

TO:	CHAIR AND MEMBERS AUDIT COMMITTEE MEETING ON OCTOBER 5, 2016
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	RFP 16-31 EXTERNAL AUDIT SERVICES

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer the attached proposed by-law (Appendix A) **BE INTRODUCED** at the Municipal Council meeting of Tuesday, October 11, 2016 to:

- a) **APPOINT** KPMG LLP as auditors for the Corporation and its Boards and Commissions and Municipal entities for the five year term beginning January 1, 2017, in accordance with Section 296 of the *Municipal Act, 2001*; and
- b) **APPROVE** the agreement with KPMG LLP attached as Schedule A to the by-law with respect to the audit of the accounts and transactions of The Corporation of the City of London and its Boards and Commissions and Municipal entities; and,
- c) **AUTHORIZE** the Mayor and City Clerk to execute the Agreement in (b) above.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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RFP Process Internal and External Audit Services, Audit Committee, Sept 25, 2014
RFP Process for Internal and External Audit Services, Audit Committee, April 13, 2016
RFP 16-31 External Audit Services, Audit Committee, May 30, 2016

BACKGROUND

The Corporation issued Request for Proposal 16-31 External Audit Services on June 3, 2016 requesting proposals for the next five year term beginning with the audit of the 2016 Financial Statements.

In accordance with the *Municipal Act, 2001*, Section 296 (1), the Municipality shall appoint an auditor licensed under the *Public Accounting Act, 2004* who is responsible for:

- a) annually auditing the accounts and transactions of the municipality and its local boards and expressing an opinion on the financial statements of these bodies based on the audit; and,
- b) performing duties required by the municipality or local boards.

Section 296 (3) of the *Municipal Act, 2001* also indicates that with respect to the term of contract, "an auditor of a municipality shall not be appointed for a term exceeding five years".

The City of London received two (2) proposals for external audit services in response to the request for proposal that was issued. The two proposals received were reviewed by the External Audit Evaluation Team which was comprised of employees from all key functional

areas of the City including Financial Services, London Hydro Inc., Middlesex-London Health Unit and London Transit Commission with the assistance of Purchasing & Supply.

Civic Administration is recommending KPMG, LLP who earned the highest overall score for the appointment as External Auditor to the Audit Committee, who will make the recommendation to Council. They were the highest scoring audit firm based on municipal and electrical distribution audit experience, proposed audit team expertise, audit approach, techniques and audit fee considerations. KPMG, LLP has been the external auditor for the Corporation since the audit of the 1999 Financial Statements.

An agreement with KPMG LLP for external audit services for the City of London has been completed based on the terms of the RFP and is attached as Schedule A. This agreement includes KPMG's engagement letter, the RFP Document 16-31 and KPMG's external audit fees.

Financial Impact

The total audit fee for the financial statement year ending 2016 is \$254,750. The total external audit fees proposed for the financial statement years ending 2016-2020 are included as Schedule "C" to the Agreement attached as Schedule A. These fees are consistent with the fees that have been charged to the City from the period 2013 to 2015. External audit fees are provided for as part of the approved multi-year budget.

PREPARED BY:	RECOMMENDED BY:
ANNA LISA BARBON DIRECTOR, FINANCIAL SERVICES	MARTIN HAYWARD, MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

- c. A. Zuidema, City Manager
S. Swance, Manager of Accounting

Attach

APPENDIX A

Bill No.
2016

By-law No.

A By-law to appoint KPMG LLP auditors for The Corporation of the City of London for a five year term pursuant to section 296 of the *Municipal Act, 2001*; and to approve an Agreement between The Corporation of the City of London and KPMG LLP with respect to providing external audit services for the Corporation; and to authorize the Mayor and the City Clerk to execute the Agreement.

WHEREAS subsection 5(3) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS section 10 of the *Municipal Act, 2001* provides that the City may provide any service or thing that the City considers necessary or desirable for the public, and may pass by-laws respecting same, and respecting economic, social and environmental well-being of the City, and the financial management of the City;

AND WHEREAS section 296 of the *Municipal Act, 2001* provides that a municipality shall appoint an auditor licensed under the *Public Accounting Act, 2004* who is responsible for annually auditing the accounts and transactions of the municipality and its local boards and expressing an opinion on the financial statements of these bodies based on the audit; and performing duties required by the municipality or local board;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The firm KPMG LLP be appointed as auditors for The Corporation of the City of London and its local boards for a five year term commencing January 1, 2017 and ending December 31, 2021.
2. The Agreement to be entered into between The Corporation of the City of London and KPMG LLP with respect to external audit services attached as Schedule "A" to this by-law, is approved.
3. The Mayor and the City Clerk are authorized to execute the agreement approved under section 2 above.
4. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on October 11, 2016.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading - October 11, 2016
Second Reading - October 11, 2016
Third Reading – October 11, 2016

SCHEDULE A

THIS AGREEMENT made in triplicate as of the 1st day of January, 2017.

BETWEEN:

THE CORPORATION OF THE CITY OF LONDON
(hereinafter called the "Corporation")

OF THE FIRST PART

-AND-

KPMG LLP
(hereinafter called the "Auditor")

OF THE SECOND PART

WHEREAS the Corporation issued a Request for Proposal attached as Schedule "B" (the "RFP") for an external auditor to perform the duties and responsibilities under section 296 of the *Municipal Act, 2001* and other external audit services for the Corporation and its local boards and commissions and entities as set out in the RFP (the "Local Boards and Commissions");

AND WHEREAS the Auditor has submitted a Proposal in writing dated July 14, 2016, to provide External Audit Services for the Corporation and the Local Boards and Commissions;

AND WHEREAS the Corporation and the Auditor desire to enter into this agreement for external audit services for the Corporation and the Local Boards and Commissions;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants herein contained, the parties hereto covenant and agree, each with the other as follows:

1.0 SCHEDULES

1.1 The following Schedules are attached to and shall form part of this Agreement:

Schedule "A" Engagement Letter;
Schedule "B" the RFP; and
Schedule "C" External Audit Fees.

1.2 In the event of any conflict between the terms of any Schedule that forms part of this Agreement and this Agreement the following shall be the order of priority to the extent of any conflict:

1. Schedule "A" Engagement Letter;
2. This Agreement;
3. Schedule "B" the RFP;
4. The Proposal dated July 14, 2016.

2.0 GENERAL

2.1 The Auditor agrees to provide to the Corporation the audit services as set out in the RFP in accordance with the RFP and the Proposal dated July 14, 2016, the Engagement Letter and this Agreement including without limitation to an examination of the records and financial statements of the Corporation and the Local Boards and Commissions to the degree necessary to express an audit opinion on such statements.

2.2 In addition to the audit services as set out in the RFP, the Auditor agrees to complete all work related to the annual reports and examinations required in order to produce the Annual Audit Questionnaire for the Ministry of Municipal Affairs and Housing related to the Financial Information Return; audit requirements for City of London Trust Funds, London Public Library Trust Funds, the London Transit Commission Employee's Pension Plan, Dearness Services including the Long Term Care Annual Reconciliation Report (ARR), the Dearness Day Program ARR and Middlesex-London Heath Unit ARR; audit requirements for the Homelessness Partnering Strategy and a review for the Province for the revenues and expenses of the Child Care program funding. Also included is a report on specified auditing procedures for the London Downtown Closed Circuit Television Program and report on the Records Retention Schedule review. The work will, generally, not include accounting or the preparation of draft financial statements or schedules, except in those limited circumstances as may be presented by some of the Local Boards and Commissions.

SCHEDULE A

3.0 ANNUAL SCHEDULE

- 3.1 The Auditor shall on an agreed upon date in November/December of each year, meet with the City Manager (or delegate) and City Treasurer, Chief Financial Officer (or delegate) for the Corporation and with each of the heads or delegate of the Local Boards and Commissions to discuss and agree upon;
- a) a schedule which includes all aspects of the completion and audit of the various financial statements for the current year.
 - b) a list of the necessary schedules, working papers, analyses, and other information to be prepared by the staff of the Corporation and each of The Local Boards and Commissions.

4.0 QUALIFIED STATEMENTS

The Auditor shall, immediately upon discovery of information or conditions which would otherwise lead to the inclusion of a qualified opinion with respect to the Corporation's or any of the Local Boards and Commissions' financial statements, provide information and fully discuss such matters with the City Manager (or delegate) and City Treasurer, Chief Financial Officer (or designate). The Auditor shall, as far as possible, allow a reasonable time for the Corporation or the Local Boards and Commissions to investigate, analyse, report, and take corrective action so as to avoid the inclusion of such qualifications.

5.0 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 Municipal Council and the Audit Committee of Council concerning matters pertaining to the annual financial statements.

6.0 AUDIT MANAGEMENT LETTER

- 6.1 The Auditor shall no later than 60 days following completion of the report on the audit of the annual statements, prepare and deliver to the City Manager (or delegate) and City Treasurer, Chief Financial Officer (or delegate) draft letters conveying any concerns relative to the internal accounting, operating controls, and/or other matters of material importance with respect to the operations of the Corporation and the Local Boards and Commissions.
- 6.2 The Auditors shall also provide recommendations as to such corrective measures as may be required, and be prepared to provide assistance with regard to implementation if required to do so. The Auditors shall meet with the City Manager and City Treasurer, Chief Financial Officer and any relevant Local Board or Commission head, to discuss the comments, following which an official management letter will be submitted to the City Manager and City Treasurer, Chief Financial Officer and to the Local Board or Commission head.
- 6.3 The City Manager and City Treasurer, Chief Financial Officer shall, upon receipt of the final version of the Audit Management Letter, co-ordinate the management response to the Auditor's comments and shall schedule a meeting of the Audit Committee to receive the Audit Management letter and management response.

7.0 CONTRACT TERM

- 7.1 The term of this Agreement shall be for a period of five years, beginning January 1, 2017, ending December 31, 2021, subject to the performance of the Auditor, which shall be evaluated on the criteria in section 8.0 of this Agreement. If the performance of the Auditor at the sole discretion of the City, is unsatisfactory, the City reserves the right to cancel the contract with thirty (30) days written notice, without penalty.

SCHEDULE A

8.0 PERFORMANCE OF THE AUDITOR

8.1 During the term of the engagement, the performance of the Auditor will be evaluated based on the following:

- a) For the initial year of the engagement, the persons assigned to the audit were those originally proposed in the Proposal; and any subsequent changes to audit personnel must be acceptable to the City Treasurer, Chief Financial Officer or designate;
- b) The audit senior has been present throughout the audit field work, both at unconsolidated and consolidation portions of the audit;
- c) The audit has been carried out in the manner set out in the Proposal. Any changes in the audit services which impact staff and other resources of the City have been discussed with and agreed to by the City Treasurer, Chief Financial Officer or designate.
- d) The audit has been completed within the time frames agreed to in the annual schedule. There must be flexibility of the Auditor in making adjustments to the dates required for the audit from year-to-year as a result of issues facing the Corporation;
- e) Provision of advice regarding improving operational efficiency and utilizing alternate service delivery options, as well as advice that will assist the Corporation in dealing the challenges it faces.

9.0 EXTERNAL AUDIT FEES

9.1 The Auditor will be paid the following fee for each of the five years of audited statements as show in Schedule "C".

9.2 The fees will be adjusted to account for any changes in future ownership and structure of the City of London and its local boards and commissions due to deregulation and/or restructuring in accordance with the hourly rates as provided in the Proposal which are as follows; Partners \$325-400, Senior Manager \$220-300, Senior Accountant \$150-\$160 and Staff Accountants of \$120-\$140.

9.3 All of the fees under this agreement are inclusive of all out-of-pocket expenses or administrative expenses of any kind. HST is extra.

9.4 Basis of Payment

The Corporation and each of the Local Boards and Commissions shall be billed as work progresses based on standard hourly rates up to the amount of the contracted fee. Invoices will be due and payable as rendered.

9.5 Hours of Involvement

The Auditor shall commit sufficient hours of its staff at all levels to complete the work under this Agreement in the manner set out in the Proposal.

10.0 Insurance

10.1 The Auditor shall at its own expense obtain and maintain until the termination of this Agreement, and provide the Corporation with satisfactory evidence of:

- a) Commercial general liability insurance on an occurrence basis for an amount not less than Two Million (\$2,000,000) dollars and shall continue for twelve (12) months following completion of work and shall include the Corporation as an additional insured with respect to all of the Auditor's operations, acts and omissions relating to its obligations under this Agreement, such policy to include non-owned automobile liability, personal injury, broad form property damage, contractual liability, owners' and contractors' protective, products and completed operations, contingent employers liability, cross liability and severability of interest clauses;
- b) 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) dollars and shall continue for twelve (12) months following completion of work or termination of this Agreement.

SCHEDULE A

- c) The policies shown in (a) and (b) above will not be cancelled or permitted to lapse unless the insurer notifies the Corporation in writing at least thirty (30) days prior to the effective date of cancellation or expiry. The Corporation reserves the right to request such higher limits of insurance or other types of policies appropriate to the work as the Corporation may reasonably require;
- d) The Auditor shall not commence work until satisfactory evidence of insurance has been filed with and approved by the Corporation. Evidence of insurance shall be filed on the Corporation's forms .0788 and .0888 as appropriate for each type of insurance shown in (a) and (b) above. Prior to the effective date of this Agreement and thereafter on renewal date of the insurance, the Auditor shall further provide that evidence of the continuance of said insurance is filed at each policy renewal date for the duration of the Agreement.
- e) The Auditor shall indemnify in an aggregate amount not to exceed \$2,000,000 and hold the Corporation harmless from and against any liability, loss, claims, demands, costs, and expenses, including reasonable legal fees occasioned wholly or in part by an acts or omissions either in negligence or in nuisance whether wilful or otherwise by the Auditor, its agents, officers, employees or other persons for whom it is legally responsible.
- f) The Corporation 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.

11.0 ASSIGNMENT

- 11.1 This Agreement may not be assigned by either party hereto without the prior written consent of the other party. This Agreement, all its covenant promises and conditions shall ensure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

12.0 CONFIDENTIAL DATA

- 12.1 The Auditor 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 (MFIPPA). Use, collection and maintenance of information, documents and records, communicated to and acquired, collected and created by it in the course of providing services under this Agreement shall be in accordance with MFIPPA.
- 12.2 The Auditor will provide access to such information only to those officers, partners and employees that are providing audit services under this Agreement and only to the extent that the said employees and agents need to have access to provide the audit service under this Agreement.
- 12.3 The Auditor shall treat all information, documents and records communicated to and acquired, collected and created by it in the course of providing the services under this Agreement 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.
- 12.4 The Auditor shall ensure that all commercially reasonable 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.
- 12.5 The Auditor shall identify as confidential at the time it is supplied or communicated to the Corporation or its local boards and commissions or enterprises any trade secret or scientific, technical, commercial, financial or labour relations information, which, if revealed to the public, could reasonable be expected to:

SCHEDULE A

- a) prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of the Auditor with any other person or persons, or
- b) result in undue loss to the Auditor or undue gain to any other person or persons.

Subject to MFIPPA, the Corporation shall not divulge any such information so supplied without the consent of the Auditor.

13.0 NOTICE

13.1 Where in this agreement any notice, request, direction or other communication is required to be given or made by either party, it shall be in writing and is effective if delivered in person, sent by ordinary or registered mail, by telegram, telex, or facsimile transmission addressed to the other party for whom it is intended at the following address, and any notice shall be deemed to have been given:

- a) if delivered personally, on the date of such delivery;
- b) if by ordinary mail, on the second business day following the date of mailing;
- c) if by registered mail, on the day the postal receipt is acknowledged by the other party;
- d) if by telegram, when transmitted by the carrier; and
- e) if by telex or facsimile transmission, when transmitted (if received before 4:30 p.m. local time at the recipients office or failing which on the next business day).

Any notices intended for the Corporation shall be delivered and address to:

City Clerk
The Corporation of the City of London
300 Dufferin Avenue
P.O. Box 5035
London, Ontario N6A 4L9

Any notices intended for the Auditor shall be delivered and addressed to:

Ian Jeffreys
Partner
KPMG LLP
1400 – 140 Fullarton Street
London, Ontario N6A 5P2

13.2 The address of either party may be changed by notice in the manner set out above.

14.0 AGREEMENT

14.1 This Agreement constitutes the entire understanding between the parties. Any changes in, addition to, or waiver of the terms thereof must be specifically agreed upon, in writing, and signed by both parties. Failure on the part of either party to insist upon the strict observance of any of the terms and/or conditions herein shall not operate as waiver of such party's right to require future observance of any such terms or conditions.

14.2 This Agreement shall be construed and interpreted in accordance with the laws of The Province of Ontario, Canada.

SCHEDULE A

IN WITNESS THEREOF the parties hereto have caused to be executed those presents by their officers properly authorized in that behalf on the day and year first above written.

