

Nova Scotia Gaming Corporation

Request for Proposal

External Audit Services (RFP #2018-08)

Issue Date – July 25, 2018

Closing Date – August 23, 2018 (4:00 p.m. Atlantic Standard Time)

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Section A: OVERVIEW

1.0 Introduction

The Nova Scotia Gaming Corporation (NSGC) is responsible for the gaming industry in Nova Scotia. Its core mandate is to ensure that the business is effectively and efficiently operated, in compliance with the regulatory framework and meets the highest standards of integrity, security and fairness.

NSGC seeks the services of an external firm for the provision of External Audit Services for the following assurance engagement to encompass consolidated financial statements, statement of compensation for compliance with the *Public Sector Compensation Disclosure Act*, and annual filing of corporate taxes.

On that basis, NSGC is proceeding to a Request for Proposal (RFP) process in order to retain a qualified and independent resource for the provision of audit services commencing with the 2018-19 fiscal year ending March 31, 2019.

2.0 Nova Scotia Gaming Corporation

NSGC, established in 1995 under Part I of the Gaming Control Act (Nova Scotia), is responsible for the conduct and management of gaming in Nova Scotia. It is a provincial Crown Corporation managed by a Board of Directors and is charged with leading an economically sustainable and socially responsible gaming industry for the benefit of Nova Scotians and their communities.

The consolidated financial statements comprise those of the individual entity, NSGC, its subsidiaries and its interest in associates and jointly controlled entities. NSGC's business lines include ticket lotteries, video lotteries and casinos. The day-to-day operations of NSGC's businesses are carried out by Atlantic Lottery Corporation (ALC) who operates the ticket and video lottery businesses, and Great Canadian Gaming Corporation (GCGC), which owns and operates Casino Nova Scotia in Halifax and Sydney. NSGC's corporate office has approximately 17 staff who oversee the functions of ALC and GCGC, as well as a number of NSGC-led initiatives and administrative functions.

3.0 Deliverables

Assurance engagement of:

- 1) Consolidated financial statements
- 2) Statement of Compensation
- 3) Filing of Corporate tax

Consolidated Financial Statements

The Auditor must perform an audit of the annual consolidated financial statements prepared by NSGC for the Board of Directors. This includes the consolidated statements of Financial Position, Net and Comprehensive Income, Changes in Equity and Cash Flows for the Nova Scotia Gaming Corporation. NSGC's financial statements are prepared in accordance with International Financial Reporting Standards and may be included in NSGC's annual report for public distribution. NSGC's year end is March 31st.

NSGC expects that a risk based methodology will be used when planning the audit. The scope of the audit includes the consolidation of results from two other entities and reliance on other auditors is required. NSGC expects testing could be completed on an interim basis to ensure that year-end deadlines are met. The auditor is expected to deal with all levels of management at NSGC to complete the audit. The auditor will be required to use any audit techniques that they deem appropriate to ensure the audit is as efficient as possible.

The Auditor will be required to provide a list of requested items to be included in the year-end working paper file by January 30th. NSGC will have the working paper file ready to begin the auditing process by the 3rd week of May (pending information has been received from NSGC operators to complete). The working paper file includes support for assets, liabilities, and analysis of revenues and expenses prepared by NSGC staff and available for the year-end audit field work. The financial statements, including note disclosures are completed by NSGC management and are provided to the auditors upon arrival for the audit. The audit must be complete by June 15th (with the exception of subsequent testing).

The Auditor will prepare at the conclusion of the Audit, a management letter and other audit findings to identify any issues that may be of interest to NSGC management and the Board of Directors in discharging their responsibilities. The management letter may report on but is not limited to issues relating to risk management, improvements in safeguarding assets, increasing the efficiency and effectiveness of internal controls and information relating to corporate tax filings.

The financial statements are presented to the Audit Committee during the third week of June and must be filed per the *Gaming Control Act* by June 29th each year. The successful proponent will be required to present their audit findings report and management letter to the Audit Committee when the financial statements are presented.

Statement of Compensation

NSGC is required to report under the *Public Sector Compensation Disclosure Act*, compensation of \$100,000 or more, paid to persons during the fiscal year and must ensure their Compensation Report is audited by an independent auditor.

