



London
C A N A D A

**THE CORPORATION OF
THE CITY OF LONDON**

**REQUEST FOR PROPOSAL 10-24
INTERNAL AUDIT SERVICES**

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**The Corporation of the City of London
Request for Proposal 10-24
INTERNAL AUDIT SERVICES**

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The Corporation of the City of London
Request for Proposal 10-24
INTERNAL AUDIT SERVICES

1.0 PURPOSE

The Corporation of the City of London (hereinafter referred to as the City) is seeking Request for Proposals (hereinafter referred to as the RFP) from qualified, experienced firms to provide Internal Audit Services to the City. The scope of the work for the internal audit provider shall extend to all aspects of the operations of the City, and by request, to the Boards, Commissions or other entities that are accountable to City Council and/or are controlled by the City. The duties may also include the performance of such other assignments as the Audit Committee may from time to time authorize.

2.0 BACKGROUND

London, a City with a population of 363,000 (2009) is characterized by a diversified economic base - industrial, commercial and institutional. This has fostered an ideal climate for business investment and steady growth. The City provides the benefits of a large city with the convenience, responsiveness, economics and manageability of a smaller urban centre.

Effective with the election in October, London will have a fifteen member City Council which includes the Mayor and fourteen Councillors as the legislative and decision-making body of the Corporation.

London is a single-tier municipality. The City, including its Boards and Commissions, provides the following types of services: fire, police, transit, public works including roads, water and sewer, hydro, public health services, a home for the aged, social services, social housing, parks and recreation, libraries, museums, planning and development, a convention centre and a public market.

The above responsibilities are handled by five operating departments: Chief Administrative Officers Office, Engineering & Environmental Services, Finance, Community Services, and Planning & Development. In addition, there are several Boards and Commissions including, London Transit, London Convention Centre, Covent Garden Market, London Downtown and Old East Village Business Improvement Areas, London Public Libraries, London Middlesex Housing Corporation, Museum London, Middlesex London Health Unit, Public Utilities Commission and London Hydro Inc. The City also acts as administrator for the Lake Huron and Elgin Area Joint Water Boards.

The City uses the JD Edwards ERP system for all of its major corporate financial systems. The suite of systems includes human resources, payroll, general ledger and budget, accounts payable, accounts receivable, fixed assets, fleet and facility management, purchasing and inventory. The City is in the planning stage for an upgrade to a release in version ERP9 of the JD Edwards software. This process will begin in 2011, with expected completion in 2012. There are also other significant information systems: Class (Point of Sale system used for Clerks, Parking, Parks and Recreation), Vailtech for property taxes, Amanda for building permits, Goldcare/Campana for Dearness Home for the Aged, Service Delivery Model Technology (SDMT) for Social Services.

The City's technical environment includes the following: VMware, Windows 2003/2008 operating systems, the databases employed are Oracle and MS SQL, the messaging system is Exchange. The network connectivity is mainly fibre and wireless. In terms of hardware, the City's uses HP.

There has been an internal audit function in place since 1983 and it is currently operating under By-law A.-6426-312 (see attachment) which provides for both audit and management support activities.

As part of the City efforts to promote greater independence, openness, transparency and accountability of the audit function; Council authorized the outsourcing of internal audit on April 19, 2010.

2.0 BACKGROUND...cont'd

2.1 Role and Objectives of Internal Audit

Internal audit should support Council and Administration in achieving their goals, strategic objectives and legislated responsibilities. Internal audit is responsible for assisting the council in holding itself and its administrators accountable for the quality of stewardship over public funds and for achievement of value for money in municipal operations.

The audits must be in compliance with generally accepted auditing standards as promulgated by the Canadian Institute of Chartered Accountants, and the International Professional Practices Framework set forth by the Institute of Internal Auditors. Some of these objectives/standards are:

- To assist the City to accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.
- To review: the reliability and integrity of information, compliance with policies and regulations and contracts, the safeguarding of assets, the economical and efficient use of resources, and established operational goals and objectives.

The internal audit provider shall report functionally to the Audit Committee and will liaise for administrative purpose through the Chief Administrative Officer or his delegate and shall have unrestricted access to the Audit Committee and may meet with the Chair of the Committee to discuss issues pertaining to the Corporation.

Internal audit must at all times promote and ensure the independence and objectivity of internal audits, broad audit coverage and the implementation of audit recommendations.