Witness

Authorized Signature for KPMG LLP

Witness

Authorized Signature for KPMG LLP

I/WE HAVE AUTHORITY TO BIND THE CORPORATION

THE CORPORATION OF THE CITY OF LONDON

Witness

Matt Brown, Mayor

Witness

Catharine Saunders, City Clerk

**Schedule "A"**

KPMG LLP
140 Fullarton Street Suite 1400
London ON N6A 5P2
Canada
Tel 519 672-4800
Fax 519 672-5684

Anna Lisa Barbon
Corporation of the City of London
Director, Financial Services
300 Dufferin Avenue
London, ON N6A 4L9

September 15, 2016

Dear Ms. Barbon

KPMG is pleased to be appointed auditors of the Corporation of the City of London pursuant to section 296 of the *Ontario Municipal Act, 2001*. The purpose of this letter is to outline the terms of our engagement to audit the annual financial statements of the Corporation of the City of London and all its related entities as outlined in the City's RFP 16-31 issued June 2016 ("the Entity"), commencing for the period ending December 31, 2016.

This letter supersedes our previous letter to the Entity dated December 1, 2010. The terms of the engagement outlined in this letter will continue in effect from period to period, unless amended or terminated in writing. The attached Terms and Conditions and any exhibits, attachments and appendices hereto and subsequent amendments form an integral part of the terms of this engagement and are incorporated herein by reference (collectively the "Engagement Letter").

FINANCIAL REPORTING FRAMEWORK FOR THE FINANCIAL STATEMENTS

The annual financial statements will be prepared and presented in accordance with Canadian accounting standards for not-for-profit organizations, Canadian accounting standards for pension plans or Canadian public sector accounting standards as appropriate for each City entity (hereinafter referred to as the "financial reporting framework").

The annual financial statements will include an adequate description of the financial reporting framework (hereinafter referred to as the "financial statements" or "annual financial statements").

MANAGEMENT'S RESPONSIBILITIES

Management responsibilities are described in [Appendix – Management's Responsibilities](#).

An audit does not relieve management or those charged with governance of their responsibilities.



SCHEDULE A

Schedule "A"

AUDITOR'S RESPONSIBILITIES

Our responsibilities are described in [Appendix – Auditor's Responsibilities](#).

If management does not fulfill the responsibilities above, we cannot complete our audit.

AUDITOR'S DELIVERABLES

The expected form and content of our report(s) is provided in [Appendix – Expected Form of Report](#). However, there may be circumstances in which a report may differ from its expected form and content.

In addition, if we become aware of information that relates to the financial statements after we have issued our audit report, but which was not known to us at the date of our audit report, and which is of such a nature and from such a source that we would have investigated that information had it come to our attention during the course of our audit, we will, as soon as practicable: (1) communicate such an occurrence to those charged with governance; and (2) undertake an investigation to determine whether the information is reliable and whether the facts existed at the date of our audit report. Further, management agrees that in conducting that investigation, we will have the full cooperation of the Entity's personnel. If the subsequently discovered information is found to be of such a nature that: (a) our audit report would have been affected if the information had been known as of the date of our audit report; and (b) we believe that the audit report is currently being relied upon or is likely to be relied upon by someone who would attach importance to the information, appropriate steps will be taken by KPMG and expected by the Entity to prevent further reliance on our audit report. Such steps include, but may not be limited to, appropriate disclosures by the Entity of the newly discovered facts and the impact to the financial statements.

Our deliverables regarding income tax compliance and advisory services are described in [Appendix – Income Tax Compliance and Advisory Services](#).

FEES

Fees for professional services will comprise those outlined in our proposal of July 14, 2016.

We are available to provide a wide range of services beyond those outlined above. Additional services are subject to separate terms and arrangements.



Schedule "A"

We are proud to provide you with the services outlined above and we appreciate your confidence in our work. We shall be pleased to discuss this letter with you at any time. If the arrangements and terms are acceptable, please sign the duplicate of this letter in the space provided and return it to us.

Yours very truly,

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly wavy line.

Ian Jeffreys

Partner, responsible for the engagement and its performance, and for the report that is issued on behalf of KPMG LLP, and who, where required, has the appropriate authority from a professional, legal or regulatory body
519-660-2137

**Schedule "A"****Appendix – Management's Responsibilities**

Management acknowledges and understands that they are responsible for:

- (a) the preparation and fair presentation of the financial statements in accordance with the financial reporting framework referred to above
- (b) ensuring that all transactions have been recorded and are reflected in the financial statements
- (c) such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management also acknowledges and understands that they are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud
- (d) providing us with access to all information of which management is aware that is relevant to the preparation of the financial statements such as financial records, documentation and other matters, including the names of all related parties and information regarding all relationships and transactions with related parties
- (e) providing us with additional information that we may request from management for the purpose of the audit
- (f) providing us with unrestricted access to persons within the Entity from whom we determine it necessary to obtain audit evidence
- (g) providing us with written representations required to be obtained under professional standards and written representations that we determine are necessary. Management also acknowledges and understands that, as required by professional standards, we may disclaim an audit opinion when management does not provide certain written representations required.
- (h) ensuring that internal auditors providing direct assistance to us, if any, will be instructed to follow our instructions and that management, and others within the entity, will not intervene in the work the internal auditors perform for us.

**Schedule "A"****Appendix – Auditor’s Responsibilities**

Our function as auditors of the Entity is:

- to express an opinion on whether the Entity's annual financial statements, prepared by management with the oversight of those charged with governance, are, in all material respects, in accordance with the financial reporting framework referred to above
- to report on the annual financial statements

We will conduct the audit of the Entity's annual financial statements in accordance with Canadian generally accepted auditing standards and relevant ethical requirements, including those pertaining to independence (hereinafter referred to as applicable “professional standards”).

We will plan and perform the audit to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error. Accordingly, we will, among other things:

- identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the Entity and its environment, including the Entity's internal control. In making those risk assessments, we consider internal control relevant to the Entity's preparation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control
- obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks
- form an opinion on the Entity's annual financial statements based on conclusions drawn from the audit evidence obtained
- communicate matters required by professional standards, to the extent that such matters come to our attention, to the appropriate level of management, those charged with governance and/or the board of directors. The form (oral or in writing) and the timing will depend on the importance of the matter and the requirements under professional standards.

**Schedule "A"****Appendix – Expected Form of Report****INDEPENDENT AUDITORS' REPORT**

To Members of Council, Inhabitants and Ratepayers of the Corporation of the City of London

We have audited the accompanying consolidated financial statements of the Corporation of the City of London, which comprise the consolidated statement of financial position as at December 31, xxxx, the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



Schedule "A"

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the City of London as at December 31, xxxx, and its consolidated results of operations, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

June 23, xxxx

London, Canada



Schedule "A"

Appendix – Income Tax Compliance and Advisory Services

This letter details the tax compliance and general tax advisory services to be provided to the Corporation of the City of London ("the Entity") for the period covered by our proposal of July 14, 2016. If there are tax services to be delivered outside the scope of those described in this letter, we will require a separate engagement letter for those services.

Tax compliance services

We will prepare federal and provincial income tax returns for the Entity where applicable. We will not audit or independently verify the data you provide for the preparation of the returns. However, we may ask for clarification of some of the information. We will also determine the estimated income tax installments for the Entity for the following taxation year.

During the engagement to prepare the income tax returns as required, Client or KPMG may identify additional returns, forms, elections, designations or any other tax reporting (collectively additional tax filings) that Client has an obligation or opportunity to file. Upon a written request from Client, KPMG would be pleased to assist Client under the terms of this engagement letter with any additional tax filings, subject to a separately negotiated fee.

Our engagement, with respect to tax compliance and general tax advisory services, cannot be relied on to uncover errors or irregularities in the underlying information incorporated in the tax returns, should any exist. However, we will inform you of any such matters that come to our attention. Because management has ultimate responsibility for the tax returns including any significant judgments made, please have the appropriate corporate officer review the returns before signing and filing them.

All returns are subject to examination by the taxing authorities. In preparing the returns, we rely on your representations and that you understand and have complied with the documentation requirements for all expenses and deductions. You should retain originals of all documents and records as, in the event of an examination, you may be asked to produce documents, records or other evidence to substantiate the items of income and deduction shown on the tax returns. KPMG does not retain copies of any documentation shown on the tax returns. If an examination occurs, we will be available, on request, to assist you. Such additional services are not included in the fees specified in this letter.

General tax advisory services

Our advice generally falls under one of the following situations:

- 1) On an ongoing basis, we will provide advisory services of a general nature relating to various income, capital, payroll and indirect tax matters as they arise. This type of service generally arises on a periodic basis as a result of preliminary inquiries made by you. In rendering these services, it is important to recognize that the advice provided is dependent on the detail of the information provided and the environment in which it is rendered. When professional judgment suggests written confirmation of the facts and advice is necessary, we will draft the appropriate correspondence to ensure the appropriate standard of care is met by all parties.

**Schedule "A"**

- 2) Periodically, you will seek detailed advice from us in connection with a specific transaction or undertaking you are contemplating. In such a situation, our advice will be based on the information provided to us. It is the responsibility of the Entity to ensure we are provided with all the information necessary in order for us to render the advice sought. Our tax advice will most likely be communicated to you, or your designate, in writing.

Our tax advisory services, both written and oral, will be based on the facts and assumptions submitted to us. We will not independently verify this information. Inaccuracy or incompleteness of the information could have a material effect on our conclusions.

Our advice will be limited to the conclusions specifically set forth in our reporting letter and KPMG will not express an opinion with respect to any other federal, provincial or foreign tax or legal aspect of the transactions described therein. It should be noted that the Canada Revenue Agency and/or the relevant provincial tax authority and/or any other governmental tax authority (collectively a Tax or Revenue Authority) could take a different position with respect to these transactions, in which case it may be necessary for you to defend this position on appeal from an assessment or litigate the dispute before the courts, including one or more appellate courts, in order for our conclusions to prevail. If a settlement were reached with a Tax or Revenue Authority or if such appeal and litigation were not, or were not entirely, successful, the result would likely be different from the views we express in our reporting letter. Unless expressly provided for, KPMG's services do not include representing Client in the event of a challenge by a Tax or Revenue Authority or litigation before any court.

To be of greatest assistance to the Entity, we should be advised in advance of any proposed transactions. If such matters exceed the scope of this engagement letter, we will issue additional engagement letters to confirm the particular scope and terms.



Schedule "A"

TERMS AND CONDITIONS FOR ASSURANCE ENGAGEMENTS

These Terms and Conditions are an integral part of the accompanying engagement letter or proposal from KPMG that identifies the engagement to which they relate (and collectively form the "Engagement Letter"). The term "Entity" used herein has the meaning set out in the accompanying engagement letter or proposal. The term "Management" used herein means the management of the Entity.

1. SEVERABILITY.

The provisions of these Terms and Conditions and the accompanying proposal or engagement letter shall only apply to the extent that they are not prohibited by a mandatory provision of applicable law, regulation or professional standards. If any of the provisions of these Terms and Conditions or the accompanying proposal or engagement letter are determined to be invalid, void or unenforceable, the remaining provisions of these Terms and Conditions or the accompanying proposal or engagement letter, as the case may be, shall not be affected, impaired or invalidated, and each such provision shall remain valid and in effect and be enforceable and binding on the parties to the fullest extent permitted by law.

2. GOVERNING LAW.

This Engagement Letter shall be subject to and governed by the laws of the province where KPMG's principal office performing this engagement is located (without regard to such province's rules on conflicts of law).

3. LLP STATUS.

KPMG LLP is a registered limited liability Partnership ("LLP") established under the laws of the Province of Ontario and, where applicable, has been registered extra-provincially under provincial legislation. KPMG is a partnership, but its partners have a degree of limited liability. A partner is not personally liable for any debts, obligations or liabilities of the LLP that arise from a negligent act or omission by another partner or by any other person under that other partner's direct supervision or control. The legislation relating to limited liability partnerships does not, however, reduce or limit the liability of the firm. The firm's insurance exceeds the mandatory professional indemnity insurance requirements established by the relevant professional bodies. Subject to the other provisions hereof, all partners of the LLP remain personally liable for their own actions and/or actions of those they directly supervise or control.

4. DOCUMENTS AND INFORMATION.

Management's cooperation in providing us with documents and related information and agreed-upon assistance on a timely basis is an important factor in being able to issue our report. Entity agrees that all management functions/responsibilities will be performed and all management decisions will be made by Entity, and not KPMG. KPMG shall be entitled to share all information provided by the Entity with all other member firms of KPMG International Cooperative ("KPMG International"). All work papers, files and other internal materials created or produced by KPMG during the engagement and all copyright and intellectual property rights in our work papers are the property of KPMG. Except as required by applicable law or regulation, the Entity shall keep confidential the existence and terms of this Engagement Letter, and such confidential information shall not be distributed, published or made available to any other person without KPMG's express written permission. Further, for purposes of the services described in this Engagement Letter only, the Entity hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of Entity solely for presentations or reports to the Entity or for internal KPMG presentations and intranet sites.

5. USE OF MEMBER FIRMS AND THIRD PARTY SERVICE PROVIDERS.

Personal and/or confidential information collected by KPMG during the course of this engagement may be used, processed and stored outside of Canada by KPMG, KPMG International member firms performing services hereunder or third party service providers to provide professional services and administrative, analytical and clerical support and to comply with applicable law, regulations and professional standards. Entity also understands and agrees that KPMG aggregates Entity's information with information from other sources for the purpose of improving quality and service, and for use in presentations to clients and non-clients, in a form where such information is sufficiently de-identified so as not to be attributable to Entity. KPMG represents to the Entity that each KPMG International member firm and third party service provider providing services

hereunder has agreed or shall agree to conditions of confidentiality with respect to the Entity's information. Further, KPMG is responsible to the Entity for causing such third party service providers to comply with such conditions of confidentiality, and KPMG shall be responsible to the Entity for their failure to comply and failure of each KPMG International member firm providing services hereunder to comply with its obligations of confidentiality owed to KPMG. Any services performed by third party service providers shall be performed in accordance with the terms of this Engagement Letter, but KPMG shall remain responsible to the Entity for the performance of such services and services performed by each KPMG International member firm providing services hereunder. Such personal and/or confidential information may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is processed or stored, which laws may not provide the same level of protection for such information as will Canadian laws.

6. OFFERS OF EMPLOYMENT.

In order to allow issues of independence to be addressed, Management agrees that prior to extending an offer of employment to any KPMG partner, employee or contractor, the matter is communicated to the engagement partner or associate partner.

7. OFFERING DOCUMENTS.

If the Entity wishes to include or incorporate by reference the financial statements and our report thereon in an offering document, we will consider consenting to the use of our report and the terms thereof at that time. Nothing in this Engagement Letter shall be construed as consent and KPMG expressly does not consent to the use of our audit report(s) in offering documents. If the Entity wishes to obtain KPMG's written consent to the use of our audit report(s) in an offering document, or wishes us to provide a comfort or advice letter, we will be required to perform procedures as required by professional standards; any agreement to perform such procedures will be documented in a separate engagement letter. Management agrees to provide us with adequate notice of the preparation of such documents.

8. FEE AND OTHER ARRANGEMENTS.

KPMG's estimated fee is based on the quality of the Entity's accounting records, the agreed-upon level of preparation and assistance from the Entity's personnel, and adherence to the agreed-upon timetable. KPMG's estimated fee also assumes that the Entity's financial statements are in accordance with the applicable financial reporting framework and that there are no significant new or changed accounting policies or issues, or financial reporting, internal control over financial reporting or other reporting issues. KPMG will inform the Entity on a timely basis if these factors are not in place. Additional time may be incurred for such matters as significant issues, significant unusual and/or complex transactions, informing management about new professional standards, and any related accounting advice. Where these matters arise and require research, consultation and work beyond that included in the estimated fee, the Entity and KPMG agree to revise the estimated fee. No significant additional work will proceed without Management's concurrence, and, if applicable, without the concurrence of those charged with governance. Upon completion of these services KPMG will review with the Entity any fees and expenses incurred in excess of KPMG's estimate, following which KPMG will render the final billing.

KPMG's invoices are due and payable upon receipt. Amounts overdue are subject to interest. In order to avoid the possible implication that unpaid fees might be viewed as creating a threat to KPMG's independence, it is important that KPMG's bills be paid promptly when rendered. If a situation arises in which it may appear that KPMG's independence is threatened because of significant unpaid bills, KPMG may be prohibited from signing the report and, if applicable, any consent.

Fees for any other services will be billed separately from the services described in this Engagement Letter and may be subject to written terms and conditions supplemental to those in this letter.

Canadian Public Accountability Board (CPAB) participation fees, when applicable, are charged to the Entity based on the annual fees levied by CPAB.