Filing of Corporate Tax

Although NSGC is exempt from income tax under Section 149 of the *Income Tax Act*, it still must file a Corporate Income Tax Return for NSGC and its 100% owned subsidiary Nova Scotia Gaming Equipment Limited. The auditor will be required to prepare these tax returns and file them electronically on behalf of the two corporations.

Term of the agreement

The term of the agreement is to be for a period of four (4) years, with an option in favour of NSGC to extend the agreement on the same terms and conditions for an additional two (2) terms of up to two (2) years each. The first year of the contract is for the fiscal year ending March 31, 2019. At completion of the term, the contract may be extended on an annual basis with agreement in writing by both parties. It is anticipated that the agreement will be executed on or around September 1, 2018.

4.0 Evaluation Criteria

The following is the evaluation criteria and requirements to be included in the response and the percentage of points allocated to each category that will be used to determine the Selected Proponent. Section B outlines the proposal requirements.

Experience **25%**

- ▶ Does the proponent have demonstrated experience in conducting External Auditing Services?
- ▶ Do the examples of similar engagements presented have the same objectives as NSGC's objectives?

Proposed approach and methodology **25%**

- ▶ Does the proposed approach demonstrate an understanding of NSGC's requirements?
- ▶ Is the methodology and work plan clear and logical, with identified milestones and deliverables?
- ▶ Does the methodology demonstrate an efficient use of resources?

Strength of Proposed Team **20%**

- ▶ Do the proposed team members possess relevant experience to conduct the engagement?
- ▶ Have proposed team members carried out similar engagements?
- ▶ Are subject matter experts assigned an appropriate amount of hours?

Value Added Services **5%**

- ▶ Does the proponent have any value added services related to this engagement that could differentiate your proposal?

Price **25%**

- ▶ Is the proposed hourly rate per diem reasonable given the experience of team members?
- ▶ Are all costs clearly presented and included in the response?
- ▶ Are travel and disbursements reasonable and billed at cost?

5.0 Timelines

- Issue RFP – July 25, 2018
- Schedule 2 completed and returned to NSGC – August 1, 2018
- Close RFP – August 23, 2018 (by 4:00 p.m. Atlantic Standard Time)
- Evaluate RFPs and notify proponents – September 5, 2018
- Begin project – September 2018

Timelines may change at any time, at the sole discretion of NSGC.

Section B: PROPOSAL REQUIREMENTS

1.0 Copies Required

Three identical paper copies and one electronic copy of the proposal are required.

2.0 Subcontractors

Attach a list of any subcontractors (name, address, service provided, qualifications) who have agreed to work with the proponent on the engagement. The absence of such a list will be taken to mean that only the proponent's resources will be used.

3.0 Proposal Contents

The proposal must be no longer than 15 pages (excluding appendices). It should contain the following sections:

Title Page

Title page, identifying the Request for Proposal, closing date and time, proponent's name and address, contact person, telephone number and email address.

One Page Letter of Introduction

One page letter of introduction identifying the proponent and signed by an appropriate authorizing officer, binding it to the statements made in the proposal.

Table of Contents

Section headings and page numbers should be included in the table of contents.

Executive Summary

A short (one or two page) summary of key features of the proposal. Proponents are required to demonstrate a clear understanding of the objective and clearly articulate the proposed methodology solution.

4.0 Graded Requirements

Experience

Provide a list of three engagements performed in the last three (3) years that would be most similar to this NSGC engagement. Of highest relevance would be organizations involved in the gaming industry or organizations with characteristics such as consolidated component audits. This information can be provided through references for which similar engagements have been performed by the proposed audit team and should include a brief description of each audit methodology.

Weighting will be allocated based on the information provided for each reference. Actual references may only be checked on shortlisted or Selected Suppliers.

Experience with an engagement of at least one organization whose business is segmented (example: product type) requiring consolidation of multiple entities. A brief description of the methodology as well as reference(s) should be provided.

Demonstrated ability to obtain specialized expertise on an as needed basis to support the engagement. This can be articulated by detailing skill sets currently accessible to you as well as their availability.

Provide qualifications and relevant skills set (including any specialized technology skill) of the Partner, Senior Manager(s), Manager(s) and Senior Accountant(s) who will be working on the engagement. List three (3) engagements that these staff members have been engaged on that are most similar to the NSGC engagement in the last five (5) years.

