employees working in similar circumstances within the Hamlet of (*community*) and within the Northwest Territories, and to comply with all relevant municipal, territorial and federal labour legislation, in so far as it may apply to the contract.

To provide, at its own expense, all Business Licenses, Permits, Liability Insurance, and Workers Compensation coverage that the Hamlet may, from time to time request.

To maintain secure custody of any office keys provided by the Hamlet, and to return the office keys upon termination of the Audit each year.

To restrict entry to the Hamlet office to those persons directly employed or acting as bona fide agents of the Auditor.

To recognize that the material in the Hamlet office is confidential and to ensure that each individual authorized to work in the Hamlet office has sworn an Oath of Confidentiality.

To provide signed release forms, for RCMP clearance, for each individual authorized to work in the Hamlet office.

To provide, at its own expense, all equipment, materials, supplies and/or products required to perform the duties of the Audit.

That the Auditor has examined and carefully considered the requirements in this proposal.

That this contract supercedes and cancels all communications, negotiations, and agreements relating to the work other than contained in the completed Request for Proposal and Contract.

That this proposal may not be withdrawn for a period of thirty (30) days following the Request for Proposals closing time.

That the complete proposal, together with, and subject to, all provisions contained there in, shall, when accepted and executed by the Hamlet, constitute a binding contract between the Contractor and the Hamlet.

### **The Contractor shall:**

Be a business of going concern, with a current business license, have an account, in good standing, with the Workers Compensation Board and maintain General Liability Insurance in the name of the Contractor.

Provide, with submitted proposal documents, copies of the following:

- Business License,
- Workers Compensation Board Certificate of good standing,
- Proof of General Liability Insurance and amount of coverage,
- List of all employees and resumes of their qualifications,
- Initial all pages of the Request for Proposals,
- All information in the format and manner as in the Request for Proposals, and
- One copy of all proposal documents.

### **The Hamlet agrees:**

To provide the Auditor with keys to the Hamlet office and allow the Auditor access at such times as identified in the Audit plan.

To pay the auditor the contract price and within the terms of the Request for Proposals and Contract, not in advance, but 30 days after the invoice date.



**The Hamlet and Contractor agree:**

This contract shall be in effect from and including the 1<sup>st</sup> day of *MONTH, 20XX*, to and including the 30<sup>th</sup> day of *MONTH, 20XX* subject to earlier termination as contained here in.

This contract may be terminated by the Hamlet upon the Hamlet providing the Auditor with six months written notice to that effect.

This contract may be terminated by the Auditor upon the Auditor giving the Hamlet six months written notice to that effect.

Upon the Hamlet providing written Notice of Termination to the Auditor, or upon the Auditor providing written notice of termination of Notice to the Hamlet, then and in event, the Auditors responsible to perform its obligations pursuant to the contract to the date of the termination, and the Hamlet is only responsible for payment to the Auditor to the date of termination of this contract, less costs as described below.

Upon completion or termination of this contract, if the Hamlet deems the work of the Auditor to be unsatisfactory, the Auditor shall cause the work to be performed to the satisfaction of the Hamlet within thirty days. The Hamlet may withhold payment to the Auditor until such time as the Auditor performs the work to the satisfaction of the Hamlet. Where the Auditor does not perform the work to the satisfaction of the Hamlet, costs reasonably incurred to perform the work, may be deducted from payment to the Auditor. The Hamlet’s satisfaction of the work does not supercede the Auditor’s obligation to provide an independent opinion.

The Hamlet may inspect the work of the Auditor, and if the Hamlet deems the work of the Auditor to be unsatisfactory, the Auditor shall cause the work to be performed to the satisfaction of the Hamlet within a reasonable time thereafter, and where the Auditor fails to do so, the Hamlet may withhold payment to the Auditor until such time as the Auditor performs the work to the satisfaction of the Hamlet. The Hamlet’s satisfaction of the work does not supercede the Auditor’s obligation to provide an independent opinion.

Signatures:

Signed and Sealed this \_\_\_\_\_ day of \_\_\_\_\_ 20XX.

\_\_\_\_\_  
Auditor Name

(SEAL)

\_\_\_\_\_  
Auditor's Authorized Signature

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Name and Title

**Hamlet of (*community*)**

\_\_\_\_\_  
*XXXXXX XXXXX*, Mayor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
*XXXXXXXX XXXXXXXX*, SAO

\_\_\_\_\_  
Witness