To the extent that KPMG partners and employees are on the Entity's premises, the Entity will take all reasonable precautions for the safety of KPMG partners and employees at the Entity's premises.



Schedule "A"
TERMS AND CONDITIONS FOR ASSURANCE ENGAGEMENTS

9. LEGAL PROCESSES.

a. The Entity on its own behalf hereby acknowledges and agrees to cause its subsidiaries and affiliates to hereby acknowledge that KPMG may from time to time receive requests or orders from the Canadian Public Accountability Board or from professional, securities or other regulatory, judicial or governmental authorities (both in Canada and abroad) to provide them with information and copies of documents in KPMG's files including (without limitation) working papers and other work-product relating to the affairs of the Entity, its subsidiaries and affiliates, which information and documents may contain confidential information of Entity. Except where prohibited by law, if a request or order is directly related to an inspection or investigation of KPMG's audit of the Entity, KPMG will advise the Entity of the request or order. The Entity hereby acknowledges that KPMG will provide these documents and information without further reference to, or authority from, the Entity, its subsidiaries and affiliates. The Entity must mark any document over which it asserts privilege as "privileged". When such an authority requests access to KPMG's working papers and other work-product relating to the Entity's affairs, KPMG will, on a reasonable efforts basis, refuse access to any document over which the Entity has expressly informed KPMG at the time of delivery that the Entity asserts privilege (by the Entity marking such document as "privileged" as contemplated in the foregoing sentence). Notwithstanding the foregoing, where disclosure of such privileged documents is required by law, KPMG will disclose such privileged documents. If and only if the authority requires such access to such privileged documents pursuant to the laws of a jurisdiction in which express consent of the Entity is required for such disclosure, then the Entity hereby provides its consent.

Where privileged Entity documents are disclosed by KPMG as contemplated above, KPMG is directed to advise the authority that the Entity is permitting disclosure only to the extent required by law and for the limited purpose of the authority's exercise of statutory authority. KPMG is directed to advise the authority that the Entity does not intend to waive privilege for any other purpose and that the Entity expects its documents to be held by the authority as privileged and confidential material. For greater certainty, the Entity and KPMG hereby agree that this acknowledgement (and, if required, consent) does not negate or constitute a waiver of privilege for any purpose and the Entity expressly relies upon the privilege protections afforded under statute and otherwise under law.

The Entity agrees to reimburse KPMG, upon request, at standard billing rates for KPMG's professional time and expenses, including reasonable legal fees, expenses and taxes, incurred in dealing with the matters described above.

b. The Entity agrees to notify KPMG promptly of any request received by Entity from any court or applicable regulatory authority with respect to the services hereunder, KPMG's confidential information, KPMG's advice or report or any related document. If KPMG is required by law, pursuant to government regulation, subpoena or other legal process to produce documents or personnel as witnesses arising out of the engagement and KPMG is not a party to such proceedings, Entity shall reimburse KPMG at standard billing rates for professional time and expenses, including, without limitation, reasonable legal fees, expenses and taxes incurred in responding to such compelled assistance.

c. If the Entity requests that KPMG produce documents or personnel as witnesses in any proceedings in any way related to the engagement or services provided by KPMG hereunder and KPMG is not a party to such proceedings, KPMG may agree to produce documents or personnel as witnesses on such terms and conditions as KPMG may, in its sole discretion, determine. Without limiting the generality of the foregoing, the Entity shall reimburse KPMG at standard billing rates for professional time and expenses, including, without limitation, reasonable legal fees, expenses and taxes incurred in responding to such Entity requests.

10. KPMG INTERNATIONAL MEMBER FIRMS.

The Entity agrees that any claims that may arise out of this engagement will be brought solely against KPMG, the contracting party, and not against any other KPMG International member firms participating in this engagement or such third party service providers referred to in Section 5 above.

11. CONNECTING TO THE ENTITY'S IT NETWORK.

KPMG personnel are authorized to connect their computers to the Entity's IT Network, subject to any restrictions communicated to KPMG from time to time. Connection to the Entity's IT Network or the Internet via the Network,

while at the Entity's premises, will be for the express purpose of conducting normal business activities, primarily relating to facilitating the completion of work referred to in this letter.

12. LIMITATION ON WARRANTIES

THIS IS A SERVICES ENGAGEMENT. KPMG WARRANTS THAT IT WILL PERFORM SERVICES HEREUNDER IN GOOD FAITH WITH QUALIFIED PERSONNEL IN A COMPETENT AND WORKMANLIKE MANNER IN ACCORDANCE WITH APPLICABLE INDUSTRY STANDARDS. SUBJECT TO SECTION 1, KPMG DISCLAIMS ALL OTHER WARRANTIES, REPRESENTATIONS OR CONDITIONS, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES, REPRESENTATIONS OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

13. ALTERNATIVE DISPUTE RESOLUTION.

The parties shall, and shall cause both their and their respective subsidiaries', affiliates' and associated entities' current and former officers, partners, directors, employees, agents and representatives, to first attempt to settle any dispute arising out of or relating to this Engagement Letter or the services provided hereunder (the "Dispute") through good faith negotiations in the spirit of mutual cooperation between representatives of each of the parties with authority to resolve the Dispute. In the event that the parties are unable to settle or resolve a Dispute through negotiation within 30 days of when one of the parties has notified the other party of the Dispute by delivering a notice of dispute, or such longer period as the parties may mutually agree upon, such Dispute shall, as promptly as is reasonably practicable, be subject to mediation pursuant to the National Mediation Rules of the ADR Institute of Canada, Inc. that are in force at the time the notice of dispute is delivered. Any Dispute remaining unresolved for more than 60 days following the parties first meeting with a mediator or such longer period as the parties may mutually agree upon shall, as promptly as is reasonably practicable, be resolved by arbitration pursuant to the Arbitration Rules of the ADR Institute of Canada, Inc. (the "Arbitration Rules") that are in force at the time the Dispute is subject to arbitration. For certainty, the parties hereby waive any right they may otherwise have to bring a court action in connection with a Dispute. The parties also waive any right they may otherwise have to bring or participate in a class, collective, or representative proceeding in connection with a Dispute, whether in court or before an arbitrator. The arbitrator's decision shall be final, conclusive and binding upon the parties, and the parties shall have no right to appeal or seek judicial review of the arbitrator's decision. For certainty, the parties hereby waive any right of appeal which may otherwise be available under applicable legislation or under the Arbitration Rules. The place of mediation and arbitration shall be the city in Canada in which the principal KPMG office that performed the engagement is located. The language of the mediation and arbitration shall be English.

14. LIMITATION PERIOD

Subject to Section 1, no proceeding arising under or relating to the engagement may be brought by either party more than one year after the cause of action has accrued or in any event not more than five years after completion of the engagement, except that a proceeding for non-payment may be brought by KPMG at any time following the date of the last payment due to KPMG hereunder. For purposes of this Section 14, the term "KPMG" shall include its subsidiaries and associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives.

15. COMMENT LETTERS OR EQUIVALENT.

Management agrees to promptly provide us with a copy of any comment letter or request for information issued by a relevant securities regulatory authority on the Entity's continuous disclosure filings or equivalent. If any of the comments pertain to the Entity's financial statements and, when applicable, Management's assessment of the effectiveness of internal control over financial reporting, Management and those charged with governance agree to engage our assistance, subject to any pre-approval process, in the process of responding to such comments.

16. POTENTIAL CONFLICTS OF INTEREST

a. KPMG is engaged by a wide variety of entities and individuals, some of whom may be creditors, investors, borrowers, shareholders, competitors,



Schedule "A"
TERMS AND CONDITIONS FOR ASSURANCE ENGAGEMENTS

suppliers or customers of Entity, or other parties with conflicting legal and business interests to Entity, including, without limitation, in relation to the audit, tax or advisory services provided to Entity by KPMG. KPMG's engagements with such companies and individuals may result in a conflict with Entity's interests.

b. As a condition of KPMG's engagement by Entity, Entity agrees that: (i) without further notice or disclosure, KPMG may accept or continue engagements on unrelated matters to KPMG's engagement for Entity in which KPMG may act contrary to Entity's interests even if those unrelated matters are materially and directly adverse to Entity; and (ii) without further notice or disclosure, KPMG may provide advice or services to any other person or entity making a competing bid or proposal to that of Entity whether or not KPMG is providing advice or services to Entity in respect of Entity's competing bid or proposal.

c. In accordance with professional standards, and except as set out below, KPMG will not use any confidential information regarding Entity in connection with its engagements with other clients, and will establish confidentiality and other safeguards to manage conflicts, which may include, in KPMG's sole discretion, the use of separate engagement teams and data access controls. In no event shall KPMG be liable to Entity or shall Entity be entitled to a return of fees and disbursements incurred on behalf of Entity or any other compensation whatsoever as a result of KPMG accepting or continuing a conflicting engagement.

d. Entity further agrees that KPMG may, in its sole discretion, disclose the fact or general nature of its engagement for Entity to (i) KPMG International and other KPMG International member firms in order to check against potential conflicts of interest, and (ii) to the extent reasonably required in order to obtain the consent of another entity or individual in order to permit KPMG to act for such entity or individual, or for Entity, in connection with the engagement or any future engagement.

e. Where another party has engaged KPMG to deliver services before Entity has done so, and subsequently circumstances change such that there is a conflict, which in KPMG's sole opinion cannot be adequately managed through the use of confidentiality and other safeguards, KPMG shall be entitled to terminate the engagement for Entity, without liability, immediately upon notice.

f. Other KPMG International member firms are engaged by many entities and individuals, including, without limitation, entities and individuals that may enter into transactions or may have disputes with Entity or Entity's related or affiliated entities. Entity agrees that (i) it will not assert that other KPMG International member firms are precluded from being engaged by those other entities or individuals, and (ii) those engagements of other KPMG International member firms do not conflict with KPMG's engagement for Entity.

g KPMG encourages Entity to obtain legal advice with respect to Entity's rights in connection with potential future conflicts prior to entering into the engagement.

17. LOBBYING

Unless expressly stated in this Engagement Letter, KPMG will not undertake any lobbying activity, as that term is defined in all applicable federal, provincial and municipal lobbyist registration statutes and regulations, in connection with the engagement. In the event that KPMG and Entity agree that KPMG will undertake lobbying activity in connection with the engagement, such agreement shall be set out in an amendment to this Engagement Letter.

18. SURVIVAL

All sections hereof other than Section 12 shall survive the expiration or termination of the engagement.

**Schedule "A"****TERMS AND CONDITIONS FOR ADVISORY AND TAX SERVICES****1. TERMS AND CONDITIONS.**

a. These Terms and Conditions are an integral part of the accompanying Proposal or Engagement Letter from KPMG that identifies the engagement to which they relate.

Other capitalized words in these Terms and Conditions shall have the meanings given to them in the Proposal or Engagement Letter.

2. SERVICES.

KPMG will use reasonable efforts to complete the performance of the services within any agreed-upon time-frame. It is understood and agreed that KPMG's services may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, Client. KPMG will not perform management functions or make management decisions for Client. Nothing in these Terms and Conditions or Engagement Letter (or Proposal) shall be construed as precluding or limiting in any way the right of KPMG to provide services of any kind or nature whatsoever to any person or entity as KPMG in its sole discretion deems appropriate.

3. CLIENT RESPONSIBILITIES.

a. Client agrees to cooperate with KPMG in the performance of the services under the Engagement Letter and shall provide or arrange to provide KPMG with timely access to and use of the personnel, facilities, equipment, data and information necessary for KPMG to perform the services under the Engagement Letter. To the extent that KPMG personnel are on Client premises, Client will take all reasonable precautions for the safety of KPMG partners and employees at Client premises. Client shall be responsible for the performance of its employees and agents and for the accuracy and completeness of all data and information provided to KPMG for purposes of the performance by KPMG of its services hereunder. The Proposal or Engagement Letter may set forth additional responsibilities of Client in connection with the engagement. Client acknowledges that Client's failure to perform these obligations could adversely impact KPMG's ability to perform its services.

b. Client agrees that Client, and not KPMG, shall perform the following functions: (i) make all management decisions and perform all management functions; (ii) designate an individual who possesses suitable skill, knowledge and experience, preferably within senior management, to oversee the performance of the services under the Engagement Letter, and to evaluate the adequacy and results of such services; (iii) accept responsibility for the results of such services; and (iv) establish and maintain internal controls over the processes with which such services are concerned, including, without limitation, monitoring ongoing activities.

c. Client acknowledges and agrees that KPMG will, in performing the services, base its conclusions on the facts and assumptions that Client furnishes and that KPMG may use data, material, and other information furnished by or at the request or direction of Client without any independent investigation or verification and that KPMG shall be entitled to rely upon the accuracy and completeness of such data, material and other information. Inaccuracy or incompleteness of such data, material and other information furnished to KPMG could have a material effect on KPMG's conclusions.

d. Client acknowledges that information made available by it, or by others on Client's behalf, or otherwise known to partners or staff of KPMG who are not engaged in the provision of the services hereunder shall not be deemed to have been made available to the individuals within KPMG who are engaged in the provision of the services hereunder. Client undertakes that, if anything occurs after information is provided by Client to KPMG to render such information untrue, unfair or misleading, Client shall promptly notify KPMG.

4. REPORTING.

a. All oral and written communications by KPMG to Client with respect to the engagement, including, without limitation, drafts and those communications occurring prior to the execution of the Engagement Letter will be subject to the terms and conditions of the Engagement Letter and these Terms and Conditions. During the performance of the services, KPMG may supply oral, draft or interim advice, reports or presentations but in such circumstances KPMG's written advice or final written report shall take precedence. No reliance should be placed by Client on any oral, draft or interim advice, reports or presentations. Where Client wishes to rely on

oral advice or oral presentation, Client shall inform KPMG and KPMG will provide documentary confirmation of the advice concerned.

b. Subsequent to the completion of the engagement, KPMG will not update its advice, recommendations or work product for changes or modification to the law and regulations, or to the judicial and administrative interpretations thereof, or for subsequent events or transactions, unless Client separately engages KPMG to do so in writing after such changes or modifications, interpretations, events or transactions occur.

5. WORKING PAPERS AND USE OF REPORTS; USE OF NAME AND LOGO

a. KPMG retains all rights in all methodologies, know-how, knowledge, applications and software developed by KPMG either prior to or during the engagement. KPMG also retains all rights (including, without limitation, copyright) in all reports, written advice and other working papers and materials developed by KPMG during the engagement. Unless contemplated by the Engagement Letter, all reports and written advice are confidential and intended solely for Client's internal use (or the use of Client's management, as applicable) to assist with this specific matter or transaction, and, where applicable, government taxation authorities, and are not for general use, circulation or publication. Such reports and written advice shall not be edited, referred to, circulated, reproduced, distributed, published, made available, used for any other purpose or relied upon by any other person without KPMG's express written permission and on such terms and conditions as KPMG may require in its sole discretion. If such permission is given, Client shall not publish any extract or excerpt of KPMG's written advice or report or refer to KPMG without providing the entire advice or report at the same time. Notwithstanding the foregoing, Client may disclose in whole any report or written advice given to Client by KPMG hereunder solely to Client's legal and professional advisors for the purposes of Client seeking advice in respect of the transaction or matter to which the engagement relates, provided that when doing so Client informs such advisors that: (i) disclosure by them (except as permitted herein) is not permitted without KPMG's prior written consent; and (ii) KPMG accepts no responsibility or liability to such advisors in connection with such reports or written advice. Subject to the restrictions of Section 6, KPMG is entitled to use or develop the knowledge, experience and skills of general application gained through performing the engagement.

b. Client shall not refer to KPMG or use KPMG's name or logo in any manner or medium without the prior written permission of KPMG in each instance, which permission may be unreasonably withheld by KPMG.

c. The contents of this Section 5 may be reproduced in any report or written advice of KPMG, in whole or in part, at KPMG's sole discretion. Any failure of KPMG to include any such language shall not derogate from the obligations set out in this Section 5.