Audit Approach

Outline your expectations of NSGC resources during the engagement including the anticipated timing, effort (number of hours), and nature of each requirement.

Outline your overall approach to the audit as well as the primary focus areas.

Outline your reporting approach from initial meetings to completion of the audit. This should include but is not limited to documentation of issues encountered and findings to the audit committee.

Describe your approach to Risk Assessment.

Describe your file review practices.

Project Team

The proponent must describe the team it proposes to carry out the engagement. For each team member, provide a brief summary of background, relevant skills, knowledge and experience. The proponent's project manager must be clearly identified. Resumes (maximum of three pages each) should be included as an appendix. They should include the role the proposed individual played in the referenced projects.

Value Added Services

Describe any value added services your company could provide related to this engagement that could differentiate your proposal from those of other companies that we have perhaps not asked you about but that we should consider. Value added services could include technical accounting updates, process efficiency review, information shares with other clients.

Proponents should provide details around any specialized tools, methodologies or processes that you feel would be relevant for this evaluation.

Notation if these services would be fee based or included in the engagement should be provided within the pricing structure.

Project Cost

Complete Pricing Table in Section C.

Section C: RATE BID FORM

Price based on three (3) year contract	Consolidated Financial Statements	Statement of Compensation	Filing of Corporate Taxes
Price			
Estimated Hours			
Other			

Pricing Notes

1. The proposal must include the following:
 - ▶ total cost;
 - ▶ any assumptions made by the proponent estimating the cost to complete the engagement; and,
 - ▶ a table showing days of effort by individual and estimating expenses, by type of expense (e.g. travel, report production).
 - ▶ Detailed breakdown of proposed fees to be charged (exclusive of HST) including:
 1. the estimation of the time required to complete the services;
 2. the estimated amount of time (percentage) of each individual assigned to this project; and,
 3. the per diem / hourly rates of each.
2. Travel cost and incidentals associated with the engagement will be borne by the Auditor.
3. Proponents are requested to indicate all prices in Canadian funds. Pricing must remain fixed for the initial term of the contract. Renewal options are open to negotiation.
4. Proponents should indicate in their response if they have a Nova Scotia office. As well, please provide contact names and addresses or invoicing locations.

SECTION D: GENERAL CONDITIONS

1.0 Definitions

In this RFP, except where otherwise qualified, the following terms mean:

"NSGC" means Nova Scotia Gaming Corporation;

"Closing Date" means August 23, 2018, 4:00 P.M., Atlantic Standard Time.

"RFP" means this Request for Proposal, including all schedules and attachments hereto and any addendum or amendment issued in conformity with this RFP;

"Proponent" means a person or entity, which submits a response to the RFP;

"Proposal" means a response or submission to this RFP, including all schedules and attachments thereto and any amendments made in conformity with this RFP;

"Selected Proponent(s)" means the proponent(s), if any, whose proposal is selected by NSGC; and,

"Subcontractor" refers to any person to whom a proponent intends to delegate all or part of the provision of goods or services to be provided under the RFP.

2.0 Closing Time and Address

2.1 All proposals must be submitted by courier by the Closing Date to:

Request for Proposal #2018-08
Nova Scotia Gaming Corporation
Suite 501, 1601 Lower Water Street
Halifax, NS B3J 3P6
Attention: Kara Dort

2.2 Proposals received after the Closing Date will not be considered and will be returned unopened to the proponent.

2.3 The proponent must submit the proposal in English. If you have received this RFP document via e-mail, please ensure that your proposal is clearly marked as an RFP document on the outside of your submission package(s).

3.0 Agreement/Contract

- 3.1 Unless otherwise agreed by NSGC, the selection of a proposal will be binding upon the Selected Proponent and the terms and conditions of this RFP will form part of the proposal so selected.
- 3.2 Any proponent whose response to this RFP has been selected must be prepared, at NSGC's sole discretion, to:
- a) execute a written agreement on the terms and conditions set out in the proposal; or
 - b) enter into exclusive *bona fide* negotiations with NSGC to conclude a written agreement.

If a written agreement cannot be negotiated within 30 days of notification to the Selected Proponent, NSGC may, at its sole discretion at any time thereafter, terminate negotiations with that proponent and execute a written agreement or enter into negotiations with another proponent or choose to terminate the RFP and not enter into negotiations or execute an agreement with any of the proponents.

