



**THE REGIONAL MUNICIPALITY OF NIAGARA**

**REQUEST FOR PRE-QUALIFICATION (RFPQ) OF**

**SPECIALIZED AUDIT SERVICES INCLUDING FINANCIAL, OPERATIONAL  
AND INFORMATION TECHNOLOGY AUDITS**

**DOCUMENT NUMBER: 2018-RFPQ-03**

**ISSUE DATE: Wednesday May 23, 2018**

**CLOSING LOCATION:**

**CORPORATE SERVICES DEPARTMENT**  
**THE REGIONAL MUNICIPALITY OF NIAGARA**  
**CAMPBELL WEST BUILDING**  
**1815 SIR ISAAC BROCK WAY**  
**THOROLD, ONTARIO, L2V 4T7**

**CLOSING DATE AND TIME:**

**Tuesday June 19, 2018**

**2:00 P.M. LOCAL TIME**

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(All being part of this Request for Prequalification)

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## 1.0 INTRODUCTION

The Regional Municipality of Niagara (the “Region”) intends to pre-qualify bidders for the following services:

Provision of special purpose and/or specialized audit services including:

1. Financial
2. Information technology
3. Operations

**The term of the prequalification shall be for two (2) years from the Date of Notification of Successful Pre-qualification.**

The Annual Audit Plan is approved by Audit Committee on an annual basis. The projects and assignments are the responsibility of the Internal Control and Organizational Performance (ICOP) division to complete. Based on time restrictions, technical capabilities or other constraints, it is at the discretion of ICOP to outsource audit projects and assignments. It is expected that between two to three audits will be outsourced on an annual basis.

1.1 This Call for RFPQ is open to all to be considered for:

Bidders with demonstrated experience and capabilities to provide special purpose or specialized audit services (as outlined in this document), as required from time to time, by the Region. Interested individuals should follow the details of this document closely when responding to this request

1.2 This Call for RFPQ outlines the scope of the required work, responsibilities of the bidders, requirements for the RFPQ submission, the selection process and related conditions and specifications. The Region reserves the right, in its sole discretion, to disqualify bidders who fail to provide all mandatory information as required by this Call for RFPQ.

1.3. The information contained in the Call for RFPQ is intended to provide interested parties with a general overview of the work required.

1.4 Special accessibility accommodations and materials in alternative formats can be arranged by contacting the Region’s Accessibility Coordinator at 905-980-6000 ext. 3252 or [accessibility@niagararegion.ca](mailto:accessibility@niagararegion.ca).

## 2.0 SUMMARY AND SCOPE OF WORK

The Region intends to create a roster of pre-qualified auditing firms that may be used for obtaining bid submissions for special purpose and specialized audit services that are

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required, based on corporate needs and/or direction from the Region's Audit Committee. **The Region is inviting responses from qualified bidders to submit an information package that outlines the firm's experience, expertise and demonstrated success to carry out these specialized audit services.**

The audits may be conducted in various locations throughout the Niagara Region. The types of audit projects may include, but are not limited to:

<b>1. Financial</b>	<b>2. Information Technology</b>	<b>3. Operations</b>
<ul style="list-style-type: none"><li>• Accounts payable</li><li>• Revenue</li><li>• Value for Money</li></ul>	<ul style="list-style-type: none"><li>• Application controls</li><li>• Cyber security</li><li>• General controls</li></ul>	<ul style="list-style-type: none"><li>• Contract compliance</li><li>• Procurement</li></ul>

Please see **Appendix A** for brief examples of the potential scope areas of some of the above mentioned audit projects.

### **3.0 NIAGARA REGION CONTACT**

This Call for RFPQ has been designed to elicit pertinent data that will be used in evaluating each Proponent's ability and qualifications.