6. CONFIDENTIALITY.

a. Except as described in Section 5 above, Client will treat in confidence any information provided by KPMG to Client, including but not limited to KPMG methodologies, know-how, knowledge, application or software, and will not use or disclose any such confidential information of KPMG to others.

b. Except as expressly set forth herein, KPMG will treat as confidential all proprietary information and personal information obtained from Client in the course of the engagement.

c. The restrictions in subsections 6 (a) and (b) above shall not apply to any information that: (i) is required by law or professional standards applicable to KPMG to be disclosed; (ii) that is in or hereafter enters the public domain; (iii) that is or hereafter becomes known to Client or KPMG, as the case may be, without breach of any confidentiality obligation; or (iv) that is independently developed by KPMG.

d. KPMG shall be entitled to include a description of the services rendered in the course of the engagement in marketing and research materials and disclose such information to third parties, provided that all such information will be rendered anonymous and not subject to association with Client.

e. KPMG shall be entitled to share all information with all other member firms of KPMG International Cooperative ("KPMG International"). KPMG may also use such information to offer services that may be of interest to Client. KPMG may retain and may disclose to other KPMG International member firms, subject to terms of this Section 6, such information required for compliance with applicable professional

**Schedule "A"****TERMS AND CONDITIONS FOR ADVISORY AND TAX SERVICES**

standards or internal policies or for quality reviews or to share best practices.

f. Professional standards require KPMG personnel performing any audit or assurance services for clients to discuss or have available to them all information and materials that may affect the audit or assurance engagement. Client authorizes, if Client is or becomes an assurance Client, KPMG personnel performing services under the engagement to make available to the KPMG assurance engagement team and other KPMG personnel, the findings, observations and recommendations from the engagement and agrees that KPMG may use all such findings, observations and recommendations in KPMG's assurance engagement.

7. USE OF MEMBER FIRMS AND THIRD PARTY SERVICE PROVIDERS.

Personal and/or confidential information collected by KPMG during the course of the engagement may be used, processed and stored outside of Canada by KPMG, KPMG International member firms providing services hereunder, KPMG subsidiaries, affiliates and related parties or third party service providers to provide professional services and administrative, analytical and clerical support and to comply with applicable law, regulations and professional standards. Client also understands and agrees that KPMG aggregates Client's information with information from other sources for the purpose of improving quality and service, and for use in presentations to clients and non-clients, in a form where such information is sufficiently de-identified so as not to be attributable to Client. KPMG represents to Client that each KPMG International member firm; KPMG subsidiary, affiliate and related party and third party service provider providing services hereunder has agreed or shall agree to conditions of confidentiality with respect to Client's information to the same or similar extent as KPMG has agreed pursuant to Section 6. Further, KPMG is responsible to Client for causing such KPMG subsidiaries, affiliates, related parties and third party service providers to comply with such conditions of confidentiality, and KPMG shall be responsible to Client for their failure to comply and failure of each KPMG International member firm providing services hereunder to comply with its obligations of confidentiality owed to KPMG. Any services performed by KPMG subsidiaries, affiliates, related parties and third party service providers shall be performed in accordance with the terms of the Engagement Letter, including Section 6, but KPMG shall remain responsible to Client for the performance of such services and services performed by each KPMG International member firm providing services hereunder. Such personal and/or confidential information may be subject to disclosure in accordance with the laws applicable in the jurisdiction in which the information is processed or stored, which laws may not provide the same level of protection for such information as will Canadian laws. KPMG's Privacy Officer noted in KPMG's Privacy Policy is able to answer any individual's questions about the collection of personal information required for KPMG to deliver services hereunder.

8. TAXES/BILLING/EXPENSES/FEES.

a. All fees and other charges do not include any applicable federal, provincial, or other goods and services or sales taxes, or any other taxes or duties whether presently in force or imposed in the future. Any such taxes or duties shall be assumed and paid by Client without deduction from the fees and charges hereunder.

b. Bills will be rendered on a regular basis as the engagement progresses. For certainty, Client acknowledges that to the extent a subsidiary, affiliate or related party of KPMG is engaged by KPMG to assist KPMG in providing the services hereunder, Client may receive bills from such subsidiary, affiliate or related party of KPMG for such services. Accounts are due when rendered. Interest on overdue accounts is calculated at the rate noted on the invoice commencing 30 days following the date of the invoice.

c. Without limiting its rights or remedies, KPMG shall have the right to halt or terminate entirely its services until payment is received on past due invoices.

9. LIMITATION ON WARRANTIES.

THIS IS A SERVICES ENGAGEMENT. KPMG WARRANTS THAT IT WILL PERFORM SERVICES HEREUNDER IN GOOD FAITH WITH QUALIFIED PERSONNEL IN A COMPETENT AND WORKMANLIKE MANNER IN ACCORDANCE WITH APPLICABLE INDUSTRY STANDARDS. KPMG DISCLAIMS ALL OTHER WARRANTIES, REPRESENTATIONS OR CONDITIONS, EITHER EXPRESS OR

IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES, REPRESENTATIONS OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

10. LEGAL PROCEEDINGS.

a. Client agrees to notify KPMG promptly of any request received by Client from any court or applicable regulatory authority with respect to the services hereunder, KPMG's confidential information, KPMG's advice or report or any related document.

b. If KPMG is required by law, pursuant to government regulation, subpoena or other legal process to produce documents or personnel as witnesses arising out of the engagement and KPMG is not a party to such proceedings, Client shall reimburse KPMG at standard billing rates for professional time and expenses, including, without limitation, reasonable legal fees, expenses and taxes incurred in responding to such compelled assistance.

c. If Client requests that KPMG produce documents or personnel as witnesses in any proceedings in any way related to the engagement or services provided by KPMG hereunder and KPMG is not a party to such proceedings, KPMG may agree to produce documents or personnel as witnesses on such terms and conditions as KPMG may, in its sole discretion, determine. Without limiting the generality of the foregoing, Client shall reimburse KPMG at standard billing rates for professional time and expenses, including, without limitation, reasonable legal fees, expenses and taxes, incurred in responding to such Client requests.

d. Client acknowledges that KPMG may from time to time receive requests or orders from professional, securities or other regulatory, judicial or governmental authorities (both in Canada and abroad) to provide them with information and copies of documents in KPMG's files including, without limitation, working papers and other work-product relating to Client, which information and documents may contain confidential information of Client. Except where prohibited by law, KPMG will advise Client of the request or order. Client hereby acknowledges that KPMG will provide these documents and information without further reference to, or authority from Client.

Client must mark any document over which it asserts privilege as "privileged". When such an authority requests access to KPMG's working papers and other work-product relating to Client's affairs, KPMG will, on a reasonable basis, refuse access to any document over which Client has expressly informed KPMG at the time of delivery that the Client asserts privilege (by the Client marking such document as "privileged" as contemplated in the foregoing sentence). Notwithstanding the foregoing, where disclosure of documents is required by law, KPMG will disclose such privileged documents. If and only if the authority requires such access to such privileged documents pursuant to the laws of a jurisdiction in which express consent of the Client is required for such disclosure, then Client hereby provides its consent.

Where privileged Client documents are disclosed by KPMG as contemplated above, KPMG is directed to advise the authority that Client is permitting disclosure only to the extent required by law and for the limited purpose of the authority's exercise of statutory authority. KPMG is directed to advise the authority that Client does not intend to waive privilege for any other purpose and that Client expects its documents to be held by the authority as privileged and confidential material. For greater certainty, Client and KPMG hereby agree that this acknowledgement (and, if required, consent) does not negate or constitute a waiver of privilege for any purpose and Client expressly relies upon the privilege protections afforded under statute and otherwise under law.

11. LIMITATION PERIOD.

No proceeding arising under or relating to the engagement, may be brought by either party more than one year after the cause of action has accrued or in any event not more than five years after completion of the engagement in the case of an advisory services engagement and not more than eight years after completion of the engagement in the case of a tax services engagement, except that a proceeding for non-payment may be brought by KPMG at any time following the date of the last payment due to KPMG hereunder. For purposes of this Section 11, the term KPMG shall include its subsidiaries and associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives.

**Schedule "A"****TERMS AND CONDITIONS FOR ADVISORY AND TAX SERVICES****12. E-MAIL COMMUNICATION.**

Client recognizes and accepts the risks associated with communicating by Internet e-mail, including (but without limitation) the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless Client requests in writing that KPMG does not communicate by Internet e-mail, Client assumes all responsibility or liability in respect of the risk associated with its use.

13. POTENTIAL CONFLICTS OF INTEREST.

a. For purposes of this Section 16, "KPMG" means KPMG LLP and KPMG subsidiaries, affiliates and related parties providing services hereunder, if applicable. KPMG is engaged by a wide variety of entities and individuals, some of whom may be creditors, investors, borrowers, shareholders, competitors, suppliers or customers of Client, or other parties with conflicting legal and business interests to Client, including, without limitation, in relation to the audit, tax or advisory services provided to Client by KPMG. KPMG's engagements with such companies and individuals may result in a conflict with Client's interests.

b. As a condition of KPMG's engagement by Client, Client agrees that: (i) without further notice or disclosure, KPMG may accept or continue engagements on unrelated matters to KPMG's engagement for Client in which KPMG may act contrary to Client's interests even if those unrelated matters are materially and directly adverse to Client; and (ii) without further notice or disclosure, KPMG may provide advice or services to any other person or entity making a competing bid or proposal to that of Client whether or not KPMG is providing advice or services to Client in respect of Client's competing bid or proposal.

c. In accordance with professional standards, and except as set out below, KPMG will not use any confidential information regarding Client in connection with its engagements with other clients, and will establish confidentiality and other safeguards to manage conflicts, which may include, in KPMG's sole discretion, the use of separate engagement teams and data access controls. In no event shall KPMG be liable to Client or shall Client be entitled to a return of fees and disbursements incurred on behalf of Client or any other compensation whatsoever as a result of KPMG accepting or continuing a conflicting engagement.

d. Client further agrees that KPMG may, in its sole discretion, disclose the fact or general nature of its engagement for Client to (i) KPMG International and other KPMG International member firms in order to check against potential conflicts of interest, and (ii) to the extent reasonably required in order to obtain the consent of another entity or individual in order to permit KPMG to act for such entity or individual, or for Client, in connection with the engagement or any future engagement.

e. Where another party has engaged KPMG to deliver services before Client has done so, and subsequently circumstances change such that there is a conflict, which in KPMG's sole opinion cannot be adequately managed through the use of confidentiality and other safeguards, KPMG shall be entitled to terminate the engagement for Client, without liability, immediately upon notice.

f. Other KPMG International member firms are engaged by many entities and individuals, including, without limitation, entities and individuals that may enter into transactions or may have disputes with Client or Client's related or affiliated entities. Client agrees that (i) it will not assert that other KPMG International member firms are precluded from being engaged by those other entities or individuals, and (ii) those engagements of other KPMG International member firms do not conflict with KPMG's engagement for Client.

g. KPMG encourages Client to obtain legal advice with respect to Client's rights in connection with potential future conflicts prior to entering into the engagement.

14. FORCE MAJEURE.

Neither Client nor KPMG shall be liable for any delays resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, act of God, strike or labour dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.

15. INDEPENDENT CONTRACTOR.

It is understood and agreed that each of the parties hereto is an independent contractor and that neither party is, nor shall be considered to be, an agent, distributor or representative of the other. Neither party shall act or represent itself, directly or by implication, as an agent of the other or

in any manner assume or create any obligation on behalf of, or in the name of, the other.

16. SURVIVAL.

Sections 1, 4(b), 5-16, 18-30, 31(a) and (c)-(g), and 33-34 hereof shall survive the expiration or termination of the engagement.

17. SUCCESSORS AND ASSIGNS.

These Terms and Conditions and the accompanying Proposal or Engagement Letter shall be binding upon the parties hereto and their respective subsidiaries and associated and affiliated entities and their respective partners, directors, officers and employees and successors and permitted assigns. Except as provided below, neither party may assign, transfer or delegate any of the rights or obligations hereunder without the prior written consent of the other party. KPMG may assign its rights and obligations hereunder to any affiliate or successor in interest to all or substantially all of the assets or business of the relevant KPMG practice, without the consent of Client. In addition, KPMG may arrange for or engage (as applicable) KPMG affiliates, subsidiaries, related parties, independent contractors and KPMG International member firms to assist KPMG in performing the services hereunder.

18. SEVERABILITY.

The provisions of these Terms and Conditions and the accompanying Proposal or Engagement Letter shall only apply to the extent that they are not prohibited by a mandatory provision of applicable law, regulation or professional standards. If any of these provisions shall be held to be invalid, void or unenforceable, then the remainder of these Terms and Conditions and the attached Proposal or Engagement Letter, as the case may be, shall not be affected, impaired or invalidated, and each such provision shall be valid and enforceable to the fullest extent permitted by law.

19. GOVERNING LAW.

These Terms and Conditions and the accompanying Proposal or Engagement Letter shall be subject to and governed by the laws of the province in which KPMG's principal Canadian office performing the engagement is located (without regard to such province's rules on conflicts of law).

20. PUBLICITY.

Upon the closing of a transaction, KPMG will have the right (but shall not be obliged), at its expense, to publicize its association with the transaction by way of public announcement in "tombstone" or similar format, subject to prior review of the wording for any such announcement with Client.

21. KPMG INTERNATIONAL MEMBER FIRMS.

In the case of multi-firm engagements, all KPMG International member firms performing services hereunder shall be entitled to the benefits of these Terms and Conditions. Client agrees that any Claims that may arise out of the engagement will be brought solely against KPMG, the contracting party, and not against any other KPMG International member firms or such third party service providers referred to in Section 8 above.

26. SPECIFIC ACCOUNTING AND OTHER ADVICE.

Except as set forth in the Engagement Letter, the engagement does not contemplate the provision of specific accounting advice or opinions or the issuance of a written report on the application of accounting standards to specific transactions and facts and circumstances of Client. Such services, if requested, would be provided pursuant to a separate engagement.

Client should consult with and/or engage legal counsel for the purpose of advising on legal aspects of matters on which KPMG provides its advice and drafting any legal documents and/or agreements that may be required. To the extent legal counsel or other professional service providers are required, Client is exclusively responsible for engaging and paying such service providers.

27. TAX SERVICES.

a. If tax work is specifically requested by Client, KPMG will perform the procedures in accordance with this Section 29. KPMG will base its findings exclusively on the facts and assumptions provided to KPMG by Client and Client's personnel and advisors. KPMG will consider the applicable provisions of the relevant taxing statutes, the regulations

**Schedule "A"****TERMS AND CONDITIONS FOR ADVISORY AND TAX SERVICES**

thereunder, applicable tax treaties and judicial and administrative interpretations thereof. In the case of Canadian tax services only, KPMG will also take into account all specific proposals to amend such statutes, regulations and treaties publicly announced prior to the date of KPMG's reports, based on the assumption that these amendments will be enacted substantially as proposed. For certainty, in the case of US tax services, KPMG shall not take into account any specific proposals to amend such statutes, regulations and treaties. The authorities referred to in this subsection 29(a) are subject to change, retroactively and/or prospectively, and any such changes could affect the validity of KPMG's findings and may result in incremental taxes, interest or penalties. KPMG's findings will not otherwise take into account or anticipate any changes in law or practice, by way of judicial, governmental or legislative action or interpretation. Unless Client specifically requests otherwise, KPMG will not update tax work to take any such changes into account.

b. KPMG will use professional judgment in providing advice, and will, unless Client instructs otherwise, take the position most favourable to Client whenever reasonable. All returns are subject to examination by tax authorities, and KPMG's advice may be audited and challenged by a tax authority. Client understands that KPMG's conclusions are not binding on tax authorities or the courts and should not be construed as a representation, warranty or guarantee that the tax authorities or courts will agree with KPMG's conclusion.

c. Client is also responsible for ensuring that KPMG's advice is implemented strictly in accordance with KPMG's recommendations. KPMG is not responsible for any penalties or interest assessed against Client as a result of a failure by Client to provide KPMG with accurate and complete information.

d. Unless expressly provided for, KPMG's services do not include representing Client in the event of a challenge by the Canada Revenue Agency or other tax or revenue authorities.

for more than 60 days following the parties first meeting with a mediator or such longer period as the parties may mutually agree upon shall, as promptly as is reasonably practicable, be resolved by arbitration pursuant to the Arbitration Rules of the ADR Institute of Canada, Inc. (the "Arbitration Rules") that are in force at the time the Dispute is subject to arbitration. For certainty, the parties hereby waive any right they may otherwise have to bring a court action in connection with a Dispute. The parties also waive any right they may otherwise have to bring or participate in a class, collective or representative proceeding in connection with a Dispute, whether in court or before an arbitrator. The arbitrator's decision shall be final, conclusive and binding upon the parties, and the parties shall have no right to appeal or seek judicial review of the arbitrator's decision. For certainty, the parties hereby waive any right of appeal which may otherwise be available under applicable legislation or under the Arbitration Rules. The place of mediation and arbitration shall be the city in Canada in which the principal KPMG office that performed the engagement is located. The language of the mediation and arbitration shall be English.

28. LOBBYING

Unless expressly stated in the Engagement Letter, KPMG will not undertake any lobbying activity, as that term is defined in all applicable federal, provincial and municipal lobbyist registration statutes and regulations, in connection with the engagement. In the event that KPMG and Client agree that KPMG will undertake lobbying activity in connection with the engagement, such agreement shall be set out in an amendment to the Engagement Letter.

