

REQUEST FOR PROPOSALS (RFP)

For

External Audit Services

Issued by:

Resource Productivity and Recovery Authority

April 10, 2017

Expression of Interest Deadline:

12 p.m. (EST) on April 18, 2017

Response Deadline:

4 p.m. (EST) on April 26, 2017

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1.0 INTRODUCTION

Resource Productivity and Recovery Authority (RPRA) is seeking proposals from qualified CPA firms to audit its financial statements for the fiscal year ending December 31, 2017, with the possibility of reappointment for subsequent years through December 31, 2020. These audits are to be performed in accordance with generally accepted auditing standards and the financial statements are to be prepared in accordance with Canadian Generally Accepted Accounting Principles applicable to not-for-profit organizations.

2.0 BACKGROUND

On June 9, 2016, Bill 151 – *An Act to enact the Resource Recovery and Circular Economy Act, 2016* ('RRCEA') and the *Waste Diversion Transition Act, 2016* ('WTDA') - received Royal Assent. This new legislation - called the [Waste-Free Ontario Act, 2016](#) - is designed to replace the *Waste Diversion Act, 2002* ('WDA') with a new producer responsibility framework that makes producers individually responsible and accountable for their products and packaging at end of life.

There are two Schedules to the Act: Schedule 1 – the *Resource Recovery and Circular Economy Act, 2016* and Schedule 2 – the *Waste Diversion Transition Act*. The new producer responsibility framework is set out in Schedule 1 and includes the creation of the Resource Productivity and Recovery Authority ('RPRA').

RPRA will develop and operate an electronic registry to effectively monitor producer performance and will collect fees to cover the administrative costs of the Authority. It also has new responsibilities for oversight, compliance, and enforcement of new producer responsibilities established by the Minister of the Environment and Climate Change (the Minister).

RPRA will also be responsible for oversight, compliance, and enforcement of the existing programs established under the WDA until all programs have been wound up. These programs, operated by Industry Funding Organizations, include the Ontario Blue Box program, the Used Tires Program, the Waste Electrical and Electronic Equipment Program, the Municipal Hazardous or Special Waste Program. This also includes programs operated by Industry Stewardship Organizations for the diversion of paints and coatings, pesticides, solvents and fertilizers, SodaStream CO₂ cylinders, and automotive materials.

On November 30, 2016, the Resource Productivity and Recovery Authority (RPRA) was proclaimed as part of the new *Waste-Free Ontario Act, 2016* that received Royal Assent in June, 2016. This means that RPRA, a new oversight, compliance, and enforcement organization, is now in operation under the direction of RPRA's initial board of directors.

The *Waste-Free Ontario Act* sets out the Authority's responsibilities and powers.

3.0 OBJECTIVE

The objective of the audit is to express an opinion, as to whether the financial statements of RPRA present fairly, in all material respects, the financial position, results of operations and changes in cash flow in accordance with generally accepted accounting principles. Management will prepare the financial statements that will be subject to audit, segregated by the RRCEA and WTDA, and these statements will be available to the auditor. The auditor should advise RPRA on the extra cost if the Auditor is requested to prepare the financial statements on RPRA's behalf.

During the engagement, the Auditor should be watchful of and report:

- Any significant or unusual transactions entered into by RPRA that Management and/or the Board of Directors should be made aware of;
- Any deficiencies in internal controls that are of sufficient importance to merit the attention of Management and/or the Board of Directors;
- Any disagreements with Management about matters which are significant to the organization's financial statements;
- Any lack of compliance with the Financial Management and Controls Policy;
- Any lack of compliance with financial or other relevant legislation; and/or
- Any lack of accountability in the use and management of RPRA's assets.

Any such instances should be reported in the management letter.

4.0 EXPECTED DELIVERABLES

The Auditor will:

- Prepare an auditor's report and management letters in a format consistent with generally accepted auditing standards;
- Discuss the auditor's report and management letters with Management and the Audit Committee prior to their distribution;
- Meet audit or reporting requirement dates as set out below;
- Provide a management letter that identifies areas of concern or weaknesses found, recommendations for improvement, management's response on any concerns identified;
- Complete scope of work;
- Schedule in-person meetings with RPRA; and
- Provide required reporting to RPRA (weekly updates, project milestone reports).

The expected key dates and timing relating to the audit are as follows. This timing should be considered indicative only:

| Event | Key Dates/Timing |
|--|------------------------------------|
| Audit plan presentation to Audit Committee | Late November/Early December, 2017 |
| RPRA fiscal year end | December 31, 2017 |
| Completion of year end audit work | Middle February, 2018 |
| Audit Committee meeting to review financial statements | Late February/ Early March, 2018 |
| Board meeting to review and approve financial statements | Late March, 2018 |
| AGM | June, 2018 |

5.0 GENERAL INSTRUCTIONS TO PROPONENTS

5.1 General Invitation to Submit Proposals

RPRA is seeking proposals for external audit services. Proposals specifically marked “RFP for External Audit Services” shall be received by the following:

Attention: Kiara Barrett
Email: kbarrett@rpra.ca

Proposals will be accepted until 4:00pm, April 26, 2017. Late proposals will not be accepted.