In the event that the Proponent has questions as to any terms, conditions or provisions of this Call for RFPQ, or the meaning or interpretation thereof, the Proponent may request information or clarification by submitting such requests, in writing, by e-mail to the following:

**Vicki Lafford-Field**  
**Purchasing Agent**  
**Procurement and Strategic Acquisitions, Enterprise Resource Management Services**  
**Tel: 905-980-6000 ext. 3659**  
**Vicki.Lafford-Field@niagararegion.ca**

### **4.0 ALL NEW INFORMATION TO BIDDERS BY WAY OF ADDENDA**

This RFPQ may be amended only by an addendum in accordance with this section. If the Region, for any reason, determines that it is necessary to provide additional information relating to this RFPQ, such information will be communicated to all bidders by addenda issued in the same manner that this RFPQ was originally issued. Each addendum forms an integral part of this RFPQ. Such addenda may contain important information, including significant changes to this RFPQ. Bidders are responsible for obtaining all addenda issued by the Region. In the Form of Submission, bidders should confirm their receipt of all addenda by setting out the number of each addendum in the space provided.

## 5.0 REQUEST FOR PRE-QUALIFICATION (RFPQ) REQUIREMENTS

The Pre-qualification submission for this project must include the following information:

### 1. Form of Submission

### 2. Name and address of the company

### 3. Comprehension of Scope of Work and Confirmation of Pre-Qualification Categories

3.1 Evidence that the firm has staff, background and expertise available to competently handle one or more of the following specialized audit service areas:

1. Financial
2. Information technology
3. Operations

3.2 List specific specialized audit services provided by the firm that relate to each of category areas proposed

3.3 Provide a detailed explanation of firm experience in municipal auditing

3.4 Explain the proposed process, methodology and approach to completing the audits which demonstrates the potential to successfully provide these services in the municipal environment

### 4. Relevant Experience on Specific Projects

4.1 Provide information on similar and relevant types and sizes of projects completed with specific reference to one or more of the audit service areas listed above

4.2 List any value-added services and options available from the firm and their direct relevance to the types of audits listed in this RFPQ

### 5. Key Personnel – Experience and Qualifications

5.1 Provide biographical information on principals and key members; including resumes for key staff. List all relevant professional skills and experience of staff within the firm and how those professional skills can be directly related to one or more of the listed types of audits

5.2 Provide references or clients, particularly as they reflect similar successful assignments or repeat work

### 6. Capacity to Provide Services and Analysis

6.1 Specialized or qualified in-house resources with relevant and directly related abilities to meet the municipality's requirements in addition to the ability to provide on-site support and services as required in the course of the audit (for example, ability to attend meetings, make presentations, and, conduct on-site fieldwork)

6.2 Approximate number of projects taken on during the average year

## 6.0 SUBMISSION REQUIREMENTS

The Proponent shall submit **one (1) original and Three (3) copies** of the RFPQ. RFPQ's are to be submitted in packages with the following information clearly marked on the outside of the package:

1. **Title: Specialized Audit Services including Financial, Operational and Information Technology Audits**
2. **Title #: 2018-RFPQ-03**

## 7.0 DATE AND PLACE FOR RECEIVING SUBMISSIONS

Submissions will be received by the Purchasing Office, Corporate Services Department, Regional Municipality of Niagara, Campbell West, 1815 Sir Isaac Brock Way, P.O. Box 1042, Thorold, Ontario, L2V 4T7, until 2:00 p.m. local time, **Tuesday June 19, 2018**

No further information will be made available at that time.

The Region will not, under any circumstances, reimburse any Proponent for any costs associated with the preparation of the RFPQ.

## 8.0 EVALUATION OF SUBMISSIONS

All submissions shall be evaluated against the below criteria and weighting.