Management is ultimately responsible for the establishment and maintenance of systems and processes for internal controls.

2.2 Audit Committee

The Audit Committee is a committee of City Council. It is currently composed of four members of the Municipal Council and one external member drawn from the public, nominated by Board of Control and selected by Council. The Committee meets at least four times annually and at such other times as shall be required and determined by the Chair. It reports directly to the Municipal Council, except for matters that have to be concurred in by the Board of Control or other committees. The responsibilities of the Committee include overseeing all audit matters, including evaluation of internal services to ensure effective, independent, yet complementary audit services are received, to annually review and approve the internal audit work plan, to receive full audit reports from internal audit; and to engage in confidential discussions between the internal audit provider and the Audit Committee as required.

2.3 External Audit Services

- a) Currently, the City is also seeking proposals from firms to perform the required External Audit Services for the next five (5) years. Firms will have an opportunity to bid on the RFP issued for providing the External Audit Services, which will be issued in conjunction with this RFP; however no firm will be allowed to provide both services.
- b) It is expected that the firm providing external audit services and the firm providing internal audit services will co-ordinate their efforts to maximize the audit coverage provided to the City.

3.0 SCOPE

3.1 Scope of Work

The scope of the work for the successful Proponent shall extend to all aspects of the operations of the City, and by request, to the Boards, Commissions or other entities that are accountable to City Council and/or are controlled by the City.

The City is seeking a fully outsourced internal audit function. The successful Proponent will be requested to provide a three (3) year risk-based audit plan that will be updated annually, with input from the Audit Committee and Administration and will ultimately be approved by the Audit Committee and Council. The risk-based audit plan should include projected time requirements per audit and be revised and updated throughout the duration of the contract.

The internal audit activities will be directed towards reviews relating to the areas of higher risk to the City.

Proponents should also note that the City does not have a resource dedicated to internal audit. However, it is expected that the provider of internal audit services will work with the Chief Administrative Officer (CAO) or his delegate in conducting the work.

Proponents should also be aware that it has been the practice of the City that all final public audit reports be published on the City's website.

It is critical that the successful Proponent understands the unique environment in which the City operates. The City is subject to the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA-also referred to as the Act). The Act requires municipal institutions to protect the privacy of an individual's personal information existing in government records. The Act creates a privacy protection scheme, which the government must follow to protect an individual's right to privacy. The scheme includes rules regarding the collection, use, disclosure and disposal of personal information in the custody and control of a municipal institution. Also, the Act provides individuals the right to access municipal government information, including most general records, subject to very specific exemptions and exclusions. Personal information collected and records related to work performed on behalf of the City may be subject to MFIPPA.

Specifics

- a) Examine and report on the adequacy and effectiveness of internal controls and recommend ways for their improvement.
- b) Examine the adequacy and effectiveness of the quality of performance in carrying out the assigned responsibilities and recommend ways for their improvement.
- c) Appraise the relevance, reliability and integrity of management, financial and operating data and reports.
- d) Review the systems established to ensure compliance with those policies, plans, procedures, statutory requirements and regulations which could have a significant impact on operations.
- e) Review the means of safeguarding assets and verifying the existence of these assets.
- f) Undertake the performance of value for money audits in order to appraise the economy, efficiency and effectiveness with which resources are employed.

3.0 SCOPE...cont'd

3.1 Scope of Work...cont'd

- g) Review the operations or programs to ascertain whether they are consistent with the established objectives and goals and whether the operations or programs are being carried out as planned.
- h) Assess the adequacy of established systems and procedures.
- i) Review the planning, design and development, implementation and operation of major computer based systems to determine whether:
 - i. Adequate controls are incorporated in the system
 - ii. A thorough system testing is performed at appropriate stages
 - iii. System documentation is complete and accurate
 - iv. The needs of the users are met;
- j) Conduct special assignments and investigations (including fraud) on behalf of the Audit Committee into any matter or activity affecting the probity, interests and operating efficiency of the City.
- k) Attend all audit meetings and as required at the request of the audit committee and periodic dialogue throughout the year as well as council and other committee meetings as required.