Prospective vendors must provide their proposal electronically in PDF file format on or before the specified submission deadline.

All proposal amounts shall be indicated in words and figures and shall include applicable taxes and any other associated costs the successful Vendor(s) will require.

5.2 Complete Proposals

The requirements that each proponent must follow and include in its proposal submission are outlined herein. RPRA reserves the right to determine, in its sole and unfettered discretion, whether any proposal meets the mandatory requirements.

5.3 Negotiation

RPRA reserves the right to negotiate with any or all Vendors including those Vendors that have submitted a proposal that does not fully comply, either in material or non-material ways, with the RFP requirements.

5.4 Request for Information

Each Vendor is solely responsible for ensuring that it has all information necessary to prepare its proposal and for independently verifying and informing itself with respect to any terms or conditions that may affect this proposal. All inquiries related to the RFP shall be directed to: Kiara Barrett, kbarrett@rpra.ca.

5.5 Acceptance of Proposals

RPRA reserves the right to reject any or all Proposals or to accept the Proposal deemed most favourable to RPRA. All proposals must include a statement of authorization to submit a proposal signed by a principal of the Vendor.

Following the evaluation of the submitted proposals, RPRA will consider entering into negotiations for a contract with a prospective Vendor(s) it believes best meets the needs and expectations and offers the best overall content and value. The solicitation of proposals does not in any way commit RPRA to accept any proposal or to commence negotiations with any Vendor.

6.0 PROPOSAL REQUIREMENTS

6.1 No Conflict of Interest

The successful Vendor(s) must not have a real or apparent conflict of interest regarding its ability to provide its service to RPRA. To avoid a conflict of interest, RPRA may engage multiple Vendors to complete its audit service requirements. The Vendor must disclose to RPRA the names of any parties which it believes are, or may be, a real or apparent conflict.

6.2 Executive Summary

The Vendor shall provide an executive summary with its proposal in addition to the minimum requirements/expectations as outlined. The executive summary shall briefly summarize the key aspects of the proposal and the primary contact person for the prospective Vendor.

6.3 RFP Submissions

The RFP submissions should:

- Introduce the Audit firm and audit team, including the capability of the firm and team.
- Provide a description of the Vendor's history and experience, especially as it relates to the not for profit and environmental field and recent relevant audits.
- Demonstrate understanding of the scope and complexity of the required work.
- Description of Vendor's abilities related to audit services. Clearly outline if any services will be outsourced.
- Identify the person(s) who would be involved in the project, their proposed role on the project, and their experience and qualifications to fulfill that role. Clearly outline if any services will be outsourced.
- Describe any internal or external professional and technical services that will be called upon to assist in the audit.
- Provide a detailed description of the Audit firm's proposed audit strategy, its processes and deliverables, and outline the methodology and approaches that would be used in carrying out the audit.
- Provide a proposed timeline for each component of the audit services to be provided, and Indicate the proponent's ability to meet the timelines as set out herein.
- Include a minimum of 2 client references (names, phone numbers and email addresses) who may be contacted to confirm the satisfactory delivery of service by key team member(s) on previous assignments

Submissions must include the following.

Mandatory Requirements Check

Submissions that do not include the mandatory information below may not be scored and can be rejected:

| Mandatory Requirements | Requirement met |
|---|-----------------|
| Deadline met: | |
| Proposals due – 4:00p.m. (EST) on April 26, 2017 | |
| Mandatory Project specific content includes: | |
| 1. Audit proposed work plan and timeline | |
| 2. Audit methodology proposed to complete the audit | |

| Mandatory Requirements | Requirement met |
|---|------------------------|
| 3. A cost quotation that has all-inclusive costs for the proposed audit work which will be performed for the first fiscal year and for each of the subsequent three (3) years | |
| 4. Costs identified in the proposal that clearly establish the basis of remuneration identifying both the hours of work and hourly rates for appropriate categories of audit staff and appropriate out-of-pocket expenses | |
| 5. The extra cost if the Auditor is requested to prepare the financial statements on RPRA's behalf | |

7.0 REQUEST FOR PROPOSAL PROCESS

7.1 General Information

The submission of a proposal does not constitute a legally binding agreement between RPRA and any Vendor. It is part of an overall selection process intended to enable RPRA to identify a potential successful Vendor for the provision of services described herein. The goal of this RFP process is to identify those Vendors who offer the best delivery of service and value and demonstrate the highest degree of capability for providing and implementing the functions and objectives of the project.

A contract will be entered into between the successful Vendor and RPRA. RPRA is not bound to negotiate with the lowest cost or any Vendor and may, in its sole discretion, discontinue the RFP process and/or cancel the initiatives as outlined prior to the execution of the contract.

