



guiding our province
to a greener future

MULTI-MATERIALS STEWARDSHIP BOARD

REQUEST FOR PROPOSALS

External Audit Services

September 30, 2020

TABLE OF CONTENTS		Page
A	INTRODUCTION AND SCOPE	2
B	SCHEDULE	4
C	EVALUATION CRITERIA	4
D	PROPOSAL SUBMISSION REQUIREMENTS	4
E	CLOSING DATE AND PROCEDURES FOR SUBMISSION OF PROPOSALS	5
	1. Requests for Further Information by Respondents	5
F	CONDITIONS	5
G	PROPOSAL OUTLINE	7
	1. Organization Information and Audit Team	7
	2. Audit Approach and Methodology	7
	3. Fees	8
	4. Industry Related Experience	8
	5. References	8
	6. Environmental Responsibility	8
	7. Other	8

A INTRODUCTION AND SCOPE

Multi-Materials Stewardship Board Overview

The Multi-Materials Stewardship Board (MMSB) is a Crown agency of the Government of Newfoundland and Labrador that reports to the Minister of Environment, Climate Change and Municipalities (Minister). Established in 1996, MMSB supports and promotes sustainable waste management on a province-wide basis through the development and implementation of waste diversion programs and public education, in accordance with provincial legislation. The delivery of this mandate is achieved through collaboration with Environment, Climate Change and Municipalities (ECCM), Service NL and third-party contracted service providers such as Green Depot operators, as well as with stakeholders such as regional waste management authorities, municipalities and environmental industry associations. Information on MMSB's mandate, vision and lines of business can be found online at www.mmsb.nl.ca.

Governance

MMSB is governed by a Board of Directors appointed by the Lieutenant Governor in Council. The day-to-day work of MMSB is carried out by management and staff employed by the Board under the direction of a Chief Executive Officer (CEO). Its current corporate structure consists of a head office located in St. John's with 17 professional and administrative employees and a field office located in Mount Pearl with two employees.

As a self-financed Crown Agency, MMSB does not receive funding from the Government of Newfoundland and Labrador. In accordance with provincial legislation, its revenues are derived from deposits applied on the sale of ready-to-serve beverage containers, environmental fees applied on the sale of new highway tires and from the sale of recyclable materials collected through diversion programs.

Mandate

MMSB's mandate is derived from the Environmental Protection Act and accompanying Waste Management Regulations, as well as from the Provincial Solid Waste Management Strategy.

- MMSB supports and promotes modern waste management practices in the province, with a particular focus on waste reduction and recycling, as a means of helping to ensure a clean and healthy environment.
- MMSB supports the implementation of the Provincial Solid Waste Management Strategy through the administration of the Newfoundland and Labrador Waste Management Trust Fund.
- MMSB develops and implements province-wide public education initiatives to promote more progressive waste management practices in Newfoundland and Labrador.

Financial Systems and Statements

MMSB utilizes ACCPAC as its financial accounting software including modules for general ledger, payroll, accounts receivable and payable and a customized CRM module which captures and supports transactions related to our programs. Past annual financial statements can be found in our Annual Reports posted online at: <https://mmsb.nl.ca/about-mmsb/corporate-reports/>.

Scope

MMSB is requesting written proposals from audit firms to provide external audit services. The audit must be in accordance with generally accepted auditing standards in order to express an opinion on the fair presentation of MMSB's consolidated financial statements in conformity with generally accepted accounting principles and standards set by the Public Sector Accounting Board (PSAB).

Specifically, services are to include, but are not limited to:

- Completion of the annual financial statement audit for the MMSB Consolidated Financial Statements. Draft statements will be provided by MMSB but final statements and accompanying notes will be completed by the successful proponent.
- Preparation of corporate tax return.
- Meeting with members of management and the Audit Committee at least twice per year to review the proposed audit plan and review the actual audit results or any other matters pertaining to the financial statements such as internal control recommendations.
- Consultation with management to ensure all new or changed reporting requirements and audit standards are communicated and all financial statements prepared by management are in compliance with current reporting requirements.
- In addition, as may be required throughout the year, the successful proponent may be consulted to discuss new issues or questions. These inquiries are infrequent and usually very specific in nature. Any substantial work that may result would not be included in this fee schedule but would be quoted separately.

The audit must be completed within 90 days of MMSB's fiscal year end of March 31. MMSB will provide the successful proponent a complete electronic working paper file with supporting documentation for all asset and liability accounts and comparative analysis against prior year and budget. MMSB staff will be available to assist the auditors in accessing information or providing information as required. MMSB anticipates entering into a 3-year contract with an option to renew annually for an additional 2 years.