- 3.3 This document is a Request for Proposal. All proposals must constitute offers open for acceptance by NSGC. A proposal does not constitute a binding agreement between NSGC and a proponent, unless and until a written agreement is executed by NSGC and a proponent.

4.0 Compliance with Law

- 4.1 Proposals must fully comply with all laws, regulations and policies, whether federal, provincial or local, including the *Gaming Control Act* (Nova Scotia), as may be amended from time to time. If any approvals, consents or other discretionary actions are required for the proposal to comply with such laws, such actions must be clearly identified in the proposal with an alternative proposal in the event such approval, consent or discretionary action is not obtained.
- 4.2 The Auditor General of Nova Scotia (AGNS) is the auditor of NSGC in accordance with section 31 of the *Gaming Control Act* (Nova Scotia). Section 23 of the *Auditor General Act* allows the AGNS to appoint an auditor other than him/herself to perform an audit and have that auditor report directly to the management and Board of Directors of NSGC. The AGNS has provided written notice to NSGC that this will be the case starting with fiscal 2018-19.
- 4.3 The selected proponent must be licensed by the Public Accountants Board to conduct audits and NSGC will require written acceptance from the AGNS for selection of the Selected Proponent.

5.0 Authorized Contact

- 5.1 The only authorized contact in relation to this RFP is Kara Dort. Any contact, other than a proponents submission of a proposal, must be by registered mail, courier, facsimile transmittal or e-mail to:

Request for Proposal #2018-08
Nova Scotia Gaming Corporation
Suite 501, 1601 Lower Water Street
Halifax, NS B3J 2P3
Fax: (902) 424-0724 / via e-mail to kdort@gamingns.ca
Attention: Kara Dort

- 5.2 Other than as specified in 5.1 hereof, any contact by or on behalf of a proponent with any other proponents or with any government official of the Government of Nova Scotia with respect to this RFP, or any matter related thereto, may disqualify the proponent, in the sole discretion of NSGC.

6.0 Additional Information and Instructions

- 6.1 All requests for additional information or instructions concerning the RFP and the preparation of proposals should be received in writing by NSGC at least four (4) working days before the Closing Date.
- 6.2 Additional information or instructions that may, in the sole discretion of NSGC, be of general interest or represent amendments to the RFP or any other information or instructions that NSGC determines appropriate, may be incorporated in an addendum to the RFP which will be distributed to all proponents. Any such addendum will automatically, upon its issuance, become a part of the RFP, provided it is issued by NSGC and sent to proponents at least three (3) working days prior to the Closing Date. Proponents will be deemed to have agreed to the terms of any such addendum and will be automatically bound thereby unless they withdraw their proposals.

7.0 Amendment or Withdrawal of Proposal by NSGC

NSGC reserves the right to amend the terms of the RFP or to withdraw the RFP at any time before or after the Closing Date in its sole discretion. Proponents will be deemed to have agreed to any such amendments and will be automatically bound thereby unless they withdraw their proposals.

8.0 Amendment or Withdrawal of Proposals by Proponent

- 8.1 Prior to the Closing Date, a proponent may amend or withdraw its proposal by written notice.
- 8.2 No proposal(s) can be amended or withdrawn by a proponent after the Closing Date, except with the written agreement of NSGC.

9.0 Negotiation of Amendments

NSGC may, in its sole discretion, conduct negotiations with any and all Selected Proponent(s) to amend their proposal(s), without offering other proponents the right to amend their proposal(s).

10.0 Acknowledgment of Receipt of RFP

10.1 Proponents are requested to complete the attached Receipt Confirmation Form (Schedule 2) and return it to NSGC by August 1, 2018.

10.2 Any addendum, notice or further communication related to this RFP will ONLY be directed to those who return this form indicating that they intend to submit a proposal. All subsequent information will be sent to the address and contact person named on the Receipt Confirmation Form.

11.0 Ownership and Disclosure of Proposals

11.1 Proposals will not be returned to proponents and will become the property of NSGC at the Closing Date.

11.2 Proposals may be subject to disclosure under the *Freedom of Information and Protection of Privacy Act* (Nova Scotia). All proponents, by submission of a proposal, agree to disclose to the public all information in their proposal; except such information as is specifically identified otherwise. An explanation why such information should not be disclosed must be provided. Such information will not be disclosed by NSGC except in accordance with the requirements of the *Freedom of Information and Protection of Privacy Act* (Nova Scotia).