29. LLP.

KPMG LLP is a registered limited liability partnership ("LLP") established under the laws of the Province of Ontario and, where applicable, has been registered extra-provincially under provincial LLP legislation. KPMG is a partnership, but its partners have a degree of limited liability. A partner is not personally liable for any debts, obligations or liabilities of the LLP that arise from a negligent act or omission by another partner or any person under that other partner's direct supervision or control. The legislation relating to limited liability partnerships does not, however, reduce or limit the liability of the firm. The firm's insurance exceeds the mandatory professional indemnity insurance requirements established by the relevant professional bodies. Subject to the other provisions hereof, all partners of the LLP remain personally liable for their own actions and/or actions of those they directly supervise or control.

30. ALTERNATIVE DISPUTE RESOLUTION.

The parties shall, and shall cause both their and their respective subsidiaries', affiliates' and associated entities' current and former officers, partners, directors, employees, agents and representatives, to first attempt to settle any dispute arising out of or relating to the Engagement Letter or the services provided hereunder (the "Dispute") through good faith negotiations in the spirit of mutual cooperation between representatives of each of the parties with authority to resolve the Dispute. In the event that the parties are unable to settle or resolve a Dispute through negotiation within 30 days of when one of the parties has notified the other party of the Dispute by delivering a notice of dispute, or such longer period as the parties may mutually agree upon, such Dispute shall, as promptly as is reasonably practicable, be subject to mediation pursuant to the National Mediation Rules of the ADR Institute of Canada, Inc. that are in force at the time the notice of dispute is delivered. Any Dispute remaining unresolved



London
C A N A D A

The Corporation of The City of London

Request for Proposal 16-31

External Audit Services

Proposal submissions must be received by Purchasing and Supply in a sealed envelope or package clearly marked with the Name and Address of the Proponent, Title of File and File Number. Completed proposal submissions can be hand delivered (In Person or by Courier) to Purchasing & Supply, 267 Dundas Street, 4th Floor, London, Ontario N6A 1H2. Proponents are solely responsible for ensuring proposal submissions are received by Purchasing & Supply prior to the Closing Date and Time. Hours of Service: Monday to Friday, 8:30 am to 4:30 pm. **Failure to Submit the Proposal Submission as Requested Will Result in the Proposal Submission Being Rejected.**

Request for Proposal documents are available for download from Biddingo.com or pick-up at the City of London's Purchasing and Supply office. Only proposal submissions received from Proponents who have obtained the documents directly from Biddingo.com or the City of London's Purchasing and Supply office will be considered for this Request for Proposal. **Proponents who have not obtained their Request for Proposal documents through either of these two acceptable methods shall have their proposal submission Rejected.**



**SCHEDULE A
Schedule "B"
The Corporation of the City of London**

Purchasing and Supply
267 Dundas Street, 4th
London, Ontario N6A 1H2
[City of London](#)

Proposal Checklist

1. Have you complied with the "Submission Instructions", Section 6.0? _____
 2. Have you complied with the "Submission Requirements", Section 10.0? _____
 3. Have you acknowledged the number of addenda issued in the appropriate space provided in Section 12.8 of the Form of Proposal? _____
Failure to acknowledge receipt of all addenda on the Form of Proposal will result in your proposal submission being rejected.
 4. Have you purchased the bid documents at the City of London's Purchasing and Supply Office (hard copy) or from [Biddingo.com](#) (electronic copy)? _____
 5. Form of Proposal – Original Signature in Ink, Section 12.0? _____
Failure to do so shall result in the proposal submission being rejected.
 6. Have you included the USB flash drive? _____
-

Document Fees (Non Refundable)

Original Hard Copy – Cost is \$55.00 – Cheque made payable to the "City Treasurer".

1. Upon request, the City will mail out a hard copy of the original document, including drawings (if applicable).
2. Notify Proponent who was awarded the contract.

**SCHEDULE A
Schedule"B"**

**PROPONENTS PLEASE READ
GENERAL CONDITIONS, INSTRUCTIONS & INFORMATION FOR PROPONENTS**

1. Definitions Pertaining to the Conditions, Instructions & Information Listed Below

Request for bids: is used in place of request for bid
, quote, proposal, and information in the appropriate context; Proponent: a person, corporation or other entity that responds, or intends to respond to a request for bids; Successful Proponent: a person, corporation or other entity that is awarded the contract or purchase order resulting from a request for bids.

2. Warranties for Usage

Whenever requests for bids are issued, seeking a source of supply for materials or services, the quantities or usage shown are estimated ONLY unless otherwise stated. No guarantee or warranty is given or implied by the City as to the total amount that may or may not be purchased from any resulting contracts. These quantities are for Proponent's information ONLY and will be used for tabulation and presentation of bid prices and the City reserves the right to increase or decrease quantities as required.

3. Brand Names

If and wherever in the specification a brand name, make, name of any manufacturer, trade name or vendor catalogue number is mentioned, it is for the purpose of establishing a grade or quality of material only, unless specified otherwise. Since the City does not wish to rule out other competition and equal brands or makes, the phrase "OR APPROVED EQUAL" may be added. However, if a product other than the specified is bid, it is the Proponent's responsibility to name such product within the submitted document and to prove to the City that said product is equal to the specifications and to submit brochures, samples and/or specifications in detail on item(s) bid. The City shall be the judge concerning the merits of bids submitted.

4. Samples and Demonstrations

Evidence in the form of samples may be requested. Such samples are to be furnished after the date of request for bids opening, only upon request of the City, unless otherwise stated in the document. If samples are requested, samples must be received by the City no later than seven (7) days after formal request is made. When required, the City may request full demonstrations of any unit/s bid prior to the award of any contract. Samples, when requested, must be furnished free of expense to the City and, if not used in testing, or destroyed, will, upon request within thirty (30) days of award, be returned at the Proponent's expense. Samples are to be provided as noted with the bid submission, addressed to Purchasing & Supply, 267 Dundas Street, 4th floor, London, Ontario N6A 1H2.

5. Quality

All materials used for the manufacture or construction of any supplies, materials or equipment covered by this RFP shall be new, the latest model, of the best quality and highest grade and workmanship.

6. Acceptance of Material

The material delivered under this request for bids shall remain the property of the seller until a physical inspection and actual usage of this material and/or service is made and thereafter accepted to the satisfaction of the City and must comply with the terms herein and be fully in accord with the specifications and of the highest quality. In the event the material and/or service supplied to the City is found to be defective or does not conform to specifications, the City reserves the right to cancel the order upon written notice to the seller and return the product to the seller at the seller's expense.

SCHEDULE A
Schedule "B"
PROPONENTS PLEASE READ
GENERAL CONDITIONS, INSTRUCTIONS & INFORMATION FOR PROPONETS

7. Variations to Specifications

For purposes of evaluation, Proponents MUST indicate any variances from our specifications, terms and/or conditions, no matter how slight. If variations are not stated or referenced in the space provided on the Form of Proposal, it will be assumed the product or service fully complies with the City's specifications, terms and conditions.

8. Delivery

Time will be of the essence for any orders placed as a result of this requests for bids. The City reserves the right to cancel such orders, or any part thereof, without obligations if delivery is not made at the time(s) specified.

9. Default Provision

In cases of default by the Successful Proponent, the City may take such action as it deems appropriate, including the procurement of the articles or services from other sources and holding the Successful Proponent responsible for any excess costs occasioned or incurred thereby.

10. Copyrights or Patent Rights

The Proponent warrants that there has been no violation of copyrights or patent rights in manufacturing, producing or selling the goods shipped or ordered as a result of this bid and seller agrees to hold the purchaser harmless from any and all liability, loss or expense occasioned by any such violation.

11. Safety Standards

The Proponent warrants that the product supplied to the City conforms in all respects to the standards set forth by Federal and Provincial agencies and failure to comply with this condition will be considered a breach of contract.

12. Manufacturer's Certification

The City reserves the right to request from the Proponent separate manufacturer's certification of all statements made in the bid document.

13. Signed Bid to be Considered an Offer

The submission of an originally signed bid document to the City shall be deemed to constitute an "Offer" which may be accepted, at the option of the City by:

- a) Written acknowledgement of acceptance; and **OR** b) The issuance of a "purchase order".

And upon such acceptance the terms, conditions and specifications herein set forth shall be confirmed and binding upon the City and the Proponent. Upon acceptance of the bid, both parties hereto agree to do everything necessary to ensure that the terms of this agreement take effect.

The failure of either party at any time to require performance by the other party of any provision hereof shall in no way affect his right thereafter to enforce such provision or to seek damages for the breach thereof. It is agreed between the parties that neither party shall be held responsible for damages caused by delay or failure to perform his undertakings hereunder when such delay or failure is due to fires, strikes, floods, Acts of God or the Queen's enemies, lawful acts of public authorities or delays or defaults caused by common carriers, which cannot reasonably be foreseen or provided against.

SCHEDULE A
Schedule "B"
PROPONENTS PLEASE READ
GENERAL CONDITIONS, INSTRUCTIONS & INFORMATION FOR PROPONETS

14. Oral Instructions or Suggestions

The City will assume no responsibility for oral instruction or suggestions. All official correspondence in regard to the specifications should be directed to and will be issued by the Manager of Purchasing & Supply.

15. Discrepancies and Omissions

Should the Proponent find discrepancies in, or omissions from the specifications, or should he be in doubt as to their meaning, he shall notify the Manager - Purchasing & Supply who may, if necessary, issue Addenda through Biddingo.com.

16. Specifications

No Successful Proponent is relieved from supplying all components necessary to render the material(s) and/or service(s) fit for the use specified in the governing documents merely because detailed specifications on the various components are not set out in the documents.

17. Reservations for Rejection and Award

The City reserves the right to accept or reject any or all bids or parts of bids, to waive irregularities and technicalities and to request rebids on the required material(s). It further reserves the right to award the contract on split-order basis, lump sum or individual item basis or such combination as shall best serve the interests of the City in the opinion of the Manager - Purchasing & Supply and the applicable Department, unless otherwise stated. The City also reserves the right to waive minor variations to specifications (interpretation of minor variances will be made by the applicable Department personnel).

18. Bid Attachments

A response to a request for bids which has attached a condition of sale or any other attachment which alters the specifications, conditions or terms, or makes it subordinate, may be cause for rejection.

19. Additional General Conditions

Instructions to Proponents and Information for Proponents dealing with the specific requirements of this request for bids are included in the attached request for bid documents.

20. Successors and Assigns

The contract shall apply to and be binding on the parties hereto and their successors, administrators, executors and assigns and each of them.

21. Sub-Contracts

The Successful Proponent shall not, without the written consent of the City, make any assignment or sub-contract for the provision of any goods or services hereby bid on.

22. Warranty

In supplement of, and not by way of substitution for the terms and conditions or any warranty stipulated or implied by law and notwithstanding prior acceptance by the City, the Successful Proponent will at any time within three (3) months of delivery thereof, and at their expense replace any goods which are or become defective as a result of faulty or inefficient manufacture, materials or workmanship.

23. Laws

It is agreed that the goods and services supplied shall comply with all Federal laws and other Province of Ontario laws applying thereto.



SCHEDULE A
Schedule "B"
The Corporation of the City of London

Request for Proposal 16-31
External Audit Services

1.0	Definitions.....	1
2.0	Purpose	1
3.0	Background	1
3.1	Reporting Structures	4
3.2	Audit Committee.....	4
3.3	Internal Audit Services	5
3.4	Entities Requiring External Audit Service	5
4.0	RFP Schedule.....	6
5.0	Information for Proponents	6
6.0	Submission Instructions	7
6.1	Closing Date and Time	7
6.2	Late Submissions.....	7
6.3	Period of Acceptance	8
6.4	Questions/Inquiries.....	8
6.5	Rights Reserved by the City	9
6.6	Access to Information.....	9
6.7	Joint Submission	9
6.8	Nomination of Sub-Consultants	9
6.9	Multiple Proposals.....	10
6.10	Treatment of Information	10
7.0	Requirements at Time of Execution	10
7.1	Insurance	10
7.2	Workplace Safety & Insurance Board.....	11
7.3	Workers Compensation Declaration	11
7.4	Safety Policies and Procedures and Related Documentation	12
7.5	Non-Disclosure Agreement	12
7.6	Agreement(s)	12
8.0	Terms and Conditions.....	12
8.1	Contract Period	12
8.2	Pricing.....	12
8.3	Taxes.....	13
8.4	Non-resident Withholding Tax	13
8.5	Cancellation	13
8.6	Personal Information	13
8.7	Approved Forms – Collection of Personal Information.....	13
8.8	Records Retention	14
8.9	Declaration of Conflict of Interest.....	14
8.10	Code of Conduct	14
8.11	Assignment	14
8.12	Ownership of Materials, Reports, Designs, Specifications & Training Materials.....	14
8.13	Non-disclosure	14

**SCHEDULE A
Schedule "B"**



The Corporation of the City of London

**Request for Proposal 16-31
External Audit Services**

8.14	Confidentiality.....	15
8.15	Compliance with the Accessibility for Ontarians with Disabilities Act, 2005	15
8.16	Changes in Law	15
8.17	Environmental Considerations.....	16
8.18	Exclusion of Proponent in Litigation.....	16
8.19	Exclusion of Proponent Due To Poor Performance	16
8.20	Verification of Information.....	16
8.21	Proponents' Expenses, Contractual or Financial Obligations.....	17
8.22	Debriefing.....	17
9.0	Scope of Work	17
9.1	General	17
9.2	Annual Schedule	18
9.3	Qualified Statements	18
9.4	Meetings and Subsequent Assistance.....	18
9.5	Audit Management Letter	19
9.6	Evaluating the Auditors' Performance	19
10.0	Submissions Requirements	20
10.1	General	20
10.2	Administration Fee	20
10.3	Mandatory Requirements	20
10.4	Specific Requirements	20
10.5	Municipal Audit Experience and References	21
10.6	Electrical Distribution Entities Audit Experience.....	21
10.7	Specialized Advisory Services.....	22
10.8	Proposed Audit Team and Resources	22
10.9	Proposed Audit Approach and Techniques	23
10.10	Approach to Project Delivery	23
10.11	Audit Fees Schedule	24
11.0	Evaluation Criteria	24
11.1	Evaluation Team	24
11.2	Evaluation Process.....	25
11.3	Submission Weighting.....	25
11.4	Interview & Presentation (if required)	26
11.5	Best and Final Offer (BAFO) (if required)	26
11.6	Award Recommendation to City Council	27
11.7	Selection Process	27
12.0	Form of Proposal	28
Appendix A - Price Detail Form – Part A and Part B		
Appendix B - Most Recent Completed City of London Financial Statements including Boards and Commissions (2014)		
Appendix C - Approximate Start Times for 2015 Financial Statement Audits		



SCHEDULE A
Schedule "B"
The Corporation of the City of London
Purchasing and Supply
267 Dundas Street, 4th
London, Ontario N6A 1H2
[City of London](#)

Request for Proposal 16-31
External Audit Services

June 3, 2016

1.0 Definitions

For a list of definitions please see section 3.0 of the Procurement of Goods and Service Policy per the following link: [Procurement of Goods and Services Policy](#).

2.0 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 External Audit Services to the City, including its Boards and Commissions. The City is also a member of the Joint Board of Management for each of the Lake Huron and Elgin Area Primary Water Supply Systems. The City has assumed the role of Administering Municipality responsible for the administration of the systems on behalf of the participating municipalities.

3.0 Background

London, a City with a population of 381,310 (2015) 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.

London has 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, courts administration and prosecutions, public works including roads, water and sewer, hydro, garbage and recycling services, public health services, a home for the aged, social services, social housing, parks and recreation services, libraries, museums, planning and development, a convention centre and a public market.

The City has 10 Service Areas: City Manager's Office, City Solicitor's Office, Environmental and Engineering Services, Parks and Recreation, Housing, Social Services and Deerness Home, Finance and Corporate Services, Development and Compliance Services, Neighbourhood, Children and Fire Services, Human Resources and Corporate Services, and Planning.

In addition, there are several Boards and Commissions including; London Transit Commission, London Convention Centre, Covent Garden Market, London Downtown, Argyle and Old East Village Business Improvement Areas, London Public Library Board, London & Middlesex Housing Corporation, Museum London, Eldon House Corporation, Middlesex-London Health Unit, Housing Development Corporation, London, Public Utilities Commission and London Hydro Inc. The London Police Services Board does not require their own financial statement audit but are part of the City of London consolidated. In addition the City acts as administrator for the Lake Huron and Elgin Area Joint Water Boards.

3.0 Background...cont'd

The City is the sole shareholder of London Hydro Inc. London Hydro is regulated by the Ontario Energy Board and report under the International Financial Reporting Standards (IFRS) accounting standard.

The Housing Development Corporation, London is the City's only municipal services corporation. It was incorporated on October 26, 2015 with the City as the sole shareholder and began operations during 2016.