**The Region will evaluate all submissions based on the evaluation criteria set out below. All bidders who meet a benchmark score of 65% will be placed on the Region's successful roster list for this RFPQ.**

Criteria	Weighting (%)	Points	Weighted Points
<b>Overall Comprehension and Clarity of Potential Project Categories</b> 1. Evidence that the firm has staff, background and expertise available to competently handle one or more of the following specialized audit service areas (10%): <b>1. Financial, 2. Information Technology, and/or 3. Operations</b> 2. List specific specialized audit services provided by the firm that relate to each of category area proposed (15%) 3. Provide a detailed explanation of firm experience in municipal auditing (10%)	45%		

<p>4. Explain the proposed process, methodology and approach to completing the audits which demonstrates the potential to successfully provide these services in the municipal environment (10%)</p>			
<p><b>Relevant Experience on Specific Projects</b> <i>Note: for the items listed below, higher points will be awarded for those firms who can demonstrate a wider breadth of successful, related project completion</i></p> <p>1. Provide information on similar and relevant types and sizes of projects completed with specific reference to one or more of the audit service areas listed above (25%)</p> <p>2. List any value-added services and options available from the firm and their direct relevance to the types of audits listed in this RFPQ (5%)</p>	<p>30%</p>		
<p><b>Key Personnel – Experience and Qualifications</b> <i>Note: for the items listed below, higher points will be awarded for those firms who can demonstrate a wider breadth of professional skills and expertise</i></p> <p>1. Provide biographical information on principals and key members; including resumes for key staff. List all relevant professional skills and experience of staff within the firm and how those professional skills can be directly related to one or more of the listed types of audits (5%)</p> <p>2. Inclusion of references or clients, particularly as they reflect similar successful assignments or repeat work (10%)</p>	<p>15%</p>		
<p><b>Capacity to Provide Services and Analysis</b></p> <p>1. Specialized or qualified in-house resources with relevant and directly related abilities to meet the municipality’s requirements in addition to the ability to provide on-site support and services as required in the course of the audit (for example, ability to attend meetings, make presentations, conduct on-site fieldwork etc.) (5%)</p> <p>2. Approximate number of projects taken on during the average year (5%)</p>	<p>10%</p>		
<p><b>TOTAL</b></p>	<p>100%</p>		
<p><b>Benchmark</b></p>	<p>65%</p>		

Criteria for Evaluation Point System:

- 0 **Fail/Not Acceptable:** Requirement not met.
- 1-3 **Poor:** Minimally addresses the component, but one or more major considerations of the component are not addressed.
- 4-5 **Fair:** The response addresses the component adequately, but minor considerations may not be addressed.
- 6-9 **Good:** The response fully addresses the component and provides a good quality solution. Good degree of confidence in the Proponent's response or proposed solution.
- 10 **Very Good:** All considerations of the component are addressed with a high degree of confidence in the response or proposed solution.

## 9.0 PROCUREMENT BY-LAW

Submissions will be solicited, received, evaluated, accepted and processed in accordance with the Region's Procurement By-Law as amended from time to time. In submitting a response to this solicitation, the Bidder agrees and acknowledges that it has read and will be bound by the terms and conditions of the Region's Procurement By-law.

The Procurement By-Law can be viewed on the Region's website, [www.niagararegion.ca](http://www.niagararegion.ca).

## 10.0 DEBRIEFING

Bidders may request a debriefing after receipt of a notification of the outcome of the procurement process. All requests must be in writing to the Niagara Region Contact and must be made within thirty (30) days of such notification. The intent of the debriefing information session is to aid the proponent in presenting a better proposal in subsequent procurement opportunities. Any debriefing provided is not for the purpose of providing an opportunity to challenge the procurement process or its outcome.

## 11.0 USE OF ROSTERED LIST

When a project or assignment is required, the Region will utilize the successful roster list to in accordance with section 20 of the Procurement By-law which can be viewed on the Region's website, [www.niagararegion.ca](http://www.niagararegion.ca).

Where an insufficient number of bidders are prequalified for a category, the Region reserves the right to engage additional bidders to submit bids to maintain the requirements of the Procurement By-law provisions.

Please note, being awarded a spot on the successful prequalified roster list does not guarantee any firm any amount of work to be awarded through the term of this RFPQ.



