

REQUEST FOR PROPOSAL MUNICIPAL AUDIT SERVICES RFP-AUDIT-2025

The Corporation of the Town of Kearney is requesting a proposal for the services of a qualified Chartered Accounting firm to conduct the Financial and Compliance Audit of the Town operations. Services shall include, but not be limited to:

- Planning and performing the audit
- Performing tests of documentary evidence
- Evaluation of internal controls
- Review of Management Letter
- Review of adjusted journal entries
- Draft and final Audit Report (includes approximately 6 copies)
- Technical assistance throughout the fiscal year
- Review of the Year End Financial reports
- Review Tangible Capital Assets Spreadsheet and confirm annual depreciation of TCA

1) Auditing Standards

Financial statements are prepared to conform to Generally Accepted Accounting Principles (GAAP) and Canadian Institute of Chartered Accountants (CICA) hand book and/or Public Sector Accounting Board (PSAB) requirements. The auditor's opinion will be directed toward the fairness or presentation of the financial statements in accordance with GAAP. The auditor will also provide compliance reports as required under federal and provincial legislation.

2) Audit Period and Term of Engagement

The Proposal is for auditing services for a three-year term with separate audits for each Fiscal Year Ending December 31st, 2025, 2026 and 2027. It is the intent of the Town to negotiate a three-year contract. If the contract is satisfactorily carried out for the three-year term, the successful proponent's contract may be extended for two (2) one (1) year extensions for 2028 and 2029 at the sole discretion of the Town. An engagement letter is required each year by the auditing firm. Either party may cancel the written contract by giving notice, in writing, to the other party by August 1st of any given contract year.

3) Audit Objectives and Scope of Work

The Auditor, as part of this engagement, will conduct the following activities utilizing the appropriate standards noted in Section 1

- a) Plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether caused by error or fraud and conformity with GAAP.

- b) Perform tests of documentary evidence supporting the transactions recorded in the accounts, which may include tests of the physical existence of inventories and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors and financial institutions.
- c) Perform tests of the Town's compliance with applicable laws and regulations and provisions of contracts and agreements.
- d) Prepare a report on compliance with specific requirements applicable to major federal and provincial assistance programs, if required.
- e) Review the internal accounting controls of the Town to an extent necessary to evaluate the system as required by applicable standards.
- f) Issue a Management Report making recommendations for improvement.
- g) The Auditor shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of whereby they become aware to the CAO/Clerk and Treasurer.
- h) Inform the CAO/Clerk and Treasurer of any matters involving internal control and its operation that the Auditor considers being reportable conditions under standards established by the CICA handbook.
- i) Provide the Town with adjusting entries and final trial balance upon completion of the field work. Electronic copies of all reports including Financial Statement to the Town Office shall be expected.
- j) Meetings and Progress Reports: Pre-audit conference with the Town CAO/Clerk and Treasurer will be held to discuss audit schedules, working paper requirements and reporting deadlines, as well as the audit program. A written list of information to be provided by Town staff to the auditors should be presented at this time.
- k) As part of the overall audit contract, the Town expects to receive from the audit firm a variety of technical assistance throughout the fiscal year, including answers to accounting, reporting and/or internal control questions.
- l) All working papers and reports must be retained in accordance with the Town current Records Retention By-law. For this purpose, all copies of audit working papers shall be delivered to the CAO/Clerk or Treasurer.

m) Additional Services: Proposals should contain provisions for dealings with extraordinary circumstances discovered during the audit that may require an expansion of audit work beyond that which was originally planned. In addition, at the Town's discretion, the audit firm may be requested to perform special projects for the Town during the year. Because of variations in demand for additional services, this work will be contracted for, provided and billed separately to the Town on an hourly basis. Proposals should describe the types of services available from the firm, the professionals who would provide the service and the standard hourly fees to be charged for such service.

n) Use of Audit Reports: Ownership shall belong to the Town, expressly understood that publication of the audit report (in whole or in part) or reference for such audit report shall be at the sole discretion of the Town.

