



REQUEST FOR PROPOSALS FOR EXTERNAL AUDIT SERVICES

OPS 03/2013

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UTILITIES REGULATION & COMPETITION AUTHORITY

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1. Introduction

This request for proposals is for the annual audit of the financial statements of the Utilities Regulation and Competition Authority (URCA) for the years ending 31 December 2013, 2014 and 2015.

2. Organisational Background

- 2.1. URCA was established on 1 August 2009, as a public authority and a body corporate, under the Utilities Regulation and Competition Authority Act, 2009 (the URCA Act). It is the successor to the Public Utilities Commission established under The Public Utilities Commission Act, 1993 which ceased to operate when URCA came into being.
- 2.2. URCA is the converged regulator for the electronic communications sector (ECS) covering radio and television broadcasting, radio spectrum, internet and data, pay-TV and voice telephony. URCA currently regulates the ECS through the Communications Act, 2009 (as amended), although URCA may regulate other sectors over time (such as energy and water) if given specific responsibilities to do so under other sector specific legislation.
- 2.3. The offices of the Authority are currently located at UBS Annex Building, East Bay Street, New Providence, Bahamas.
- 2.4. URCA currently employs 22 persons who are trained in the disciplines of Human Resources, Economics, Engineering, Accounting and Law.
- 2.5. URCA is governed by a Board consisting of five members: three non-executive members (including the Chairperson), the Chief Executive Officer and Director of Policy and Regulation. The Act also established an Audit Committee comprising the non-executive members and chaired by an accounting professional who is not a member of the Board or a member of the executive. The Audit Committee selects the auditors with the approval of the Minister responsible for relations with URCA in accordance with section 39(4)(b) of the URCA Act.
- 2.6. URCA, in its effort to be an effective regulator, has ensured that the requisite finances are available to ensure that stakeholders are provided with the best possible service and value for money. Under the URCA Act, URCA is mandated to annually calculate fees at a level necessary to recover the anticipated cost of operations. For the current period of

operation (1 January to 31 December 2013), URCA's approved operating and capital budgets are \$5,649,134 and \$113,500, respectively.

2.7. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are an integral part of URCA's Annual Report. The financial statements and Annual Report are, by statute (sections 39(4)(b) and 41(1)(b) of the URCA Act, respectively), to be completed by 30 April of each year. URCA's fiscal year-end is 31 December.

2.8. URCA currently uses Accpac version 5.5 software for its accounting. The active modules include the General Ledger, Accounts Receivables, Purchasing, Accounts Payable and Payroll. Additionally, URCA uses Sage FAS 100 Asset Accounting for Property, plant and equipment.

3. Scope of Work

3.1. The term of the audit engagement is for three (3) years – reporting on the financial statements for the years ending 31 December 2013, 2014 and 2015.

3.2. The audit services are to result in the following deliverables:

3.2.1. Expression of an audit opinion on the fairness or otherwise of the annual financial statements of URCA stated in accordance with IFRS.

3.2.2. A management letter indicating deficiencies or opportunities for accounting and reporting improvements, specifically identifying any reportable condition or material weakness.

3.2.3. Disclosure of any irregularities and illegal acts that come to the attention of the auditors.

3.2.4. Recommending any continuing education training that will assist with financial reporting and the financial reporting closing process.

3.3. The audits are to be performed in accordance with International Standards on Auditing.

4. Proposal Content and Submission Requirements

4.1. The proposal should respond to the following requirements and parameters:

4.1.1. The identities of the persons who will be assigned to the engagement with details of their qualifications and experience.

4.1.2. Staff Continuity (Depth of Technical Resources) – The firm must demonstrate how it will ensure continuity in the proposed audit team so as to avoid or minimize the risk of

frequent and/or unnecessary changes to the engagement team. In the event such changes become necessary, then the firm must detail in its proposal that it has sufficient depth in technical resources to provide a similarly qualified and competent substitute to the member of staff that is leaving the engagement team.

- 4.1.3. The firm's experience in providing professional auditing services to public sector entities and to regulatory agencies.
 - 4.1.4. The firm's expertise in the industries regulated by URCA.
 - 4.1.5. The firm's audit approach and how it will ensure compliance with the statutory deadline for completion of the audit.
 - 4.1.6. The firm's independence with respect to URCA.
 - 4.1.7. The firm's monitoring policies to identify compliance with independence and potential conflicts of interest.
 - 4.1.8. The estimated fees plus expenses and the basis for determining each one.
 - 4.1.9. The proposal shall remain valid for a period of at least 60 days from the deadline for submission.
- 4.2. Note the following submission requirements:
- 4.2.1. ***Any contact with URCA during this proposal process should be with: Ms. Faith Johnson, Finance Officer, telephone – 397-5223 and e-mail address – fajohnson@urcabahamas.bs.***
 - 4.2.2. All questions/inquiries must be submitted in writing addressed to Ms. Faith Johnson via email and received no later than 3:00 PM on (two weeks from the publication date) 2013. The "Subject" line of the correspondence should state "Questions on RFP for External Audit Services."
 - 4.2.3. Questions submitted after the inquiries/questions deadline will not receive a response. Responses to inquiries/questions deemed by URCA to materially affect the RFP process will be posted on URCA's website no later than (3rd week from the publication), 2013, by 5:00 p.m. in the form of an Addendum to the RFP.
 - 4.2.4. Each bidder shall remain liable for all costs and expenses it may incur in this RFP process. URCA shall not accept nor bear any responsibility to reimburse any bidders.

4.2.5. Proposals are to be submitted in sealed envelopes, marked "Proposal for Audit Services" addressed to Mrs. Kathleen Riviere-Smith, Chief Executive Officer, Utilities Regulation and Competition Authority, UBS Annex Building, East Bay Street, New Providence, Bahamas.

4.2.6. Copies required: one original and six hard copies; an electronic copy **may be** requested at a later date. All proposals, in hard copy, should be submitted no later than 4 p.m. on 14 June 2013.

5. Evaluation Criteria

5.1. Proposals will be evaluated by a committee selected by URCA's management.

5.2. The Evaluation Committee will make a recommendation to the Audit Committee who will make the final decision.

5.3. The proposals will be evaluated based on the following specific elements and weights:

5.3.1. Qualifications and experience of audit team - 25%

5.3.2. Audit approach and the ability to comply with the statutory deadline - 25%

5.3.3. Fees - 25%

5.3.4. Firm's experience serving public sector entities and regulatory agencies - 15%

5.3.5. Firm's expertise in industries regulated by URCA - 10%

5.4. The firm selected will be notified by **6 August 2013**. However, the appointment will be subject to the Minister's approval in accordance with section 39(4)(b) of the URCA Act.

5.5. **URCA has the right to accept and reject any proposal.**

6. Appendices and Attachments

6.1. The following items are provided:

6.1.1. Organisation Chart.

6.1.2. 2012 Annual Report including the audited financial statements for the twelve month period ended 31 December 2012.

6.1.3. Three Year Strategy and Annual Plan for 2013.

6.1.4. Unaudited management accounts for period ended 31 March 2013 will be provided upon request.

6.2. The documents and information contained therein are given in strict confidence and are for use in the preparation of the proposal and in executing the audit services should the firm be chosen.

7. Form of Agreement

7.1 It is expected that services shall be performed on the basis of a contract to be agreed between URCA and the successful bidder based on the successful bidder's proposal. In the event that agreement cannot be reached between the parties, URCA reserves the right to end negotiations and select an alternative bidder.