The Public Utility Commission of the City of London is a separate legal entity, incorporated under the *Business Corporations Act* (Ontario) with the City as the sole shareholder. Certain property containing historic coal tar deposits is retained by this corporation.

The City is a member of the Joint Board of Management for each of the Lake Huron and Elgin Area Primary Water Supply Systems. The City of London has assumed the role of Administering Municipality responsible for the administration of the systems on behalf of the participating municipalities. As administering municipality, the City is responsible for keeping books, records and accounts, preparing capital and operating budgets, raising capital financing, holding reserve funds, and operating bank accounts. The City is also responsible with the Joint Boards for having the records audited on an annual basis.

The Consolidated Financial Statements combine the financial results of the City's departments with the financial results of the boards, commissions and government business enterprises that the City effectively controls. In 2014, the operation of these services totalled approximately \$994 million and the City's capital infrastructure resulted in tangible capital asset acquisitions of \$199 million. Additional Financial material can be found at the following links:

[2014 Consolidated Financial Report](#)
[2016-2019 Multi-Year Budget](#)
[2014 Financial Information Return \(FIR\) - London](#)

Each year Moody's Investors Service reviews the credit worthiness of the City and then assigns the City a credit rating for the year. Moody's is provided access to numerous documents, including the above noted documents as part of their review. Moody's Investors Service is a leading provider of credit ratings, research, and risk analysis. The firm's ratings and analysis track debt covering more than 115 countries, 10,000 corporate issuers, 22,000 public finance issuers, and 82,000 structured finance obligations. For 2014, the City received the highest possible rating, Aaa, for the 38th consecutive year.

The City uses the JD Edwards ERP system for all of its major corporate financial systems. The City is currently using the JD Edwards EnterpriseOne version 9.0.2. The suite of systems includes human resources, payroll, general ledger, budget, accounts payable, fixed assets, fleet and facility management, purchasing and inventory. There are also other significant systems: CLASS (POS system used for Clerks, Parking, Parks and Recreation), Vailtech for property taxes, Amanda for building permits, Goldcare for Dearness Home for the Aged, SAMS for Social Services and ICON for Courts Administration of Provincial Offences.

**SCHEDULE A
Schedule "B"**

3.0 Background...cont'd

The majority of systems are administered using a consistent process in our IT department, however, there are a few systems such as Kronos time recording in Payroll that are administered departmentally.

The underlying database management systems are either based on Oracle or Microsoft SQL Server. The City's operating systems are Microsoft based. There are seventy (70) different locations, one data centre, with both voice and data, the City has its own fibre network and also contracts out some managed network services for WAN.

Many of the Boards and Commissions have their own systems for both accounting and operational needs. In most instances, the Boards and Commissions will include a download of transactional data provided to the auditors from the various systems.

The Housing Development Corporation, London, the Public Utility Commission and the Lake Huron and Elgin Area Primary Water Supply Systems' accounting records are maintained by the City, within the City's corporate financial system, JD Edwards.

The Systems utilized by the other various Boards and Commissions are summarized below:

Board/Commission	Accounting System	Database Management System	Operating System
Argyle Business Improvement Area Board of Management	QuickBooks	N/A	Windows Server
Covent Garden Market Corporation	Yardi Enterprise Property Management version 4.6.24	Microsoft SQL Server 2008 Enterprise edition (64 bit)	Windows 7 Professional
Eldon House Corporation	Sage 50	N/A	Windows 8/10
London Convention Centre Corporation	Ungerboeck	Microsoft SQL	Microsoft Server 2012
London Downtown Business Association	Sage 50	FileMaker Pro 13	Windows 7
London Hydro Inc.	JDE (accounting system) SAP (billing system)	Oracle	Windows 7 Enterprise
London Public Library Board	SAGE 300 ERP	MS SQL	Windows Server

**SCHEDULE A
Schedule"B"**

3.0 Background...cont'd

Board/Commission	Accounting System	Database Management System	Operating System
London & Middlesex Housing Corporation	Yardi Enterprise (in process of moving to HSC InSite)	SQL Server Database	Microsoft Windows Server 2003 r2
London Transit Commission	Sage PFW ERP V5.9.2 (GL- A/R, A/P, Bank Rec, Financial Reporting)	Pervasive SQL	Windows 7 Professional
	Enrich Equipment Management System V6.0.00 – for Inventory Control and Fixed Assets Maintenance	iSeries Access	IBM AS/400
Middlesex-London Health Unit	Microsoft Dynamics 2015	SQL Server Database	Windows Server R2012, workstations are Windows 7
Museum London	Accpac ERP 500 Version 6.0A	MS SQL 2008 R2	Windows Server
Old East Village Business Improvement Area	Simply Accounting by SAGE 2008	Microsoft Excel 2007	Windows 7

3.1 Reporting Structures

The External Auditors are appointed in accordance with the *Municipal Act, 2001*. They provide specific reports to the Audit Committee of Council through the Administration. The Administration has the authority to address audit-related issues. The External Auditors are required to report to the governing bodies of local Boards and Commissions where separate audited financial statements are issued.

3.2 Audit Committee

The Audit Committee is a committee of City Council. It is composed of four (4) members of the Municipal Council, and one citizen appointee (with a professional accounting designation). The Committee meets at least four (4) 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 on by the other committees.

3.0 Background...cont'd

3.2 Audit Committee...cont'd

The responsibilities of the Committee include satisfying itself as to the existence and terms of an Engagement Letter from the external auditors; reviewing the arrangements for the annual audit's scope, accounting principles, materiality limits, and fees; reviewing the auditors' report and audited financial statement and satisfying itself that the external auditors have no reservations about the statements; satisfying itself that there are no unresolved issues between Administration and the external auditors; reviewing the external auditors' management letter and recommending the appointment of new auditors on the advice of the Administration.

3.3 Internal Audit Services

- a) In 2010 an external firm was appointed, reporting to the Audit Committee, to be responsible for the internal audit services, which includes conducting of financial, compliance, value for money, operational, performance and other audits and reviews. The internal audit services includes providing business advisory services such as efficiency and effectiveness reviews, benchmarking, continuous improvement, and best practices reviews. The contract for internal audit services expires as of December 31, 2016. 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.

3.4 Entities Requiring External Audit Service

This RFP is a call for external audit services for:

- Consolidated – The Corporation of the City of London;
- Consolidated City of London Trust Funds;
- Argyle Business Improvement Area Board of Management;
- Covent Garden Market Corporation;
- Eldon House Corporation;
- Housing Development Corporation, London;
- London Convention Centre Corporation;
- London Downtown Business Association;
- London Hydro Inc.;
- London & Middlesex Housing Corporation;
- London Police Services Board (consolidated in City records);
- London Public Library Board;
- London Public Library Trust Fund;
- London Transit Commission;
- London Transit Commission Employees' Pension Plan ;
- Middlesex-London Health Unit (Joint local board);
- Museum London;
- Old East Village Business Improvement Area;
- Public Utility Commission of the City of London;
- Elgin Area Water Primary Water Supply System (Joint local board); and
- Lake Huron Primary Water Supply System (Joint local board).

**SCHEDULE A
Schedule"B"**

4.0 RFP Schedule

The following is a tentative schedule to assist interested Proponents with the anticipated schedule (dates and times) of significant events associated with this RFP process, in general. The City reserves the right to alter the schedule at its sole discretion.

Event	Date
Questions/inquiries deadline;	Wednesday, July 6, 2016 @ 2:00 pm;
RFP closing date;	Thursday, July 14, 2016 @ 2:00 pm;
Review & evaluation of RFP submissions;	Weeks of July 18 thru August 26, 2016;
Interviews & presentations (if required);	Week of September 5, 2016;
Award of successful Proponent; and	Tuesday, October 11, 2016; and
Commencement of Services.	January 1, 2017.

5.0 Information for Proponents

- a) A Proponent who has already submitted a proposal submission may submit a further proposal submission at any time up to the official closing time. The last proposal submission received shall supersede and invalidate all proposal submissions previously submitted by that Proponent as it applies to this RFP.
- b) A Proponent may withdraw a proposal submission at any time up to the official closing time by letter bearing a signature and/or seal as in the original proposal submission. Withdrawal requests received after the RFP closing time will not be permitted.
- c) In the event that only one (1) proposal submission is received at time of closing, the Manager of Purchasing and Supply or designate will either open the proposal submission or delay opening of the RFP for consultation with the respective Managing Director/ City Manager as to whether to open or reject the proposal submission. A rejected proposal submission will be returned unopened to the Proponent. A decision to reissue will be made respectively by the Manager of Purchasing and Supply and the respective Managing Director/ City Manager.
- d) Proponents are to refer to the Terms and Conditions, Instructions and Information for Proponents. Your proposal submission and any resultant purchase will be based on these conditions unless otherwise agreed to in writing. In the event of any conflict between the Terms and Conditions, Instructions and Information to Proponents of this proposal, the terms and conditions of this RFP shall prevail.
- e) The City reserves the right to accept or reject any and all proposal submissions. The City further reserves the right to award the contract on a split-order basis, lump-sum or individual-item basis, or such combination as shall best serve the interests of the City in the opinion of the Manager of Purchasing and Supply and the applicable Managing Director/ City Manager, unless otherwise stated.

5.0 Information for Proponents...cont'd

- f) The acceptance and award of the proposal submission and execution of an agreement, contract or purchase order is subject to approval by City Council.
- g) All prices must be stated in Canadian funds. Prices must also be inclusive of customs, duty and freight.
- h) If the amount proposed for a unit price item does not agree with the extension of the estimated quantity and the proposed unit price, or if the extension has not been made, the unit price shall govern and the total price shall be corrected accordingly. If both the unit price and the total price are left blank, then both shall be considered as zero. If the unit price is left blank but a total price is shown for the item, the unit price shall be established by dividing the total price by the estimated quantity. If the total price is left blank for a lump sum item, it shall be considered as zero. If the proposal contains an error in addition and/or subtraction and/ or transcription in the approved proposal documentation format requested (i.e. not the additional supporting documentation supplied), the error shall be corrected and the corrected total contract price shall govern. Proposal submissions containing prices which appear to be so unbalanced as to likely affect the interests of the City adversely may be rejected.
- i) By submitting a proposal submission, the Proponent acknowledges and accepts all terms and conditions in the RFP document and all policies and procedures in the Procurement of Goods and Services Policy located on the City of London Purchasing and Supply Chain Website.
[Procurement of Goods and Services Policy](#)

6.0 Submission Instructions

6.1 Closing Date and Time

Proponents are required to submit in a sealed envelope clearly identified as RFP16-31 External Audit Services, one (1) signed original and nine (9) hard copies of their RFP submission. In addition proponents must submit one (1) electronic copy of their RFP submission on a USB flash drive, in the sealed envelope. Please note that the USB flash drive will be non-refundable and will become property to the City of London.

Completed proposal submissions can be delivered (in person or by courier) to Purchasing & Supply, 267 Dundas Street, 4th Floor, London, Ontario N6A 1H2 and must be received before **2:00 pm, local time, Thursday July 14, 2016. Failure to submit the Form of Proposal (page 28) will result in your proposal submission being rejected.**

Proponents are solely responsible for ensuring their proposal submissions are received by Purchasing & Supply prior to the closing date and time. Hours of Service: Monday to Friday, 8:30 am to 4:30 pm.

6.2 Late Submissions

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

6.0 Submission Instructions...cont'd

6.3 Period of Acceptance

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

6.4 Questions/Inquiries

- a) Inquiries regarding this RFP are to be directed to City of London, Purchasing and Supply, Chris Ginty, CPPB, Procurement Officer, by facsimile at (519) 661-5030 or e-mail [Purchasing](#). Inquiries must not be directed to other City employees or Elected Officials. Directing inquiries to other than Purchasing and Supply may result in your proposal 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 provided to all Proponents in writing in the form of an Addendum which will only be posted on Biddingo.com.
- 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 RFP. Amendments or changes to this RFP 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 Addenda will be distributed through [Biddingo.com](#). 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 Proponent. By submitting a proposal submission in response to this RFP, the Proponent acknowledges and agrees that addenda shall only be posted on Biddingo.com and it is the sole responsibility of the Proponent to check this Web Site for said addenda. Failure to acknowledge receipt of all addenda on the form of proposal will result in your proposal submission being rejected.
- d) Each Proponent must review all RFP 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 Wednesday, July 6, 2016, @ 2:00 pm.**
- e) Where a request results in a change or a clarification to the RFP, the City will prepare and issue an Addendum to this RFP as stated in 6.4 c). **With the exception of an Addendum delaying the closing or cancelling of this RFP**, No Addendum will be issued within the forty-eight (48) hours prior to closing - not including Saturdays, Sundays and Statutory Holidays observed by the City of London for regular business hours. Proponents that have submitted proposal submissions prior to the date and time cut-off for Addenda issuance are solely responsible to monitor Biddingo.com for further Addendum and are therefore also solely responsible for submitting complete new proposal submissions acknowledging any said Addendum prior to the closing date and time of the RFP solicitation.

6.0 Submission Instructions...cont'd

6.5 Rights Reserved by the City

- a) The highest scoring proposal submission will not necessarily be accepted. The City reserves the right to accept/reject any or all proposal submissions and/or reissue the RFP in its original or revised form.
- b) The City reserves the right to modify any and all requirements stated in the RFP at any time prior to the possible awarding of a contract.
- c) 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.
- d) In the event of any disagreement between the City and the Proponent regarding the interpretation of the provisions of the RFP, the Manager of Purchasing and Supply or an individual acting in that capacity, shall make the final determination as to interpretation.

6.6 Access to 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 Council Policy – The Procurement of Goods and Services Policy section 21.4.
- b) The Proponent does, by the submission of a proposal submission, accept that the information contained in it will be treated in accordance with the process set out in this section of the RFP.

6.7 Joint Submission

If a Proposal is a joint proposal submission of two (2) or more Proponent firms, a single proposal submission is to be coordinated and submitted by the lead firm with the required information. The lead firm shall act as the Proponent in all contractual obligations of any resulting award and agreement, or as determined by the City.

6.8 Nomination of Sub-Consultants

- a) Unless otherwise stipulated in this RFP or any Addendum thereto, the Proponent shall indicate the names and addresses of all nominated Sub-Consultants that it proposes to use in the provision of Services and/or work contemplated by this RFP.
- b) The City reserves the right to reject any Sub-Consultant so nominated, without penalty or liability to the City of any kind whatsoever.
- c) No change shall be made to the list of nominated Sub-Contractors and or Sub-Consultants after the Closing Time of the RFP, without the prior written approval of the City and only on such terms and conditions as the City in the exercise of an absolute discretion may require.

6.0 Submission Instructions...cont'd

6.9 Multiple Proposals

Proponents may submit more than one (1) proposal submission. Should a Proponent submit more than one (1) proposal submission, each proposal submission shall be submitted as a separate envelope. Each proposal submission will be evaluated as a separate proposal submission. Each proposal submission must meet all of the mandatory requirements of this RFP.

6.10 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 Respondent does, by the submission, accept that the information contained in it will be treated in accordance with the process set out in this section of the RFP.

7.0 Requirements at Time of Execution

Subject to an award of the contract, 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. Insurance Documents;
2. Clearance Certificate from the Workplace Safety and Insurance Board;
3. Workers Compensation Declaration, form WD-1;
4. Safety Policies and Procedures and Related Documentation;
5. Non-Disclosure Agreement; and
6. Agreement(s).

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 proposal submission, advertise for new proposal submission or carry out the work in any way as the City may, at its sole discretion, deem best.

7.1 Insurance

The successful Proponent shall at its own expense obtain and maintain until the termination of the contract, and provide the City with evidence of:

- a) Comprehensive general liability insurance on an occurrence basis for an amount not less than five million (\$5,000,000.00) dollars, shall continue for twelve (12) months following completion of work and shall include the City as an additional insured with respect to the successful Proponents operations, acts and omissions relating to its obligations under this Agreement, such policy to include non-owned automobile liability, personal injury, broad form property damage, contractual liability, owners' and contractors' protective, products and completed operations, contingent employers liability, cross liability and severability of interest clauses.

7.0 Requirements at Time of Execution...cont'd

7.1 Insurance...cont'd

- b) 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 shall continue for twelve (12) months following completion of work.
- c) The policies shown 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 policies appropriate to the work as the City may reasonable require.
- d) The successful Proponent shall not commence work until satisfactory evidence of insurance has been filed with and approved by the Risk Management Division of the City. The successful Proponent shall further provide that evidence of the continuance of said insurance is filed at each policy renewal date of the duration of the contract.
- e) The successful Proponent shall indemnify and hold the City harmless from and against any liability, loss, claims, demands, costs and expenses, including reasonable legal fees occasioned wholly or in part by any acts or omissions either in negligence or nuisance whether willful or otherwise by the Proponent, its agents, officers, employees or other persons for whom the Proponent is legally responsible.
- f) 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.