B SCHEDULE

The following schedule is anticipated. MMSB reserves the right to change the dates specified in the schedule at any time.

EVENT	DATE
Release of Request for Proposal	October 2, 2020
Question Submission Deadline	October 16, 2020
Proposal Submission Deadline	October 23, 2020
Evaluation Period	October 30, 2020
Notification to Successful Respondent	Upon Board Approval (November, 2020)

C EVALUATION CRITERIA

The following criteria will be used to evaluate all proposals:

Criteria	%
Organization Information and Audit Team	15
Audit Approach and Methodology	30
Fees	35
Industry Related Experience	10
References	5
Environmental Responsibility	5
	<u>100</u>

D PROPOSAL SUBMISSION REQUIREMENTS

Respondents in their submission shall fully address each and every evaluation criterion as outlined above in accordance with the description in section C and section G of this Request for Proposal, supplemented by additional information deemed to be relevant by the respondent to provide a full and complete understanding by MMSB of the proposal and its merits.

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

Ensure the proposal is submitted with the instructions contained in section E of this Request for Proposal. Ensure the proposal is signed by a corporate official with the authority to do so.

Ensure all addenda to this Request for Proposal are signed and submitted with the proposal.

E CLOSING DATE AND PROCEDURES FOR SUBMISSION OF PROPOSALS

Respondents shall submit their proposal by electronic mail to both of the following addresses and received no later than 4 p.m., Newfoundland Daylight Savings Time on October 23, 2020 with the subject "CONFIDENTIAL Response to RFP External Audit":

gandrews@mmsb.nl.ca

jtuff@mmsb.nl.ca

The submission shall be duly signed by an authorized and responsible officer of the firm making the submission.

Submissions received will be opened and verified by two MMSB representatives by video recording. Submissions received following the closing date and time shall not be accepted or considered.

1. Requests for Further Information by Respondents

Requests for clarification or additional information pertaining to this Request for Proposal will be accepted in writing on or prior to October 16, 2020 by email at the following address no later than 4:00 PM Newfoundland Standard Time:

Ms. Gillian Andrews, CPA, CA
E-mail: gandrews@mmsb.nl.ca

To ensure consistency and quality in the information provided to proponents, MMSB will provide, by way of amendment to this RFP document in the form of an addendum to all proponents who have requested the RFP documents, any further relevant information with respect to inquiries received in writing without revealing the source of those inquiries. No interpretations or explanations shall be considered part of this RFP document or shall be binding unless issued as addenda in writing.

F CONDITIONS

Respondents are advised that all responsibilities, costs, risks and expenses arising from or in relation to the contemplation, participation, preparation and submission of a proposal, or in the provision of further information in connection with this Request for Proposal by it or any other party, or in respect of the negotiation of an acceptance contract with MMSB, shall be borne entirely and solely by the respondent. MMSB and its employees, officers and directors shall neither have nor incur any liability towards any respondent or party which incurs any costs, liabilities or damages in the consideration of, or in the making of a submission, or in the negotiation of an acceptance contract, pursuant to this Request for Proposals.

Notwithstanding any statement to the contrary in this Request for Proposal, MMSB reserves any and all rights not to proceed further following the release of the Request for

Proposal or to cancel the process at any time thereafter. Furthermore, MMSB shall not be bound to accept the lowest-cost proposal or to consider, evaluate or accept any proposal whatsoever and may choose or reject any or all proposals which it receives in response to this Request for Proposal at its sole and absolute discretion. In any of these circumstances, MMSB and its employees, officers and directors shall neither have nor incur any liability towards any respondent or party for any claims, whether for costs or damages, and whether incurred by the respondent or party in preparing its submission, providing additional information and clarification requested by MMSB, or negotiating an acceptance contract with MMSB, including any loss of anticipated profit in connection with this Request for Proposal, or for any other matter whatsoever.

This Request for Proposals requires the provision of a number of submissions, acknowledgments and warrants, and failure to provide any or all of the required submissions, acknowledgments or warrants may result in the rejection of the proponent's proposal in its entirety.

By submission of a proposal, a respondent agrees that MMSB reserves the right to discuss the proposal with the respondent following the closing date and to request clarification or additional information from the respondent, as may be required by MMSB to fully and properly evaluate its submission. MMSB also reserves the right to negotiate the detailed terms and conditions of an acceptance contract with the successful respondent.

While MMSB has used considerable effort and care to ensure that any statements or information in this Request for Proposal is accurate, and will continue such effort and care in response to any inquiries related thereto, the information is supplied solely as a guideline for the use of respondents. Nothing in this Request for Proposal, or in any response to any inquiries related thereto, is intended to relieve respondents from forming their own opinions and conclusions with respect to the matters addressed in this Request for Proposal. Any person making use of, or relying on, this information for any purpose, does so solely at their own risk, with no warranty or guarantee of accuracy, expressed or implied, by MMSB.