11.3 The proponent agrees to obtain written approval from NSGC prior to issuing a publicity or news release pertaining to this RFP, its proposal, or any selection or contract.

12.0 Costs of Proposals

12.1 All costs and expenses incurred by the proponent, directly or indirectly, in connection with its proposal, the selection process are solely and exclusively the responsibility of the proponent, and NSGC shall not incur any obligation for any costs or expenses incurred by any proponent.

12.2 NSGC shall not be liable to any proponent for any loss, cost, expense or damages of any nature whatsoever arising out of, or resulting from this RFP, including any damages resulting from the submission of a proposal in response to this RFP, or the selection of the Selected Proponent(s), if any, whether based on contract, tort, including negligence, strict liability or otherwise.

13.0 Validity of Proposal

All proposals must remain valid and open for acceptance by NSGC for a period of two (2) months from the Closing Date.

14.0 Evaluation of Proposals

14.1 Proposals submitted which do not comply with all of the terms and conditions of this RFP or proposals that do not provide sufficient information, may be rejected by NSGC in its sole discretion.

14.2 Proposals will be evaluated by NSGC based upon (a) an assessment of the proponent's capability to carry out its proposal and (b) the extent to which the proposal achieves the Principal Objectives.

14.3 NSGC will forward a notice to all proponents advising of the selection or rejection of their proposals.

15.0 Governing Law

This RFP and any response related thereto shall be governed by, and construed in accordance with, the laws of Canada and the Province of Nova Scotia and the proponents agree to attorn to the exclusive jurisdiction of the courts of Nova Scotia.

16.0 Indemnity

The proponent shall indemnify and hold NSGC harmless against any loss, damages, costs and expenses of any nature whatsoever arising out of or resulting from this RFP, any proposal in response to this RFP and any resulting agreement hereunder.

17.0 Conflict of Interest Policy

All proponents must disclose any interests which could conflict with the interests of NSGC or the Government of Nova Scotia.

18.0 Accuracy and completeness of RFP information

NSGC makes no representation or warranty as to the accuracy or completeness of the information contained in this RFP.

SCHEDULE 1

SUBMISSION FORM

REQUEST FOR PROPOSAL

EXTERNAL AUDIT SERVICES

CLOSING – (August 23, 2018 4:00 P.M., Atlantic Standard Time)

PROPONENT'S NAME : _____

ADDRESS : _____

: _____

AUTHORIZED SIGNATURE(S) : _____

: _____

NAME(S) IN CAPITAL LETTERS : _____

: _____

TITLE(S) : _____

: _____

PHONE NUMBER : _____

FAX NUMBER : _____

DATE : _____

SCHEDULE 2
RECEIPT CONFIRMATION FORM
REQUEST FOR PROPOSAL

External Audit Services (RFP #2018-08)

Please complete this form and return by August 1, 2018 to:

Nova Scotia Gaming Corporation
Suite 501, 1601 Lower Water Street
Halifax, NS
B3J 2P3
Attention: Kara Dort
Fax Number: 902-424-0724
Email: kdort@gamingns.ca

FAILURE TO RETURN THIS FORM WILL RESULT IN NO FURTHER COMMUNICATION REGARDING THIS RFP.

COMPANY: _____

ADDRESS: _____

CITY: _____ **POSTAL CODE:** _____

CONTACT PERSON: _____ **TITLE:** _____

PHONE NUMBER: _____ **FAX NUMBER:** _____

We have received a copy of the above noted RFP and:

_____ We intend to submit a proposal in response to the RFP.

_____ We do not intend to submit a proposal in response to the RFP.

Company

Authorized Signature

Print Name of Authorized Signature

Title

Date

SCHEDULE 3

PROPONENT CERTIFICATION

I certify that I have the authority to bind the proponent indicated below to the terms and conditions imposed in the RFP and offered in the proposal and the proponent hereby specifically agrees to all of the waivers, restrictions, and terms and conditions of the RFP as conditions precedent to submitting this proposal.

Proponent

Authorized Signature of Proponent

Print Name of Authorized Signature

Title

Date