3.2 Deliverables/Expectations of Successful Proponent

The successful Proponent will be requested to provide:

- a) A three (3) year risk-based audit plan.
A proposed three (3) year risk-based audit plan will be prepared with input from the Audit Committee and Administration and will be approved by the Audit Committee and Council. The risk-based audit plan should be revised and updated throughout the duration of the contract.
- b) Working Papers - The Proponent shall prepare all work papers in accordance with IIA Standards. The City shall have access to review and photocopy the Proponent's work papers and other analytical documents during the course of the engagement and upon completion of the work. The Proponent shall deliver complete signed work paper files upon submission of the deliverables (hard copies and electronic files) in final form to the City. Working papers will encompass all documents collected, and created during the audit process which would include without limitation to documents in written or electronic format, notes made by the auditor, including notes from internal meeting amongst employees at the audit firm and interview notes, and summaries of documents reviewed or compilations of data. Therefore, working papers covers everything that would be involved in the audit.
- c) Full and timely audit reports with issues/observations, recommendations and management responses from the client will be given to Audit Committee and all final public audit reports will be published on the City's website subject to any MFIPPA, privacy and other confidentiality issues.
- d) On a regular basis, updates to the Audit Committee and CAO or his delegate on site or via telephone on (1) progress/ status of audits, (2) significant problem areas including a definitive plan, target dates for resolving each problem, (3) any impact on the deliverable due dates including budget to actual comparison, and (4) any impact to overall cost of the audit.

3.3 Meetings and Subsequent Assistance

The auditors shall attend such meetings as required to discuss their work and reports and shall provide such information as requested which will enhance the understanding of members of the Audit Committee of Council concerning matters pertaining to the internal audit. There are a minimum of four (4) Audit Committee meetings annually.

3.0 SCOPE...cont'd

3.4 Term of Engagement

The term of the contract will be for a period of three (3) years plus the option to renew the contract for two (2) additional one (1) year terms, negotiated annually. This is subject to the performance of the audit firm and, if the City chooses at some time to operate this business differently including operating the business under the Auditor General model.

3.5 Evaluating the Auditor's Performance

During the term of the engagement, the auditor's performance will be evaluated based on the following criteria:

- i) **Persons assigned to the audit:**
For the initial year of the engagement, the persons assigned to the audit should be those originally proposed; and any subsequent changes to audit personnel must be acceptable to the Audit Committee.
- ii) **Performance in the manner proposed:**
It is expected that the audit will be carried out in the manner proposed. Any changes in the internal audit activities, including the audit plan and the audit methodology shall be discussed with and agreed to by the Audit Committee
- iii) **Adherence to Audit Deadlines:**
It is expected that the audit will be completed within the time frames agreed to once the three (3) year rolling audit plan has been determined.

4.0 RFP SCHEDULE

The following is a tentative schedule to assist proponents:

RFP Closing Date	Friday, September 10, 2010
Interviews With Short listed Firms	Starting week of October 5, 2010
Recommendation to Audit Committee	Monday, October 29, 2010
Council Appointment	Monday, November 15, 2010

5.0 SUBMISSION INSTRUCTIONS

5.1 Pre-Submission Meeting

- a) A Pre-Submission Meeting will be held **FRIDAY, AUGUST 13, 2010 at 10:00 a.m.** at City Hall, 300 Dufferin Ave., London, Ontario, 2nd Floor, Committee Room #1.
- b) The purpose of this meeting is to provide an opportunity to obtain clarification regarding the requirements of the RFP. Any resultant clarifications will be documented and forwarded as an addendum to all potential respondents.

5.0 SUBMISSION INSTRUCTIONS...cont'd

5.2 Closing Date and Time

Proponents are required to submit one (1) signed original and 6 (six) copies of the RFP in a sealed envelope clearly identified as **Request for Proposal 10-24, Internal Audit Services to Purchasing and Supply**. Completed submission can be **mailed** to Purchasing and Supply, P.O. Box 5035, London, Ontario N6A 4L9 or **hand delivered** (in person or by courier) to Purchasing & Supply, 267 Dundas Street, 4th Floor, London, Ontario N6A 1H2 and must be received before **12:00 noon, local time, Friday, September 10, 2010. Failure to submit the Form of Proposal (pg.15) will result in your proposal being rejected.** Respondents are solely responsible for ensuring bids are received by Purchasing & Supply prior to the closing date and time.

5.3 Late Submissions

Proposals received by Purchasing and Supply later than the specified closing time will be returned, unopened, to the Proponent.

5.4 Period of Acceptance

The proposal submission is to remain firm for acceptance for a period of one hundred and twenty (120) days from the date of closing.