MMSB reserves the right to modify the terms of this Request for Proposals at any time in its sole discretion through a written addendum. Any such changes will be made available to all registered proponents in accordance with the provisions outlined in Section E(1) of this Request for Proposals.

All proposals submitted to and received by MMSB shall be accorded confidential treatment by MMSB, subject to the application of the *Access to Information and Protection of Privacy Act* and/or an order from a Court of competent jurisdiction in the Province of Newfoundland and Labrador or Canada.

G PROPOSAL OUTLINE

The information requested below will form the basis of proposals. Respondents must refer to the numbered section from this part of the Request for Proposals and specifically respond to each item. Failure to include all required information in the manner outlined may result in disqualification of your proposal.

1. Organization Information and Audit Team (15%)

- 1.1 Provide the following general background information:
- legal name
 - business address
 - telephone number
 - lead partner name, phone number and email address
 - contact name, phone number and email address for proposal
 - information on your firm, the services it provides, and access to local resources (and national if appropriate) that will be available
- 1.2 Provide the details of the staff who will be assigned to the MMSB account and their proposed role. Please also include a summary of each team member's pertinent experience and expertise related to auditing government agencies, relevant certifications and their current position in your firm and their proposed role on the MMSB engagement.

2. Audit Approach and Methodology (30%)

- 2.1 Include your understanding of the work to be completed, describing the audit approach, methodologies employed and your ability to complete the required work within the time frame specified.
- 2.2 Describe your ability to provide services that may be required periodically including PSAB, commodity taxes, US withholding taxes etc.
- 2.3 Describe how your firm remains informed on emerging issues and how you would share this knowledge and expertise with MMSB.
- 2.4 Describe your general approach on client relationship management. This should include how you intend to communicate on identified areas of weakness in internal control or other areas of concern you may identify during the audit and how you approach issue or conflict management.

3. Fees (35%)

3.1 Respondents must provide a complete fee structure including:

Fiscal year	2021	2022	2023	2024**	2025**
Total Fees					
Hourly Rate for additional services by level (please specify)					
Other Charges (please specify)					
** 2 year renewal option					

4. Industry Related Experience (10%)

4.1 Provide your firm's experience/expertise in providing auditing services to provincial government departments, crown corporations and other corporations similar in size or nature to MMSB.

5. References (5%)

5.1 Provide reference for two audit clients preferably from other government agencies. Please include names, phone numbers, addresses and summary of service provided.

5.2 Please contact the individuals used for references and confirm availability and willingness to participate in a telephone reference call.

6. Environmental Responsibility (5%)

6.1 Respondents are asked to demonstrate their corporate commitment to environmental sustainability and provide information on efforts their organization is making.

7. Other

7.1 Ensure the proposal is submitted with the instructions contained in Section E of this RFP. Ensure the proposal is signed by a corporate official with the authority to do so.

7.2 Ensure all addenda to this RFP are signed and submitted with the proposal.

7.3 Please note if there any known current or anticipated conflicts of interest.

7.4 State in detail the professional liability coverage maintained.

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Addendum

Question 1: When will the Board require final drafts of the financial statements for approval?

Response: As per Section A of the RFP, the Board requires final drafts within 90 days of year end.

Question 2: What is the nature of MMSB's infrastructure assets?

Response: The infrastructure assets relate primarily to facilities used for temporary storage.

Question 3: Are the MMSB Waste Management Trust Fund financial statements in scope of the RFP?

Response: Yes, the Waste Management Trust Fund is in scope of the RFP.

Question 4: Is the issuance of the RFP the result of a required procurement process or another factor?

Response: The RFP was issued because of MMSB's procurement requirements.

Question 5: Within the RFP there is a note requiring the auditor to provide support in communicating changes to the standards. To clarify, would MMSB like the be informed by the auditor of emerging standards or does MMSB require support in adopting relevant standards that will specifically impact MMSB and the accounting changes necessary to be in compliance with these standards?

Response: The successful proponent will be expected to inform MMSB staff of emerging standards and consult on the impacts to the organization as required.

Question 6: Are the following items available to assist with the preparation of a proposal:

- The audit approach used by previous incumbents
- The ideal relationship with previous or future incumbents
- The tenure of previous incumbents
- The desired timing of fieldwork
- The 2019-20 audited financial statements
- The expectation of hours spent on the audit
- Draft internal financial statements
- The number and nature of previous adjusting entries provided by auditors
- The budget range for external audit fees
- Prior year management letter points

Response: These items are either not publicly available or outside scope and will not be provided to assist with the preparation of a proposal.