The Successful Proponent will be required to provide evidence of insurance at time of execution, these forms can be found at the following link: [Certificates](#)

7.2 Workplace Safety & Insurance Board

If the successful Proponent is a non-construction*, self-employed individual, partner or executive officer who does not pay WSIB premiums and is recognized by WSIB as an 'independent operator' a letter from WSIB acknowledging independent contractor status and confirming that WSIB coverage is not required must be provided to the City prior to commencement of work.

*Construction refers to Class G – Construction of Schedule 1 (O. Reg. 175/98) and/or business activities included in Class G in the WSIB Employer Classification Manual. Review the revised regulation at the following link: [Class G – Construction of Schedule 1](#)

Review Class G services at the following link: [Class G Services](#)

7.3 Workers Compensation Declaration

The successful Proponent prior to receiving payment for substantial and total performance of the work shall submit a Declaration (form no. WD-1, per the following link) stating that he has paid all assessments or compensations payable and has otherwise complied with all the requirements of the Workplace Safety and Insurance Board, and that the successful Proponent has paid all taxes and/or penalties imposed on it by the Corporation Tax Act of the Province of Ontario: [Workers Compensation Declaration](#)

7.0 Requirements at Time of Execution...cont'd

7.4 Safety Policies and Procedures and Related Documentation

The successful Proponent will adhere to the requirements of the Ontario Occupational Health and Safety Act (OHSA) and any applicable regulations, and the Proponents workers engaged in the work to be conducted have an awareness of the roles and responsibilities in the OHSA. The successful Proponent must also have an organization Health and Safety Policy, as per the OHSA.

7.5 Non-Disclosure Agreement

The successful Proponent shall complete and submit to the City a Non-Disclosure Agreement (NDA), Form no. 1033.

7.6 Agreement(s)

The final Agreement, if any, will be entered into by the City and the Successful Proponent on the terms and conditions acceptable to the City. While a Proponent may have included its standard form of agreement as part of its Proposal, such standard form will not be used as any template for purpose of negotiating and finalizing the Agreement, and the Agreement will be as negotiated between the Successful Proponent and the City with provisions as required by the City.

Proponents are advised that any Agreement negotiated pursuant to this RFP is subject to the appropriate approvals of the City. If such approvals are not obtained, the Agreement is void and of no force and effect, and the City will not have any obligation or liability whatsoever to any Proponent in conjunction with this RFP, or the negotiation of an Agreement.

In addition to all of City's other remedies, if the Preferred Proponent fails to execute the Agreement or satisfy any other applicable conditions within fifteen (15) business days of notice of selection, the City may, in its sole and absolute discretion and without incurring any liability, rescind the selection of that Proponent.

8.0 Terms and Conditions

8.1 Contract Period

- a) The term of the contract will be for a period of up to five (5) years with no option to renew or extend the contract period.
- b) The City will monitor the performance of the successful proponent during the contract period. The City at its absolute sole discretion reserves the right to cancel the contract due to poor performance without penalty.

8.2 Pricing

The City is seeking firm prices for the contract period; proponents must fully complete and submit the Price Detail Form – Appendix A with their written submission.

8.0 Terms and Conditions...cont'd

8.3 Taxes

- a) Proponents shall provide their Harmonized Sales Tax (HST) registration number in their Form of Proposal. Note: If the Proponent is located outside of Canada and is not a HST Registrant, this may not apply.
- b) All prices should be exclusive of the applicable federal or provincial taxes or other similar taxes, each of which, if applicable, should be stated separately.

8.4 Non-resident Withholding Tax

Non-residents of Canada are subject to a withholding tax of 15% as per paragraph 153(1) (g) of the Canadian Income Tax Act and Section 105 (1) of the Income Tax Regulations. As required by law, the City will withhold 15% on all amounts payable to a non-resident vendor for services rendered in Canada. A Canada Revenue Agency approved waiver/reduction form must be submitted prior to payment processing in order to exempt/reduce the vendors required withholding tax amount. The withholding tax does not apply to GST or HST charged as well as any reimbursable costs (e.g. airfare, meals) provided they are itemized on the invoice. The City's withholding of tax under this section does not relieve the non-resident vendor of its obligation to withhold tax on payments to non-resident subcontractors nor does it necessarily relieve the vendor of its total Canadian tax liability. Vendors should apprise themselves of the non-resident withholding tax rules prior to bidding on City requirements. Further information can be found on the [Canada Revenue Agency](#) website.

8.5 Cancellation

- a) The City reserves the right, at its absolute sole discretion, to cancel this contract with thirty (30) days written notice, without cause and without penalty.
- b) The City reserves the right, at its absolute sole discretion, to cancel this contract with seven (7) days written notice, with cause and without penalty.

8.6 Personal Information

In accordance with the *Municipal Freedom of Information and Protection of Privacy Act*, the Service Provider, its directors, officers, employees, agents, volunteers and persons for whom it is at law responsible will hold confidential and will not disclose or release to any person at any time during or following the term of this Agreement, except where required by law, any information or document without obtain the written consent of the individual/organisation concerned prior to the release or disclosure of such information or document and shall comply with the requirements regarding Personal Information and Confidentiality.

8.7 Approved Forms – Collection of Personal Information

When collecting Personal Information under this Agreement, the successful Proponent or subcontractor shall use only the forms approved by the City for that purpose.

8.0 Terms and Conditions...cont'd

8.8 Records Retention

In the event that the successful Proponent ceases operation, it is agreed that the successful Proponent will not dispose of any records related to the successful Proponent under this agreement without the prior written consent of the City, but when requested by the City shall return the records to the City forthwith.

8.9 Declaration of Conflict of Interest

No elected official, appointed officer or employee of the City shall have any pecuniary or controlling interest, either direct or indirect, in any competitive bid or contract for the supply of goods or services to the City, unless such pecuniary interest is disclosed by the contractor, bidder, or person submitting a proposal, as the case may be, or unless such pecuniary interest would be exempt under the Municipal Conflict of Interest Act. Please disclose any potential conflicts as requested in section 12.5 of the Form of Proposal.

Failure to disclose any conflict of interest shall result in your proposal submission being rejected.

8.10 Code of Conduct

Please see the City of London's Code of Conduct listed on the City's Bid Documents (Tenders/Quotes/Proposals) webpage. [Code of Conduct](#)

8.11 Assignment

Following award of the contract, the successful Proponent shall not, without written consent of the Manager of Purchasing and Supply or designate make any assignment or any subcontract for the execution of any service or product hereby quoted on. The consent of the Manager of Purchasing and Supply or designate may be arbitrarily withheld.

8.12 Ownership of Materials, Reports, Designs, Specifications & Training Materials

Any work completed at the City's expense, on-site or remotely during the course of the project, including training materials, reports, designs, custom applications, specifications or otherwise shall become the exclusive property of the City.

8.13 Non-disclosure

Except as the City may otherwise consent in writing, the Proponent shall not use other than for the City and not directly or indirectly publish or otherwise disclose at any time (except as the proponent's duties for the City require) either during or subsequent to the Proponent's work, any of the City's appendices, attachments or other written material (whether or not conceived, originated, discovered, or developed in whole or in part by the Proponent).

8.0 Terms and Conditions...cont'd

8.14 Confidentiality

- a) Except as may be necessary in the performance of an order under this agreement, the Proponent shall not at any time or in any manner make or cause to be made any copies, pictures, duplicates, facsimiles or other reproduction or recordings of any type, or any abstracts or summaries of any reports, studies, memoranda, correspondence, manuals, records, plans or other written, printed or otherwise recorded material of the City, or which relate in any manner to the present or prospective business of the City. The Proponent shall have no interest in any of this material and agrees to surrender any of this material which may be in its possession to the City immediately upon the termination of this Agreement or at any time prior to the termination upon the request of the City.

- b) The Proponent shall not at any time (except under legal process) divulge any matters relating to the business of the City or any customers or agents of the City which may become known to it by reason of its services under an order, orders or otherwise and shall be true to the City in all dealings and transactions relating to the services contemplated by this agreement and any order. Furthermore, the Proponent shall not use at any time (whether during the continuance of this agreement or after its termination) for its own benefit or purposes or for the benefit or purposes of any other person, firm, corporation, association or other business entity, any trade secrets, business development programs, or plans belonging to or relating to the affairs of the City, including knowledge relating to customers, clients, or employees of the City.

8.15 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 successful Proponent to amend its training policies to meet the requirements of the Act and the Regulation.

8.16 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.

8.0 Terms and Conditions...cont'd

8.17 Environmental Considerations

In order to contribute to waste reduction and to increase the development and awareness of environmentally sound purchasing, acquisitions of goods and services will ensure that, wherever possible, specifications are amended to provide for expanded use of durable products, reusable products and products (including those used in services) that contain the maximum level of post-consumer waste and/or recyclable content, without significantly affecting the intended use of the product or service. It is recognized that cost analysis is required in order to ensure that the products are made available at competitive prices.

8.18 Exclusion of Proponent in Litigation

- a) The City may, in its absolute discretion, reject a proposal submission 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 submission 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.

8.19 Exclusion of Proponent Due To Poor Performance

- a) The Managing Director / City 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.
- b) 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.

8.20 Verification of Information

The City shall have the right to:

- a) Verify any Proponent statement or claim by whatever means City deems appropriate, including contacting persons in addition to those offered as references.
- b) Access the Proponent's premises where any part of the work is to be carried out to confirm Proposal information quality of processes and to obtain assurance of viability.
- c) The Proponent shall co-operate in the verification of information and is deemed to consent to City verifying such information.

8.0 Terms and Conditions...cont'd

8.21 Proponents' Expenses, Contractual or Financial Obligations

All costs and any liabilities incurred by a Proponent including (without limitation) those associated with the preparation of the Proponent's Proposal will be borne entirely by the Proponent.

The City does not assume any contractual or financial obligation by the issuance of this RFP, by receiving, accepting, or evaluating Proposals, or by the determination of a Successful Proponent.

8.22 Debriefing

Not later than thirty (30) days following the date of posting of a contract award notification in respect of the RFP, a Proponent may contact Purchasing & Supply requesting a debriefing from the City.

Any request that is not timely received will not be considered and the Proponent will be notified in writing. The City will not disclose submission information from other Proponents.

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.

9.0 Scope of Work

9.1 General

- a) The *Municipal Act, 2001* Section 296 allows for the appointment of external auditors for a term of five years or less. The intent of the City of London is to appoint external auditors for the five (5) year term, subject to satisfactory performance, beginning with the audit of the 2016 Financial Statements.
- b) The audits shall include the examination of the records and financial statements of the City and each local Board and Commission to the degree necessary to express an audit opinion on such statements. All proposals shall provide a plan and separate pricing for audit reports of each entity audited in 2015 from section 3.4, along with individual pricing for the annual reports required as noted in 9.1.c) and d).
- c) Also included will be all related examinations required in order to produce the Annual Audit Questionnaire for the Ministry of Municipal Affairs; audit requirements for City of London Trust Funds, London Public Library Trust Funds, The London Transit Commission Employees' Pension Plan, Dearness Services including the Long Term Care Annual Reconciliation Report, the Dearness Day Program Annual Reconciliation Report and Middlesex-London Health Unit Annual Reconciliation Report; audit requirements for the Homelessness Partnering Strategy and a review for the Province for the revenues and expenses of the Child Care program funding.

SCHEDULE A Schedule "B"

9.0 Scope of Work...cont'd

9.1 General...cont'd

- d) Also included is a report on specified auditing procedures for the London Downtown Closed Circuit Television Program and report on the Records Retention Schedule review.
- e) The work will generally not include accounting or the preparation of draft financial statements except in those limited circumstances as may be presented by some of the smallest municipal entities.
- f) There are also audit or review requirements on a variety of federal and provincial funding envelopes and certification programs. These are generally quoted and scheduled when they arise, as they are not consistent from year to year and are requirements through the funding program. There may also be requests for additional work at the request of Council resolution.

Appendix B for the most recent completed audited financial statements (2014).

9.2 Annual Schedule

Before a date mutually agreed upon in November/December of each year, the auditors shall meet with the City Manager (or delegate) and Managing Director, Corporate Services and City Treasurer, Chief Financial Officer (or delegate) for the City and its Boards and Commissions to discuss and agree upon;

- i) a schedule, which includes all aspects of the completion and audit of the various financial statements of the Municipality for the current year; and
- ii) a list of the necessary schedules, working papers, analyses and other information to be prepared by the staff of the City and its Boards and Commissions.

Appendix C provides information on the approximate start time of interim and year-end fieldwork for the audits of the 2015 financial statements.

9.3 Qualified Statements

The auditors shall immediately upon discovery of information or conditions which would otherwise lead to the inclusion of a qualified opinion with respect to any of the City's financial statements, inform and fully discuss such matters with the City Manager (or delegate) and the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer (or delegate) of the City. Also, the auditors shall, as far as possible, allow a reasonable time for the City to investigate, analyze, report and take corrective action so as to avoid the inclusion of such qualifications.

9.4 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 annual financial statements. There is a minimum of four (4) Audit Committees annually and generally the auditors would attend one (1) annual meeting at each of the Boards and Commissions.

9.0 Scope of Work...cont'd

9.5 Audit Management Letter

No later than sixty (60) days following completion of the report on the audit of the annual statements, the auditor shall prepare and deliver to the City Manager (or delegate) and Managing Director, Corporate Services and City Treasurer, Chief Financial Officer (or delegate) draft letters conveying any concerns relative to the internal accounting, operating controls and/or other matters of material importance with respect to the operations of the Corporation, local boards and other entities.

The auditors shall also provide recommendations as to such corrective measures as may be required, and be prepared to provide assistance with regard to implementation, if required to do so. The auditors shall meet with the City Manager (or delegate) and Managing Director, Corporate Services and City Treasurer, Chief Financial Officer (or delegate) and any relevant City, Board or Commission head, to discuss the comments, following which an official management letter will be submitted to the City Manager (or delegate) and Managing Director, Corporate Services and City Treasurer, Chief Financial Officer (or delegate), and to the City, Board or Commission head. The City Manager (or delegate) and Managing Director, Corporate Services and City Treasurer, Chief Financial Officer (or delegate) shall, upon receipt of the final version of the Audit Management Letter, co-ordinate the management response to the Auditors' comments and shall work with the Audit Committee Chair to schedule an Audit Committee meeting to receive the Report.

9.6 Evaluating the Auditors' Performance

During the contract period, the auditors' 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 City Manager (or delegate) or Managing Director, Corporate Services and City Treasurer, Chief Financial Officer (or delegate).
- ii) **On-site participation of the audit senior:**
It is expected that the audit senior will be present throughout the audit.
- iii) **Performance in the manner proposed:**
It is expected that the audit will be carried out in the manner proposed. Any changes in the audit program which impact staff and other resources of the City shall be discussed with and agreed to by the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer (or delegate).
- iv) **Adherence to Audit Deadlines:**
It is expected that the audit will be completed within the time frames agreed to in the annual schedule. Significant dates for the Corporation and its Boards currently include: completion of all financial statements by early April; Audit Committee review by June; submission of the Financial Information Return to the Province by May 31 or such other date as stipulated by the Province. The dates are approximate and may require adjustment from year-to-year depending on issues facing the Municipality.

10.0 Submissions Requirements

10.1 General

- a) The City is requesting proposal submissions from firms who are both interested and capable of undertaking the project.
- b) The onus is on the Proponent to show their knowledge, understanding and capacity to conduct the work outlined in the RFP.
- c) The proposal submissions will be assessed according to how well they assure the City's success in relation to the RFP requirements. The detail and clarity of the written proposal 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 proposal submissions will not be considered.

10.2 Administration Fee

Proponents who do not elect to retrieve the RFP information from Biddingo.com can purchase a hard copy of the document. The cost is \$55.00 in the form of a cheque or Canadian Money Order made payable to the "City Treasurer".

10.3 Mandatory Requirements

- a) Acknowledgement of all addenda on the Form of Proposal in Section 12.8.
- b) A least one (1) original signed "Form of Proposal" MUST be included with the proposal submission.
- c) Satisfactory evidence that the partner(s) is (are) licensed under the Public Accounting Act, 2004.
- d) Indicate Compliance with Section 296 of the Municipal Act, 2001.

Failure to comply with the Mandatory Requirements shall result in your proposal submission being rejected.

10.4 Specific Requirements

- a) Each copy of the RFP submission is to be bound and include a cover that clearly identifies the firm responding. A table of contents must clearly cross reference the information contained in the submission.
- b) Title page which will include the Proponents legal name, address, telephone and fax numbers, e-mail address, name of the primary contact and date.