5.5 Questions/Inquiries

- a) Inquiries regarding this RFP are to be directed to City of London, Purchasing and Supply, Terri Sue Wyatt, Procurement Officer, by facsimile at 519 661-5030 or e-mail to purch@london.ca. Inquiries **must not** be directed to other City employees or Elected Officials. **Directing inquiries to other than Purchasing and Supply will result in your submission being rejected.**
- b) All clarification requests are to be sent in writing to the individual mentioned above. No clarification requests will be accepted by telephone. **Responses to clarification requests will be in the form of Addenda which will only be posted on the City's website. No addendum will be issued forty-eight (48) hours prior to closing.**
- c) The City assumes no responsibility for any verbal (spoken) information from any City staff or from any Consultant firms retained by the City, or from any other person or persons who may have an interest in this Proposal. Amendments or changes to this Proposal prior to the closing date and time stated herein will only be in the form of written addenda and said addenda will be issued by the Purchasing & Supply Team of the City of London. Any Addendum will be posted on the City's Purchasing & Supply Web Site: **<http://www.london.ca/d.aspx?s=/Tenders and RFPs/default.htm>** It is the Proponent's sole responsibility to check this Web Site regularly to inform itself of any posted Addendum. The City makes no promise or guarantee that addenda will be delivered by any means to any bidder. By submitting a proposal in response to this Proposal, the Proponent acknowledges and agrees that addenda shall only be posted on the City's Web Site and it is the sole responsibility of the bidder to check this Web Site for said addenda. **FAILURE TO ACKNOWLEDGE RECEIPT OF ALL ADDENDA ON THE FORM OF PROPOSAL WILL RESULT IN YOUR BID BEING REJECTED**
- d) Each Proponent must review all proposal documents and promptly report and request clarification of any discrepancy, deficiency, ambiguity, error, inconsistency, or omission contained therein. Any such request must be submitted to the City in writing, prior to **Friday, September 3, 2010 at 4:00 pm.**
- e) Where a request results in a change or a clarification to the proposal, the City will prepare and issue an Addendum to this proposal as stated in 5.5c.

5.0 SUBMISSION INSTRUCTIONS...cont'd

5.6 Rights Reserved by the City

- a) The City is not liable for any costs incurred by the Proponent in the preparation of their response to the RFP or selection interviews, if required. Furthermore, the City shall not be responsible for any liabilities, costs, expenses, loss or damage incurred, sustained or suffered by any Proponent, prior or subsequent to, or by reason of the acceptance, or non-acceptance by the City of any proposal, or by reason of any delay in the award of the proposal.
- b) The lowest proposal will not necessarily be accepted. The City reserves the right to accept/reject any or all proposals and/or reissue the RFP in its original or revised form.
- c) The City reserves the right to request specific requirements not adequately covered in their initial submission and clarify information contained in the RFP.
- d) The City reserves the right to modify any and all requirements stated in the RFP at anytime prior to the possible awarding of a contract.
- e) The City reserves the right to cancel this RFP at any time, without penalty or cost to the City. This RFP should not be considered a commitment by the City to enter into any contract.
- f) In the event of any disagreement between the City and respondent regarding the interpretation of the provisions of the RFP, the Manger of Purchasing and Supply or an individual acting in that capacity, shall make the final determination as to interpretation.

5.7 Treatment of Information

- a) The information submitted in response to this RFP will be treated in accordance with the relevant provisions of the Municipal Freedom of Information and Protection of Privacy Act and in accordance with Section 8.11, "Confidentiality of Proprietary Information", of Council Policy 21 (1). The information collected will be used solely for the purposes stated in this request.
- b) The Proponent does, by the submission of a proposal, accept that the information contained in it will be treated in accordance with the process set out in this section of the RFP.

6.0 REQUIREMENTS AT TIME OF EXECUTION

Subject to an award of the proposal, the successful Proponent is required to submit the following documentation in a form satisfactory to the City for execution within ten (10) working days after being notified to do so in writing:

1. Professional Liability Insurance Documents
2. Clearance Certificate from the Workplace Safety and Insurance Board

If the successful Proponent for any reason, defaults or fails in any matter or thing referred to under "Requirements at Time of Execution", the City reserves the right to accept any other bid, advertise for new proposals or carry out the work in any way as the City may, at its sole discretion, deem best.