## 12.0 CREATION OF ROSTER

The Region will evaluate all submissions based on the evaluation criteria set out in Section 8.0 Evaluation of Submissions. **All bidders who meet a benchmark score of 65% will be awarded a place on the Region's Successful Roster List.**

## 13.0 CONDITION OF AWARD

### 13.1 INSURANCE

The Successful bidders shall purchase and maintain at all times during the term of this RFPQ, or as otherwise set out in this RFPQ, the insurance coverage listed below:

#### **1. Commercial General Liability Insurance ("CGL")**

CGL insurance for all services, operations, products and work as described in the Bid to a limit of not less than FIVE MILLION DOLLARS (\$5,000,000) per occurrence.

The policy will include but not limited to:

- a. bodily injury, death and property damage;
- b. cross liability and severability of interest;
- c. blanket contractual;
- d. premises and operations;
- e. personal and advertising injury;
- f. products and completed operations;
- g. owner's and contractors protective;
- h. non-owned Automobile to a limit of not less than TWO MILLION DOLLARS (\$2,000,000);

The policy shall be endorsed to:

- a. include the Owner as an additional insured;
- b. and contain an undertaking by the insurers to give thirty (30) days prior written notice in the event that there is a material change in the foregoing policies or coverage affecting the Additional Insured(s) or cancellation of coverage before the expiration date of any of the foregoing policies.

#### **2. Automobile Insurance**

- a. Automobile Insurance (OAP1) for both owned and leased vehicles with inclusive limits of not less than TWO MILLION DOLLARS (\$2,000,000).
- b. Proof of automobile insurance will not be required if the Successful Bidder provides a signed letter stating that they do not own or lease vehicles.

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### **3.1 Professional Liability – Applies to Financial and Operational Audits only.**

Professional Liability insuring the Successful Bidder in an amount not less than TWO MILLION DOLLARS (\$2,000,000) per claim. Such insurance shall provide coverage for all errors and omissions made by the professional in the rendering of, or failure to render, professional services in connection with the Contract/Agreement..

- a. The policy shall be maintained continuously during the term of this Contract/Agreement and for two (2) years after the termination or expiration of this Contract/Agreement and shall cover insurable losses arising out of or in association with an error or omission in the rendering of or failure to render the Services;
- b. If coverage under the policy is cancelled within the two (2) year period after the termination or expiration of this Contract/Agreement, the Successful Bidder shall provide the Region with notice within thirty (30) days of cancellation and shall be required to purchase an extended reporting endorsement to confirm that coverage is maintained; and
- c. The Successful Bidder must confirm that any property damage, personal injury or bodily injury resulting from an error or omission is considered an insurable loss whether coverage is under the General Liability Policy or the Professional Liability Policy.

### **3.2 Information Technology Errors & Omissions Liability – Applies to Information Technology Audit only.**

Errors and Omissions Liability insuring the Successful Bidder in an amount not less than TWO MILLION DOLLARS (\$2,000,000) per claim. Such insurance shall provide coverage for all errors and omissions made by the professional in the rendering of, or failure to render, professional services in connection with the Contract/Agreement.

- a. The policy shall be maintained continuously during the term of this Contract/Agreement and for two (2) years after the termination or expiration of this Contract/Agreement and shall cover insurable losses arising out of or in association with an error or omission in the rendering of or failure to render the Services;
- b. If coverage under the policy is cancelled within the two (2) year period after the termination or expiration of this Contract/Agreement, the Successful Bidder shall provide the Region with notice within thirty (30) days of cancellation and shall be required to purchase an extended reporting endorsement to confirm that coverage is maintained.
- c. The Successful Bidder must confirm that any property damage, personal injury or bodily injury resulting from an error or omission is considered an insurable loss whether coverage is under the General Liability Policy or the Errors & Omissions Liability Policy.

