



REQUEST FOR PROPOSALS

EXTERNAL AUDIT SERVICES

YEARS ENDING 31 DECEMBER 2022, 2023, AND 2024

1. Introduction

This request for proposals invites submissions from suitably qualified firms to conduct the annual audit of the financial statements of the Utilities Regulation and Competition Authority (URCA) for the years ending 31 December 2022, 2023, and 2024.

2. Organization

- 2.1. The Utilities Regulation and Competition Authority (URCA) was established on 1 August 2009, as a corporate body, 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 services and the energy sector (ES) governing the generation, transmission, distribution, and supply of electricity. URCA currently regulates the ECS through the provisions of the Communications Act, 2009 (as amended) and the ES pursuant to the Electricity Act, 2015.
- 2.3. The offices of the Authority are currently located at Frederick House, Frederick Street, New Providence.
- 2.4. URCA currently employs 36 persons who are trained in the disciplines of Human Resources, Business Administration, Economics, Engineering, Accounting and Law.
- 2.5. URCA is governed by a Board consisting of seven members: four non-executive members (including the Chairperson), and the CEO, Director of Electronic Communications and Director of Utilities and Energy as executive members of the Board. The Communications

Act 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 (the Minister).

- 2.6. URCA, in its effort to be an effective regulator, has ensured that the requisite finances are available to provide stakeholders with the best possible service and value for money. Under the URCA Act, URCA is mandated to calculate fees annually, at a level necessary to recover the anticipated cost of operations. For the current period of operation (1 January to 31 December 2022), URCA's ECS approved operating and capital budgets are \$4,147,332 and \$452,540 respectively, and ES approved operating and capital budgets are \$2,550,669 and \$79,860 respectively. The financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) 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), required to be completed by 30 April of each year. URCA's fiscal year-end is 31 December.
- 2.7. URCA currently uses Sage ERP 2021 (Accpac) version 6.8 software to execute its accounting functions. The active modules include the General Ledger, Accounts Receivables, Purchasing, Accounts Payable and Payroll. Additionally, URCA uses Sage FAS 2021.1 Asset Accounting for Property, plant and equipment.

3. Scope of External Audit

- 3.1. The term of the audit engagement is for three (3) years – reporting on the financial statements for the years ending 31 December 2022, 2023, and 2024.
- 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 for SMEs.
 - 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.

3.4. In order to meet the April 30 publishing deadline of URCA's Annual Report, which will include the Audited Financial Statements, the Auditors' clearance on final Draft Financial Statements is required in time for review and discussion at the March meeting of the Audit Committee.

4. The Proposal

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

4.1.1. The identities of the partner, manager and in-charge auditor who will be assigned to the engagement with details of their qualifications and experience.

4.1.2. The firm must demonstrate how it will ensure continuity in the proposed audit team 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. Also, explain:

4.1.5.1. the firm's consultation process for resolving any technical dispute or difficult accounting issue, including the use of any associate or affiliate firm;

4.1.5.2. the firm's use of technology; and

4.1.5.3. the communications process used by the firm to discuss issues with Management and the Audit Committee.

4.1.6. The firm's independence with respect to URCA. Indicate the nature of non-audit services provided to URCA, if any, and any implications of such services for any potential audit appointment.

- 4.1.7. The firm's monitoring policies to identify compliance with independence and potential (actual or perceived) conflicts of interest and fully disclose any such potential conflict 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 submissions.

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 Manager (telephone – 396-5223 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 20 May 2022. 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 27 May 2022, 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 to URCA's General Counsel in blank sealed envelopes bearing no corporate or other branding, marked only as follows:

Proposal for Audit Services
General Counsel
Utilities Regulation and Competition Authority
Frederick House
Frederick Street
New Providence
Bahamas

4.2.6. Copies required: one original proposal and six copies should be submitted in printed form, as well as an electronic copy in .pdf format on removable USB compliant storage device which will become the property of URCA. All proposals must be submitted by no later than 4 p.m. on June 24, 2022.

5. Evaluation Criteria

5.1. Proposals will be evaluated by an Evaluation Committee selected by URCA's management team.

5.2. The Evaluation Committee will make recommendation to the Audit Committee who will make the final selection. The appointment will be subject to the Minister's approval in accordance with section 39(4)(b) of the URCA Act.

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 plan, including the firm's ability to comply with 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 **September 9, 2022**.

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

6. Appendices and Attachments

6.1. The following items will be provided upon request:

6.1.1. Organization Chart.

6.1.2. 2021 Annual Report including the audited financial statements for the twelve-month period ended 31 December 2021.

6.1.3. Annual Plan for 2022.

6.1.4. Unaudited management accounts for period ended 31 March 2022.

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.