6.0 REQUIREMENTS AT TIME OF EXECUTION...cont'd

6.1 Professional Liability Insurance

Evidence of financial stability (via insurance) is as important for professionals as it is for contractors and suppliers. This type of insurance is on a 'claims made' basis. For example, when a policy is effective from January 1, 2010 to January 1, 2011 it only covers claims made in 2010. If work is completed in December, 2010 but no claim is made until February, 2011 the policy in effect in February is the one that insures the loss – not the policy that expired on January 1st. Most errors or omissions claims are made within the first 12 months after completion of the work. To ensure coverage on the date of claim we require evidence that insurance is in effect for 12 months after work is completed.

6.2 Insurance and Indemnity

- a) For the purposes of Article 6.1:
 - i. 'claim' or 'claims' shall mean a claim or claims whether in contract or torts.
 - ii. the 'Professional' includes Professional's officers, directors, employees, representatives and consultants.
- b) "The successful Proponent shall obtain and maintain until the termination of this Agreement, and provide the City with satisfactory evidence of Professional Liability Insurance covering the work and services described in this Agreement, such policy to provide coverage for an amount not less than Two Million (\$2,000,000.00) dollars and such insurance shall continue for twelve (12) months following completion of work.
- c) The consultant shall not commence work until satisfactory evidence of insurance has been filed with and approved by the City. Prior to the effective date of this Agreement and thereafter on renewal date of the insurance, the Consultant shall further provide that evidence of the continuation of said insurance is filed at each policy renewal date for the duration of the contract. The City reserves the right to request such higher limits of insurance or other types of insurance as it may reasonable require from time to time; failure to procure and maintain said insurance shall constitute a default under this agreement.
- d) The insurance shown in (a) above will not be cancelled or permitted to lapse unless the insurer notifies the City in writing at least thirty (30) days prior to the effective date of cancellation or expiry. The City reserves the right to request such higher limits of insurance or other types of insurance as it may reasonably require from time to time; failure to procure and maintain said insurance shall constitute a default under this agreement.
- e) The Professional shall indemnify and hold the City harmless from and against any liability, loss, claims, demands, costs, and expenses including legal fees, occasioned wholly or in part by an acts or omissions either in negligence or in nuisance whether wilful or otherwise by the Professional or other persons for whom it is responsible for at law.

6.3 Workplace Safety & Insurance Board

- a) The successful bidder shall furnish a WSIB Clearance Certificate indicating their WSIB firm number, account number and that their account is in good standing. This form must be furnished prior to commencement of work, every sixty (60) days or upon receipt of a Clearance Certificate from WSIB throughout the contract and must be submitted with final invoice before payment is made. The successful bidder further agrees to maintain their WSIB account in good standing throughout the contract period.
- b) If the successful bidder is a self – employed individual, partner or executive officer who does not pay WSIB premium and is recognized by WSIB as an 'independent operator' a letter from WSIB acknowledging independent contractor status and confirming that WSIB cover is not required must be provided to the City prior to commencement of work.

7.0 TERMS AND CONDITIONS

7.1 Contract Term

The term of the contract will be for a period of (three) 3 years plus the option to renew the contract for two (2) additional one (1) year terms, negotiated annually. This is subject to the performance of the audit firm. and, if the City chooses at some time to operate this business differently including operating the business under a different model.

If the performance of the audit firm at the sole discretion of the City is unsatisfactory, the City reserves the right to cancel the contract with one hundred and twenty (120) days written notice, without penalty. Also, if the City chooses to operate this business differently including operating the business under a different model during the term of the contract, at the sole discretion of the City, the City reserves the right to cancel the contract with one hundred and twenty (120) days written notice, without penalty.

7.2 Taxes

All bidders shall provide their Goods and Services Tax/Harmonized Sales Tax (GST/HST) registration number in their RFP Form of Proposal.

7.3 Assignment

Following award of the contract, the successful Proponent shall not, without written consent of the Manager of Purchasing and Supply make any assignment or any subcontract for the execution of any service hereby proposed.

7.4 Protection of Privacy and Confidentiality

The Proponent shall at all times comply with the provisions of the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. M.5 (MFIPA). Use, collection and maintenance of information, documents and records, communicated to and acquired, collected and created by it in the course of providing audit services shall be in accordance with MFIPPA.

The Proponent will provide access to such information only to those officers and employees that are providing audit services to the City and only to the extent that the said employees and agents need to have access to provide audit services.