#### **4. Stand alone Cyber Liability Insurance**

Cyber Liability insuring the Successful Bidder in an amount TWO MILLION DOLLARS (\$2,000,000) per claim. Such insurance shall provide coverage for a network security incident or privacy breach defined as:

- 1) malicious or unauthorized use of the Successful Bidder's network to damage, alter, corrupt, distort, copy, delete, steal, misuse, or destroy the Region's digital assets;
  - 2) your computer systems being used to carry out a denial of service attack;
  - 3) the transmission of malware to a third party's computer system;
  - 4) your failure to prevent unauthorized access to information stored or applications hosted on your computer systems or a cloud computing provider's system: and
  - 5) identity theft experienced by any client including an actual or suspected disclosure of, or unauthorized access to, any Personally Identifiable Information (PII), Personal Financial Information (PCI) or Personal Health Records (PHI);
  - 6) your failure to adequately warn affected individuals of a privacy breach, including the failure to provide a data breach notification in a timely manner arising from the provision of the product, in the rendering of, or failure to render, professional services in connection with the Project.
- a. The policy shall be maintained continuously during the term of this Contract/Agreement and for two (2) years after the termination or expiration of this Contract/Agreement and shall cover insurable losses arising out of or in association with an error or omission in the rendering of or failure to render the Services;

If coverage under the policy is cancelled within the two (2) year period after the termination or expiration of this Contract/Agreement, the Successful Bidder shall provide the Region with notice within thirty (30) days of cancellation and shall be required to purchase an extended reporting endorsement to confirm that coverage is maintained.

#### **5. General Conditions**

- a. All policies shall be with insurers licensed to underwrite insurance in the Province of Ontario with an AM Best rating of no less than A-.
- b. Prior to execution of the Contract/Agreement and upon the placement, renewal, amendment, or extension of all or any part of the insurance, the Successful Bidder will be required to promptly provide the Region with confirmation of coverage and, if required, a certified true copy(s) of the policy(s) certified by an authorized representative of the insurer together with copies of any amending endorsements applicable to the Contract/Agreement..
- c. All applicable deductibles under the above required insurance policies will be at the sole expense of the Successful Bidder.

- d. All policies shall apply as primary and not as excess of any insurance available to the Region.
- e. It is expected by the Region that the Certificate(s) of Insurance will provide confirmation that all insurance requirements as stated under Section 13.1 Insurance have been met.
- f. Where applicable, and based upon the operations of the sub-contractor, Section 13.1 Insurance shall apply in the same manner to any sub-contractor as it would to the Successful Bidder. Further, it is the Successful Bidder's obligation to ensure that the sub-contractor is aware of these obligations. The Successful Bidder shall provide to the Region confirmation of the sub-contractor's insurance. Depending on the services being provided by the sub-contractor, at the sole discretion of the Region, the Region may accept from the sub-contractor a limit of insurance less than what is required for the Successful Bidder.
- g. Certificates of Insurance must be on the Region's form of Certificate of Insurance, which can be found on Niagara Region's website – Niagara Region's form of Certificate of Insurance(<http://www.niagararegion.ca/business/fpr/cert-insurance.aspx>) . If the Certificate of Insurance is provided in a non-original form (e.g. a facsimile, photocopy or scanned electronic copy), the Successful Bidder acknowledges and agrees that the Region is fully entitled to treat any such Certificate as an original and that the proponent will be responsible for the accuracy and validity of the information contained therein. All subsequent policy renewals and certificates of insurance thereafter, during the time that the Contract/Agreement is in force, shall be forwarded to the Region within fifteen (15) days of their renewal date.

### **13.2 WORKPLACE SAFETY AND INSURANCE BOARD CLEARANCE**

The selected bidder shall provide:

- a) A valid, current Clearance Certificate declaring that the selected bidder is registered with Workplace Safety and Insurance Board ("WSIB"), and has an account in good standing; or
- b) A Letter of Good Standing issued by WSIB.