4) Mandatory Requirements

The audit firm must meet the following mandatory requirements: proponent must be registered to do business in the Province of Ontario: the Principal Auditor must be a Chartered Accountant qualified to perform municipal audits in the Province of Ontario; and proponent must have experience in performing municipal audits in accordance with auditing standards generally accepted in the Province of Ontario and with preparing financial statements compliant with Public Sector Accounting Board Pronouncements.

5) Proposal Requirements

The proposal should demonstrate that the firm will furnish the services in a manner that will be cost effective for the Town. A guarantee of the audit team or provision of an approach to transition of the audit team will be expected. Those proposals that do not contain all information required by this Request for Proposal (RFP) or are otherwise non-responsive may be rejected immediately; however, the Town has the discretion to accept a proposal that does not conform with all RFP requirements if the Town determines that the non-compliance is not substantial or material. If the proposal is unclear or appears inadequate, the Town may at its discretion, give the firm an opportunity to explain how the proposal complies with the RFP requirements. The proposal must contain at least the following information:

- I. Name(s) and title(s) of the person(s) authorized to submit the proposal and execute the personal services agreement.
- II. A letter submitted on the firm's letterhead and signed by the corporate agent, owner or principal describing how the firm satisfies the mandatory requirements noted above and the firm's experience in performing municipal audits in the Province of Ontario.
- III. A history of the firm as a business entity, including information that demonstrates the firm's financial stability.

- IV. Names of the partners, managers and key staff employees assigned to this engagement. Describe their roles and provide a brief description of their professional experience. Please identify the audit team leader and describe the approach that would be used should a transition of audit team members take place.
- V. Provide a list of three (3) current municipal audit engagement clients in Ontario including contact information for each.
- VI. Attach to your proposal one sample of a municipal audit report that you have recently issued covering an audit of a municipality with comparable services to the Town of Kearney.
- VII. Attach to your proposal a sample of a management letter that you have recently issued covering an audit of a comparable municipality.
- VIII. Comment on your firm's ability and willingness to provide constructive suggestions for improving the Town's internal accounting controls, administrative procedures and financial processes.
- IX. Explain how you would propose to use Town personnel to assist you during the audit indicating an approximate time requirement.
- X. Describe any personal, business, investment or family relationship with the Town officials or appointed employees.
- XI. Proof of professional liability/errors/omissions insurance coverage having a minimum limit of two million dollars per occurrence naming the Town as an additional assured shall be required of the successful firm.
- XII. Provide a proposed work schedule and work plan for completing the audit. The work schedule should be structured so as to deliver the audit to the Municipal Council no later than the regularly scheduled Council meeting in May each year.
- XIII. Provide a fee schedule and estimate project cost showing the cost for each of the three year contract period, including out-of-pocket expenses and estimated hours each audit firm employee is expected to spend annually on the audit.
- XIV. As part of the overall audit contract, the Town expects to receive from the audit firm various technical assistance throughout the fiscal year that may include inquiries regarding accounting reporting and internal control issues. Indicate fees for these services if any and/or if they are included in your total annual base fee.
- XV. Provide any additional information that supports the scope of work to be provided as set forth above.

Proponents may submit additional questions and clarification requests to the Treasurer, using the contact information listed at the end of the RFP. Proponents shall refrain from initiating contact with the Town representatives for the purposes of obtaining information to use in preparation of proposals. Firms may modify or withdraw their proposals at any time prior to the Closing Date by providing a written request for modification or withdrawal to the Treasurer. Any amendments to this RFP will be in writing and will be issued to all persons or businesses that have indicated an interest to receive RFP amendments.

6) Annual Schedule and Fee Analysis

The proposal shall include a firm bid submission for the annual fees to be charged.

The fee estimate shall show the estimate of hours broken down between various responsibilities which are required.

Out of pocket expenses such as travel and accommodation, must be included as part of the audit fee and are not to be billed separately. It is expected that the audit should be considered a "local" audit and the Town will not be responsible for disbursements incurred by the firm which are caused by using staff from outside locations.