The successful Proponent shall treat all information, documents and records communicated to and acquired, collected and created by it in the course of providing the services as confidential and shall not release or disclose the same to any person without the express written consent of the City, except as may be required by law, or by judicial or administrative process.

The Proponent shall ensure that all necessary steps are taken to protect the said information, documents and records by making all necessary security arrangements against any and all risk including without limitation to unauthorized access, use, disclosure, publication or dissemination or destruction and to ensure that the said information, documents and records do not fall into the possession of unauthorized persons, in accordance with MFIPPA.

7.0 TERMS AND CONDITIONS...cont'd

7.5 Compliance with the Accessibility for Ontarians with Disabilities Act, 2005

The successful Proponent shall ensure that all its employees, agents, volunteers, or others for whom the successful proponent is legally responsible receive training regarding the provision of the goods and services contemplated herein to persons with disabilities in accordance with Section 6 of Ontario Regulation 429/07 (the "Regulation") made under the Accessibility for Ontarians with Disabilities Act, 2005, as amended the "Act"). The successful Proponent shall ensure that such training includes, without limitation, a review of the purposes of the Act and the requirements of the Regulation, as well as instruction regarding all matters set out in Section 6 of the Regulation. The successful Proponent shall submit to the City, as required from time to time, documentation describing its customer service training policies, practices and procedures, and a summary of its training program, together with a record of the dates on which training was provided and a list of the employees, agents volunteers or others who received such training. The City reserves the right to require the contractor to amend its training policies to meet the requirements of the Act and the Regulation.

7.6 Changes in Law

The parties acknowledge that performance of the obligations required hereunder may be affected by changes in applicable laws of the Province of Ontario. In the event of a change in applicable legislation that results in a material impact on the performance of any act required by this Agreement, the Parties shall renegotiate the provisions of this Agreement to achieve mutually acceptable terms for the performance of acts required hereunder. If the Parties are unable to agree on the revised terms and conditions either Party may submit the dispute to arbitration in accordance with the provisions of the Arbitration Act S.O. 1991, C. 17.

7.7 Exclusion of Proponent In Litigation

- a) The City may, in its absolute discretion, reject a proposal submitted by a Proponent if the Proponent, or any officer or director of the Proponent is or has been engaged, either directly or indirectly through another corporation, in a legal action against the City, its elected or appointed officers and employees in relation to:
 - i. Any other contract or services; or
 - ii. Any matter arising from the City's exercise of its powers, duties, or functions.
- b) In determining whether or not to reject a proposal under this clause, the City will consider whether the litigation is likely to affect the Proponent's ability to work with the City, its consultants and representatives, and whether the City's experience with the Proponent indicates that the City is likely to incur increased staff and legal costs in the administration of the contract if it is awarded to the Proponent.
- c) The General Manager shall document evidence and advise Purchasing and Supply in writing where the performance of a supplier has been unsatisfactory in terms of failure to meet contract specifications, terms and conditions or for Health and Safety violations.
- d) The City Treasurer may, in consultation with the City Solicitor, prohibit an unsatisfactory supplier from bidding on future contracts for a period of up to three (3) years.

8.0 SUBMISSIONS REQUIREMENTS

8.1 General

- a) The City is requesting proposals from firms who are both interested and capable of undertaking the project.

8.0 SUBMISSIONS REQUIREMENTS...cont'd

8.1 General...cont'd

- b) The onus is on the Proponent to show their knowledge, understanding and capacity to conduct the work outlined in the RFP.
- c) The responses will be assessed according to how well they assure the City's success in relation to the submission requirements. The detail and clarity of the written submission will be considered indicative of the Proponents expertise and competence.
- d) All information provided in response to this RFP must contain sufficient detail to support the services being proposed. **Incomplete submissions will not be considered.**
- e) All prices must be stated in **Canadian** funds.

8.2 Administration Fee

- a) Proponents who elect to retrieve the information from the City's website, www.london.ca will not be charged the administrative fee noted below, but must complete the **Registration Form** as instructed on the web page.
- b) Proponents who do not elect to retrieve the proposal information from the City's website will be required to submit a \$25.00 administrative fee with their proposal in the form of a cheque or Canadian Currency. Cheques are to be made payable to the "City Treasurer". **Failure to do so will result in a delay in processing of the bid. ". Please refer to section 4.5c) Questions/Inquiries regarding the issuance of all addenda.**
- c) Proponents who have not submitted a bid or remitted the administrative fee will be removed from future bidder's lists.