7.2 Proposed Schedule & Submittal Information

| Milestone | Scheduled Date |
|--|---------------------------------|
| Release of Request For Proposal (RFP) | April 10, 2017 |
| Deadline for submitting questions ¹ | April 17, 2017 |
| Expression of Interest Deadline | April 18, 2017 at 12 p.m. (EST) |
| Proposals due | April 26, 2017 at 4 p.m. (EST) |
| Selection of firm | May 23, 2017 |
| Completion - Appointment of Audit Firm at AGM | June 22, 2017 |

RPRA reserves the right to modify the schedule as circumstances may warrant.

Other Information

Confidentiality of Information

RPRA will require the successful Vendor(s) to enter into a confidentiality agreement with RPRA that protects all information provided to the Vendor(s) by RPRA or by any party contacted by the Vendor(s) in order to complete this project.

Reporting and Questions

The successful respondent(s) will report to David Brezer, RPRA Audit Committee Chair. Questions about proposal preparation should be forwarded by email to Kiara Barrett kbarrett@rp.ca.

¹ Questions should be submitted in writing. Answers will be published as addenda (excluding confidential information).

Support from RPRA for Successful Vendor(s)

RPRA will assign one or more RPRA staff to be an information resource to the Vendor on this project.

8.0 DURATION OF OFFER

Proposals will be accepted up until April 24 at 4:00 pm. Late proposals will not be considered. RPRA also reserves the right to extend the RFP deadline.

For clarity, the time and date of an electronic submission is solely determined by the time and date the proposal is received by RPRA and without consideration as to the time or date it was sent or otherwise submitted by the vendor. A proposal received after the submission deadline, as documented by the applicable time and date stamp, will be deleted from the applicable server or otherwise not downloaded to RPRA. It is the sole responsibility of the vendor to ensure that the proposal is received by RPRA on or before the submission deadline.

9.0 EVALUATION CRITERIA

9.1 Submission Evaluation

The evaluation process to determine the successful Vendor(s) will involve both qualitative and quantitative elements. As a general framework, all proposals presented by Vendors will be evaluated in the context of the overall value that it brings to the initiative. While cost is a significant part of the evaluation criteria, it will not be the sole determinant.

Each criterion below may be considered for each requirement listed in section 6.3. Vendors must ensure they review the criteria when they develop each aspect of their proposal

Proposals will be reviewed and ranked on the following criteria and scored out of a 100 point total as follows:

Technical Criteria

The Technical criteria will be evaluated first (excludes the 'Financial' criteria, bringing the maximum score to 75). Vendors must achieve a rating of 75% or over (a score of 56 out of 75) before RPRA will consider their Financial criteria.

| Technical Ranking Criteria | Percentage |
|---|-------------------|
| Demonstrated understanding of project goals | 15% |
| Approach and methodology | 20% |
| Qualifications of audit team and firm's relevant experience | 25% |
| Project timelines | 15% |
| Total Technical | 75% |

Financial Criteria

Only those proposals that have achieved a rating of 75% or over (a score of 56 out of 75) on their Technical criteria will have their Financial criteria evaluated.

| Financial Ranking Criteria | Percentage |
|--|------------|
| Total cost for audit services fiscal year 2017 | 10% |
| Total cost for audit services fiscal year 2018, 2019, 2020 | 10% |
| Extent of value in relation to proposed cost | 5% |
| Total Financial | 25% |

Calculating the Total Cost Score

The points score for total cost will be awarded based on the difference between the vendor's financial offer and the lowest responsive financial offer. The lowest responsive financial offer will receive the full awarded points and other financial offers will be allocated points pro-rata to the extent they exceed the lowest responsive financial offer.

Selection Rights

RPRA reaffirms its right to make any selection it deems prudent, and responding firms or individual participants acknowledge through their participation that such selection is not subject to protest or contest.

RPRA reserves the right to:

- not award a contract as a result of this RFP;
- modify the tasks based on negotiation with respondents;
- award a contract to the same Vendor(s) for subsequent years.

10.0 CLARIFICATIONS/ INTERPRETATIONS

Each prospective Vendor shall be responsible for conducting its own due diligence on the data and information upon which their proposal is based. Prospective Vendors shall be deemed to have gathered all information necessary to perform their obligations under the RFP.

Information referenced in this RFP, or otherwise made available by RPRA as part of this RFP, is provided for the convenience of the prospective Vendor only and RPRA does not warrant the accuracy or completeness of this information. Prospective Vendors that find discrepancies or omissions in the information provided, or that have questions as to the meaning or intent of various aspects of the project, shall at once notify Kiara Barrett, who will, if necessary, send written instructions, clarifications, or explanations to all prospective Vendors who have submitted an expression of interest to this RFP.

Project Billings and Budget

Based on scope of work contained within the submitted proposal, the successful Vendor(s) will be expected to submit a detailed breakdown of all fees relative to the specific project components as well as related expenses for 2017. A tally of all costs will be provided as a total lump sum fee for 2017 and for years 2018-2020, if reappointed.

Respondents may propose to invoice on an interim or final cost basis. Regardless of the method used, invoices must clearly identify the costs associated.