The fees shall include all auditing assignments including:

- Financial Statement
- AMO Gas Tax
- Library Audit
- Presentation of Financial Statement to Council Members
- Review of Financial Information Return (FIR) that the Treasurer prepares

******The Proposed Fee Schedules shall be kept confidential until they are released for approval by Council, at the regularly scheduled Council meeting on October 2nd 2025. All results will be published in the Minutes of the Council meeting for public viewing.

Before December 15th of each year, the auditor shall contact the CAO/Clerk or the Treasurer to discuss and agree upon:

- a) A schedule, which includes all aspects of the audit of the financial statements, library and federal gas tax funds of the Town for the current year.
- b) A list and suggested format of the necessary financial statements and supporting schedules, working papers analyses and other information to be prepared by the Town.

Treasurer would be open to interim Audit in fall if helpful to save time during the regular audit. Interim Audit would include payroll and accounts payable sample testing and anything else mutually agreed to by both parties.

7) Evaluation of Proposals

Proposals will be evaluated based on the scope of work and submission requirements listed above to determine which firm best meets the needs of the Town. After meeting these requirements, the following factors will be used to evaluate proposals:

- a) Quality and comprehensiveness of the audit approach.
- b) Qualifications and municipal experience of the firm and members assigned to the Town's engagement together with a list of existing municipal clients and references.
- c) Audit services cost.

- d) Ability to provide proficient and comprehensive range of auditing and financial services.
- e) Proficiency for meeting audit timelines.

8) Proposal Award Schedule

August 15, 2025	RFP's issued
September 19, 2025	Proposals due by 4:00 p.m.
October 2, 2025	Contract Awarded by Council at regularly scheduled meeting

Proposals submitted will be reviewed and scored by the Treasurer with recommendation to the Municipal Council.

9) Proposal Submission

Submittal Deadline: Proposal shall be received by paper or by email. Proposals that are mailed or dropped off must be at the Town Office by 4:00 p.m. September 19th, 2025. Town Office hours are Monday through Friday from 8:30 a.m. to 4:30 p.m. for hand delivered proposals. Email proposals can be sent to jenny.leblond@townofkearney.ca

Proposals received after the deadline will not be eligible for consideration.

Mark all proposals RFP-Audit-2025.

Proposals should be directed to:

Town of Kearney
Jenny Leblond, Treasurer
8 Main Street, PO Box 38
Kearney ON P0A1M0
Jenny.leblond@townofkearney.ca

Contact information:
Jenny Leblond, Treasurer

Telephone: 705-636-7752
Fax: 705-636-0527
Email: jenny.leblond@townofkearney.ca

BACKGROUND

Town of Kearney

Known as Ontario's "Biggest Little Town", Kearney is situated 25 minutes north of Huntsville in the heart of the Almaguin Highlands. The Town offers pristine lakes, lush forests and beautiful scenery for those who would like to take a break from their busy lifestyles and enjoy a slower pace. With lots of space and home to 3 access points to Algonquin Park, Kearney is the perfect place to settle down, raise a family and/or start a business. Along with the beauty of our area, we offer some of the best outdoor activities around including snowmobiling, fishing, hiking, boating and ATV'ing.

The Corporation of the Town of Kearney has a population of 800 with a significant number of seasonal residents. We provide Municipal Services including administration, finance, public works, fire protection and recreation.

The Town operates an Administration Office, Community Centre/Gym/Seniors Room, Library, 2 transfer stations, 1 landfill closed to the public, 12 fire station, 2 public beaches, and a public works garage.

The approved budget for the Town Fiscal Year Ending December 31, 2025 is approximately \$6.8 million.

The Council is composed of (4) four elected Councillors and an elected Mayor. The CAO/Clerk and Treasurer are responsible for the Town administration functions.

There are (5) full-time staff positions in the Administration Office and (7) full-time Public Works staff, (3) Parks and Recreation staff, (1) Fire Chief, (1) Chief Building Official.

The Town utilizes Munisoft Software for financial and operational data input and reporting.

The Town completes the annual Financial Information Return (FIR) and Performance Measures (MPMP) utilizing the Financial Statement.