8.3 Mandatory Requirements

The following mandatory requirements are identified for inclusion in proposal submission:

Your proposal submission MUST follow the following format:

In order to receive a uniform format of response from all Proponents, the Proposal must be formatted as follows:

- a) Title page which will include the Proponent's legal name, address, telephone and fax numbers, e-mail address and name of primary contact and date.
- b) A table of content of all presented material.
- c) Proposal Details – describes the contents and structure of the proponent's proposal, showing how they meet the detailed requirements of Sections 8.4, 8.5 and 8.8.
- d) Fee and Fee Details as per Section 8.7.
- e) A least one (1) original signed "**Form of Proposal**" **MUST** be submitted with the proposal submission.

8.0 SUBMISSIONS REQUIREMENTS...cont'd

8.4 Audit Firm Technical Requirements

- a) Provide a list of the firm's current and prior largest municipal clients indicating the type(s) of service performed, the number of years served for each client. Please include specific examples related to internal auditing in the public sector and at least three (3) references.
- b) The relevant perceived strengths and weaknesses of the firm in the field of internal audit including the ability to identify evaluate and facilitate the minimization of the City's exposure to risks associated with inadequate and ineffective internal controls.
- c) Describe what your firm believes are the critical success factors for Internal Audit and how you will demonstrate value to the City.
- d) Demonstrated ability to carry out specialized audits e.g. value-for-money, information system, and fraud audits.
- e) Provide evidence the firm has experience in auditing a large, complex and computerized municipality.
- f) Explain your Internal Audit methodology and risk assessment process including the development of a three (3) year risk-based audit plan.
- g) Describe your approach to the planning, fieldwork and reporting phases of an internal audit assignment, including the normal depth of coverage of the audit fieldwork.
- h) Description of the ways in which your firm will bring innovation, thought leadership, better practices in Internal Audit, tools and technologies resident in the firm to help ensure easy access to such information and any other capabilities that will enhance the performance for the Internal Audit function and help ensure continuous improvement, influence and value to the organization. Please describe your approach to sharing such knowledge with the City.
- i) Description of how your firm would work with the Audit Committee.
- j) Explain your quality control process, including peer review.

8.5 Audit Personnel Technical Requirements

- a) Include resume(s) and experience profile of the Proponent's key people who will be responsible for this contract including the expected percentage of their time committed to the City.
- b) Describe the experience in municipal internal audits of the partner, manager/supervisor, and senior assigned to the audit including years on each job and their position on each audit. Describe the role of each member of the audit team assigned to the audit including staff in specialized areas.
- c) Indicate the local office(s) where the staff will be located, which office will be assigned the audit and provide a detailed list of audit staffing and their positions.
- d) Describe the relevant educational background of each individual assigned to the audit. This should include seminars and courses attended within the past two years.
- e) Describe any specialized skills, training and background in internal audit by assigned individuals. This may include participation in municipal or provincial consulting assignments, speaker or instructor roles in conferences or seminars or authorship of articles and books.

8.0 SUBMISSIONS REQUIREMENTS...cont'd

8.6 Advisory Services and Publications

Information should be included in the proposal regarding any advisory services which may be available to the municipality free of charge on routine matters. These may include staff assistance and/or publications.

8.7 Fee

Proponents are required to submit:

- A fee for the development of rolling three (3) year risk-based audit plan that should include projected time requirements per audit;
- The time it will take to develop the above noted three (3) year risk-based audit plan that should include projected time requirements per audit; and
- A schedule of proposed hourly rates for all project personnel by classification for the term of the contract.

Included with this should be the percentage of commitment to perform the work by personnel classification. Also, the Proponent should provide appropriate detail of both their proposed fees and billing arrangements, breaking out staff costs vs. expenses where applicable.

It should be noted that the recommended 2011 budget is \$300,000.

8.8 Additional Requirements

- a) Provide a brief explanation of why your firm should be selected (specific, detailed, verifiable information). Also, include comment on any ideas respecting the audit function that your firm believes the City should consider.
- b) The onus is on the proponents to show their knowledge, understanding and capacity to conduct the work outlined in the RFP. The proposals will be assessed according to how well they assure the City of success in relation to the RFP requirements. The detail and clarity of the written submission will be considered indicative of the proponent's expertise and competence.
- c) Proponents are to detail what additional value they can bring to the City if awarded the contract.