If WSIB coverage is not required by law to be carried by the selected bidder, the selected bidder shall provide one of the following (as the case may be):

- a) An Exemption Letter from WSIB, satisfactory to Niagara Region's Director of Legal and Court Services;
- b) An Independent Operators Status Certificate issued by WSIB; or

c) Such further and other evidence as may be satisfactory to Niagara Region's Director of Legal and Court Services.

In addition to the indemnification provided by the selected bidder elsewhere in this RFQ, the selected bidder agrees to indemnify Niagara Region and its respective elected officials, directors, officers, agents, employees, and volunteers, successors and assigns for all losses, claims, expenses (including reasonable legal fees) or other charges related to the selected bidder's status with WSIB.

## 14.0 FORM OF SUBMISSION

### **ADDENDUM/ADDENDA** (If applicable **must** be filled in by bidder.)

I/We, the undersigned, acknowledge that I/We have received addendum/addenda Numbers \_\_\_\_\_\* to \_\_\_\_\_\* inclusive, and that all changes specified therein have been included in the prices submitted.

I/We the undersigned, having carefully examined all Sections of this Request for Pre-qualification do hereby affirm the acceptance of the requirements.

COMPANY:	CONTACT NAME:
<b>(Must Show Correct Legal Company Name)</b>	<b>(please print)</b>
ADDRESS:	SIGNATURE:
	<b>(I/We have the authority to bind the Corporation)</b>
	TITLE:
	WITNESS:
POSTAL CODE:	SIGNATURE:
TELEPHONE NUMBER:	TITLE:
	DATE:
E-MAIL ADDRESS:	

## 15.0 APPENDIX A

### Brief Summary of Potential 3 Types of Projects;

<b>1. Financial Audits</b>	
<b>Potential Audit Area</b>	<b>Details</b>
Accounts Payable	<p>Potential Scope:</p> <ul style="list-style-type: none"> <li>Assess internal controls over the creation of vendor accounts, vendor payments and other processes related to Accounts Payable</li> </ul>
Revenue	<p>Potential Scope:</p> <ul style="list-style-type: none"> <li>Assess the financial accuracy and completeness of various revenue sources within Niagara Region</li> <li>Determine whether internal controls surrounding reporting revenue sources are operating effectively</li> <li>Determine</li> </ul>
Value for Money	<p>Potential Scope:</p> <ul style="list-style-type: none"> <li>Determine the value to Niagara Region from one of a group of transactions, projects or programs</li> <li>Assess whether the service, activity, project or program yielded the maximum societal benefit</li> <li>Benchmark against comparable organizations to realize best practices</li> </ul>

<b>2. Information Technology</b>	
<b>Potential Audit Area</b>	<b>Details</b>
Application controls	<p>Potential Scope:</p> <ul style="list-style-type: none"> <li>Validations of various data inputs, logical access and authorization within a Niagara Region system,</li> <li>Adherence to business rules in the flow and accuracy of processing</li> </ul>
Cyber security	<p>Potential Scope:</p> <ul style="list-style-type: none"> <li>Security review and gap analysis, network vulnerability scans, security configuration testing</li> </ul>
General controls	<p>Potential Scope:</p> <ul style="list-style-type: none"> <li>Evaluate the IT general controls within a system housed at Niagara Region.</li> <li>Systems may include, EFMS system, payroll system, CMMS system</li> <li>Evaluate the IT general control environment including: access security, computer operations, change management and program development</li> </ul>

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<b>3. Operations</b>	
<b>Potential Audit Area</b>	<b>Details</b>
Contract compliance	Potential Scope: <ul style="list-style-type: none"><li>• To determine whether the term(s) of a contract, as negotiated between a vendor and the Niagara Region have been fully adhered to</li><li>• Financial contract compliance</li><li>• Operational contract compliance</li></ul>
Procurement	Potential Scope: <ul style="list-style-type: none"><li>• Assess whether or not procurement practices have been adhered to within various transactions</li><li>• Determine the operational effectiveness of key procurement controls including ensuring adherence to Procurement By-Law</li></ul>