10.0 Submissions Requirements...cont'd

10.4 Specific Requirements...cont'd

- c) The proposal submission shall be limited to a maximum of fifty (50) pages of 8.5" X 11" paper, printed double-sided in portrait format, fonts used should not be smaller than 12 point with margins of a minimum size of ½" top, bottom, left and right, pages numbered. Any information provided in excess of the stipulated maximum within the core body of the proposal submission will not be taken into account in the evaluation of the proposal.

Title pages, table of contents, tabbed dividers and appendices will not be included in this limit, and therefore must not include material intended for evaluation.

- d) Identify any Subcontractors, subconsultants, their relevant skill set and what area of the proposal they will be contributing too.

10.5 Municipal Audit Experience and References

- a) It is important that the Work be undertaken by a Proponent who can demonstrate specific knowledge of, and experience in performing similar work for projects of comparable nature, size and scope. Indicate the experience of the Proponent in providing audit services to Municipal entities of comparable nature, size, and scope.

- b) Please 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.

- c) Please provide a minimum of three (3) references for the purpose of evaluating the Proponent's experience and track record of success. Each reference should include:

- i) Contact name and title, address and telephone numbers of senior staff;
- ii) The size of the municipality;
- iii) Number of years dealing with the municipality; and
- iv) Services that were provided by the Proponent (i.e. financial statement audit and/or other advisory or attest services).

10.6 Electrical Distribution Entities Audit Experience

- a) Please provide a list of any experience auditing Electrical Distribution entities. Provide a list of the firm's current and prior largest Electrical Distribution entities clients indicating the type(s) of service performed, and the number of years served for each client. Please provide the contact names, titles and telephone numbers of senior staff of these Electrical Distribution entities that may be contacted as references.

- b) Provide evidence of any research, education and knowledge with respect to International Financial Reporting Standards (IFRS).

- c) Please elaborate on any involvement with the Ontario Energy Board (OEB), and/or any special task forces or projects that the firm has been involved with in the Ontario Electricity Regulation Environment.

10.0 Submissions Requirements...cont'd

10.7 Specialized Advisory Services

- a) Indicate the firm's experience in providing auxiliary services to include commodity tax services, corporate tax services, technology and security audit expertise to municipal clients by listing the name of each client, the type(s) of services performed, and the local office which provided the service.
- b) Show evidence of well-developed professional auditing techniques to evaluate systems of internal control and review for audit work performed.
- c) 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 relating to the economy, income tax, payroll tax, commodity and excise taxes, employment benefit plans, management, cash management, Scientific Research and Experimental Development Tax Credits, etc.

10.8 Proposed Audit Team and Resources

- a) Provide curriculum vitae (CV) and experience profile of the Proponent's principal contact person(s) who will be responsible for this contract. CV should indicate whether the individuals are licensed to practice public accounting in Ontario.
- b) Describe the experience in municipal 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 such as computer auditing or commodity tax specialists.
- 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 related to PSAB and IFRS. Also include any related details on corporate income tax and Scientific Research and Experimental Development tax Credits.
- e) Describe any specialized skills, training and background in public finance 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.
- f) It is important that key project individuals (i.e. major areas of responsibility) be named, with accompanying indication of guaranteed availability. Please indicate the Proponent's commitment to ensure continuity of key personnel. Include strategies and individuals that can fulfill the roles and responsibilities for any unforeseen events requiring replacement of team members.

**SCHEDULE A
Schedule "B"**

10.0 Submissions Requirements...cont'd

10.9 Proposed Audit Approach and Techniques

- a) Provide a detailed description of how the Proponent intends to achieve the goals and objectives of the audit. This should include at least the following points:
 - i) Type of audit approach and a description of why the specific audit approach has been recommended;
 - ii) Use of statistical sampling (techniques and automated tools);
 - iii) Use of computer audit specialists;
 - iv) Quality control program, including review procedures;
 - v) Brief description of any pending or proposed relevant changes in accounting; and auditing standards and how they will be addressed in the audit plan.
- b) Provide evidence the Proponent has experience in auditing a large, complex and computerized municipality.
- c) Detail the organization of the audit team and approximate percentage of time spent on the audit by each team member.
- d) Include comments on any ideas respecting the audit function that your firm believes the City should consider.
- e) Provide a draft form of the engagement letter. A single engagement letter for all entities for the entire term of the contract is preferred. If there is any conflict between the terms and conditions set forth in the Proponent's draft form of the engagement letter and the City's agreement terms and conditions set out in this RFP, the City's terms and conditions in this RFP will prevail.

10.10 Approach to Project Delivery

- a) Firms must show evidence they have substantial expertise, resources and support services available to perform the audits consistently from one year to the next, in an expeditious manner and within the required time frames.
- b) Provide a work plan for completing the annual financial statement audits indicating estimated timelines for each audit, including commencement and completion dates of significant activities and milestones that includes the following:
 - i) Staff capacity assigned for significant activities and milestones within the work plan. The senior/in-charge auditor should be present throughout most of the audit;
 - ii) Key dates for major deliverables should be clearly defined in the Proponent's work plan;
 - iii) Statement of assumptions regarding roles and involvement of City staff and the estimated amount of their time involvement.

10.0 Submissions Requirements...cont'd

10.11 Audit Fees Schedule

- a) A listing of fixed lump sum annual fees to be charged for each of the five (5) years, detailed by specific municipal entity must be included with the written submission per **Appendix A** (Part A). In addition per **Appendix A** (Part B) hourly fees must be submitted for each of the five (5) years for other annual requirements as noted in 10.11 f).
- b) For each municipal entity and annual report, a schedule of the estimated hours of involvement of each member of the audit team is to be included.
- c) The total fixed flat fee quoted per financial statement audit **must** include all audit work necessary to express an opinion on each of the financial statements, including audit work related to any changes in auditing or accounting standards. The total fixed flat fee quoted per other attest work **must** include all audit/review work necessary to meet reporting requirements in accordance with funding agreements and/or program guidelines.
- d) A lump sum total fee to complete the Scope of Work **must** include all labour, profit, other overhead, materials, equipment, licences, analysis, travel, accommodations, communication, transportation and delivery costs (courier, long distance charges, etc.), staff time, meetings with the City or its Boards and Commissions, disbursements and any/all other operational costs and fees associated with the Services, excluding applicable taxes.

The City and its Boards and Commissions shall not be responsible for any additional costs.

- e) If the level of service required is reduced (i.e. audits are no longer required) during the term of the contract, the cost of services will be reduced by the price per audit for each of the remaining years of the contract.
- f) The Proponent is required to submit a schedule of proposed hourly rates for all project personnel (names optional) by classification for a determination of pricing for additional and/or optional work, as outlined in section 9.1.f). **Appendix A** (Part B) should be completed with this information. This supplemental information is not part of the evaluation criteria.

11.0 Evaluation Criteria

11.1 Evaluation Team

Proposal submissions will be evaluated by an External Audit Services Evaluation Team with staff representation from all key functional areas of the City including Financial Services, London Hydro Inc., Middlesex-London Health Unit and London Transit Commission with the assistance of Purchasing & Supply.

By responding to this RFP, Proponents acknowledge that the evaluation team is solely responsible for recommending the successful Proponent.

**SCHEDULE A
Schedule"B"**

11.0 Evaluation Criteria...cont'd

11.2 Evaluation Process

Each proposal submission will be evaluated by the City on the basis of the information provided by the Respondent in its RFP. Each proposal submission will be reviewed to assess compliance with the requirements set out in this RFP document. Evaluation results will be the property of the City. The City does not intend to disclose details of the evaluation results, under any circumstances.

After receipt of the proposal submissions the City may request clarification of proposal submissions. The City may request clarification to ascertain a Proponent's understanding of, and level of responsiveness to, the proposal submission for the purpose of the evaluation process.

The City, in its sole discretion may adjust the evaluation score or ranking of proposal submissions as an outcome of the clarifications. The City reserves the right to limit clarification to any number of Respondents as determined by the City regardless of the number of the Proponents that submitted proposal submissions.

11.3 Submission Weighting

The evaluation criteria will be based on, but not limited to, the following:

Section	Criteria	Weighting (Points)
10.5	Municipal Audit Experience and References;	20
10.6	Electrical Distribution Entities Audit Experience and References;	10
10.7	Specialized Advisory Services;	10
10.8	Proposed Audit Team and Resources;	20
10.9	Proposed Audit Approach and Techniques;	10
10.10	Approach to Project Delivery;	5
10.11	Audit Fees; and	25
11.4	Interview & Presentation (if required).	15

The order of the items listed in this Section should not be taken as an indication of the relative importance of any particular criteria in the evaluation process.

**SCHEDULE A
Schedule "B"**

11.0 Evaluation Criteria...cont'd

11.4 Interview & Presentation (if required)

At the City's sole discretion, interviews & presentations may be requested and conducted starting the week of September 5, 2016. The interview & presentation process shall be based on the following criteria and are to be attended by the Proponent's representatives who will be servicing the City's account; Interview & Presentation Agenda:

- i) Brief introduction of evaluation team and Proponents team, 5 minutes;
- ii) Presentation by the Proponent, 30 minutes; and
- iii) Question & answer period, 25 minutes.

The interview & presentation phase for short-listed proponents (if required) based on their initial scoring will also be assessed on the following criteria and weighting:

Criteria	Weighting (Points)
Presentation by the Proponent;	5
Attention to Concerns/Questions; and	5
Overall completeness and suitability of the Proponent.	5

11.5 Best and Final Offer (BAFO) (if required)

Following the closing of the RFP, the City may, but shall not be obligated to, choose to invite the Proponents to participate in a Best and Final Offer process. The Best and Final Offer process is as follows:

The invited Proponents who agree to participate will then individually be requested to meet with the City to:

- a) Clarify the particulars of the City's scope of work;
- b) Clarify the Proponent's suggestions, solutions and methods of work;
- c) Discuss options for alternative methods of achieving the City's desired results; and
- d) Explore alternative ways the City can achieve the best possible service, supply and / or performance of the Project.

Following any such discussions and meetings, the City may request the Proponents who have agreed to participate in this Best and Final Offer process to submit a Best and Final Offer Proposal by a fixed date and time chosen by the City.

Following receipt of the Best and Final Offer Proposals in accordance with this section 11.5, the City will then evaluate such Best and Final Offer Proposals that it has received against the evaluation criteria previously described in the RFP.

11.0 Evaluation Criteria...cont'd

11.5 Best and Final Offer (BAFO) (if required)...cont'd

Thereafter the City may select a Preferred Proponent with whom to enter into negotiations for the award of all or part of the RFP who has in the City's opinion offered the most value for money to the City. The City is not however bound to select the highest scoring or any Proposal received and may cancel this Best and Final Offer process at any time. Note: this option will only be invoked if a satisfactory outcome to the specified evaluation process is not achieved.

11.6 Award Recommendation to City Council

The evaluation team will present its award recommendation to the Service Area Managing Director and the Manager of Purchasing and Supply for their perusal and endorsement to proceed with the award recommendation to Audit Committee and City Council for final approval. City Council makes the final decision on the appointment of an external auditor.

11.7 Selection Process

- i) Receive written responses from Proponents;
- ii) Evaluate Proposals and confirm compliance with all mandatory requirements;
- iii) Interviews & Presentations, if necessary;
- iv) BAFO, if required;
- v) Award Recommendation to Audit Committee and City Council of Successful Proponent;
- vi) Agreement, Purchase Order or Contract Record; and
- vii) Commencement of Services.



Chris Ginty, CPPB
Procurement Officer
Purchasing & Supply - Finance and Corporate Services
City of London

Manager, Purchasing & Supply Operations _____ Geoff Smith, CSCMP

**SCHEDULE A
Schedule "B"**

12.0 Form of Proposal

At least one (1) signed original of this form of proposal must be included in your proposal submission.

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

- 12.2 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 submission.
- 12.3 I/WE further declare that all statements, schedules and other information provided in this proposal submission are true, complete and accurate in all respects to the best knowledge and belief of the Proponent.
- 12.4 I/WE further declare that this proposal submission 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.
- 12.5 I/We declare that, regarding this proposal submission, no potential conflict of interest exists as outlined in the Terms and Conditions. (If no conflict exists, enter N/A):
_____.
- 12.6 I/WE further declare that the undersigned is empowered by the Proponent to negotiate all matters with the Corporation representatives, relative to this proposal submission.
- 12.7 I/WE further declare that the agent listed below is hereby authorized by the Proponent to submit this proposal submission and is authorized to negotiate on behalf of the Proponent.
- 12.8 I/WE have allowed for Addenda numbered as follows: # _____ through to # _____.

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

Company Name: _____ HST Registration Number: _____

Address: _____ Date of Proposal Submission: _____

City/Province: _____ Postal Code: _____

Authorized Signature: _____ Title: _____

I/We are authorized to bind the Company/Corporation

Name (Please print or type): _____ Email Address: _____

Telephone Number: _____ Fax Number: _____

Note: Please return your written submission, completed Appendix A and USB flash drive in addition with page 28 complete with an original signature in ink on or before **2:00 pm, local time, Thursday, July 14, 2016**, failure to do so shall result in the Proposal Submission being rejected.

SCHEDULE A

Schedule "C" External Audit Fees

	Audited Financial Statement Year Ending				
	2016	2017	2018	2019	2020
City of London					
Consolidated Financial Statements City of London	\$87,300	\$89,000	\$90,000	\$91,400	\$93,000
Consolidated Financial Statements City of London Trust Funds	\$2,500	\$2,500	\$2,600	\$2,700	\$2,750
Child Care Program - Review only for Province	\$5,400	\$5,500	\$5,600	\$5,700	\$5,900
Dearness Long Term Care Home - Annual Reconciliation Report (ARR) Audit	\$2,800	\$2,900	\$3,000	\$3,100	\$3,150
Dearness Day Program Annual Reconciliation Report (ARR)	\$2,800	\$2,900	\$3,000	\$3,100	\$3,150
Homelessness Partnering Strategy - Federal Audit March 31	\$3,600	\$3,700	\$3,800	\$3,900	\$4,000
Annual Audit Questionnaire for the Ministry of Municipal Affairs and Housing (Submitted once FIR completed)	\$0	\$0	\$0	\$0	\$0
Records Retention Schedule Review (s255(3) of Municipal Act, 2001)	\$0	\$0	\$0	\$0	\$0
London Downtown Closed Circuit Television Program - specified auditing procedures	\$3,200	\$3,200	\$3,250	\$3,350	\$3,500
Agencies, boards and commissions					
Argyle Business Improvement Area Board of Management	\$3,100	\$3,150	\$3,200	\$3,300	\$3,400
Covent Garden Market Corporation	\$9,100	\$9,300	\$9,400	\$9,650	\$9,800
Eldon House Corporation	\$4,500	\$4,600	\$4,700	\$4,800	\$4,850
Housing Development Corporation (new Oct. 2015)	\$2,000	\$2,000	\$2,100	\$2,200	\$2,300
London Convention Centre Corporation	\$7,400	\$7,500	\$7,600	\$7,800	\$8,000
London Downtown Business Association	\$1,800	\$1,800	\$1,900	\$2,000	\$2,100
London Hydro Inc.	\$34,900	\$35,600	\$36,200	\$37,500	\$38,500
London & Middlesex Housing Corporation	\$14,800	\$15,100	\$15,300	\$15,600	\$15,950
London Public Library Board	\$9,500	\$9,700	\$9,800	\$10,100	\$10,300
London Public Library Trust Funds	\$1,000	\$1,000	\$1,000	\$1,100	\$1,100
London Transit Commission	\$14,100	\$14,400	\$14,550	\$14,950	\$15,300
London Transit Commission Employees' Pension Plan	\$8,100	\$8,200	\$8,350	\$8,500	\$8,750
Middlesex-London Health Unit Consolidated - Year ending Dec. 31	\$7,400	\$7,500	\$7,700	\$8,100	\$8,300
Middlesex-London Health Unit Consolidated - Year ending Mar. 31	\$6,400	\$6,500	\$6,700	\$6,850	\$7,000
Middlesex-London Health Unit - Annual Reconciliation Report (ARR) Audit - MOHLTC settlement process	\$1,750	\$1,750	\$2,000	\$2,000	\$2,000
Museum London	\$7,300	\$7,400	\$7,500	\$7,700	\$7,900
Old East Village Business Improvement Area	\$1,300	\$1,300	\$1,400	\$1,450	\$1,500
Public Utility Commission of the City of London	\$1,500	\$1,500	\$1,600	\$1,650	\$1,700
Elgin Area Primary Water Supply System	\$5,600	\$5,700	\$5,800	\$6,000	\$6,100
Lake Huron Primary Water Supply System	\$5,600	\$5,700	\$5,800	\$6,000	\$6,100
Total	\$254,750	\$259,400	\$263,850	\$270,500	\$276,400