9.0 EVALUATION CRITERIA

9.1 Evaluation Team

- a) Proposals will be evaluated by the Audit Services Selection Committee. This Committee will consist of the Audit Committee Chair, one other Audit Committee member, a representative from both the CAO's Office and Finance Department and will be supported by appropriate members of Civic Administration including Purchasing and Supply.
- b) The Audit Services Selection Committee will recommend the short list of respondents to the Audit Committee.
- c) The Audit Committee will interview the short listed respondents and recommend their selections to Council.

9.0 EVALUATION CRITERIA

9.2 Evaluation Process

The Audit Services Selection Committee will review all proposal submissions and will consider overall completeness and suitability of the responses. All responses will be evaluated against the pre-determined evaluation criteria. A short list will be recommended to the Audit Committee for interview and selection.

9.3 Evaluation Criteria

The evaluation criteria may include but not be limited to the following:

- a) Mandatory Requirements
- b) Deliverables/Expectations of the Successful Proponent
- c) Audit Firm Technical Requirements
- d) Audit Personnel Technical Requirements
- e) Advisory Services and Publications
- f) Audit Fee including the Staffing Strategy
- g) Additional Requirements
- h) Presentation and Compliance with the RFP

9.4 Selection Process

The interview will consist of a brief presentation by the Proponent (no more than thirty minutes) and then a question and answer period with the representatives of the City. If interviews are required they will commence the week of October 4, 2010, **these dates will not be changed.**

The interview/presentations shall be evaluated by the Audit Service Selection Committee based on the following criteria:

- a) Presentation;
- b) Responses to questions; and
- c) Overall completeness and suitability to undertake this project

Once the interview/presentations are complete the Audit Committee shall prepare a report to Council recommending the chosen Proponent. Council makes the final decision on the appointment of an audit firm. It is anticipated that a firm will be appointed by City Council prior to the end of November 2010.

It should be noted that subsequent to the selection of the successful Proponent, the decision to proceed with the finalization of the contract will be subject to the approval of the 2011 budget.

BY RESPONDING TO THIS RFP, PROPONENTS ACKNOWLEDGE THAT THE EVALUATION TEAM IS SOLELY RESPONSIBLE FOR RECOMMENDING THE SUCCESSFUL PROPONENT TO CITY COUNCIL AND THAT CITY COUNCIL MAKES THE FINAL DECISION.

10.0 FORM OF PROPOSAL

AT LEAST ONE SIGNED ORIGINAL OF THIS FORM OF PROPOSAL MUST BE INCLUDED IN YOUR SUBMISSION

- 10.1 Please state terms of payment (Note: Early payment discounts will be considered in the award of the contract, and will apply **after** taxes):

- 10.2 I/WE, the undersigned authorized signing officer of the Proponent, HEREBY DECLARE that no person, firm or corporation other than the one represented by the signature (or signatures) of proper officers as provided below, has any interest in this proposal.
- 10.3 I/WE further declare that all statements, schedules and other information provided in this proposal are true, complete and accurate in all respects to the best knowledge and belief of the Proponent.
- 10.4 I/WE further declare that this proposal is made without connection, knowledge, comparison of figures or arrangement with any other company, firm or persons making a proposal and is in all respects fair and without collusion for fraud.
- 10.5 I/WE further declare that the undersigned is empowered by the Proponent to negotiate all matters with the Corporation representatives, relative to this proposal.
- 10.6 WE further declare that the agent listed below is hereby authorized by the Proponent to submit this proposal and is authorized to negotiate on behalf of the Proponent.
- 10.7 I/WE have allowed for Addenda numbered as follows: #_____ through to #_____.

Failure to acknowledge all addenda will result in your proposal being rejected.

COMPANY NAME: _____

ADDRESS: _____

CITY/PROVINCE: _____

POSTAL CODE/ZIP CODE _____

AUTHORIZED SIGNATURE: _____ TITLE _____
I/WE are authorized to bind the COMPANY/CORPORATION

NAME (Please print or type): _____

TELEPHONE NUMBER () _____ FAX NUMBER () _____

GST REGISTRATION # _____

HST REGISTRATION # _____

EMAIL ADDRESS _____

DATE OF PROPOSAL _____

NOTE: Please return page 15 on or before **12:00 Noon, Local Time, FRIDAY, SEPTEMBER 10, 2010.**