

# Request for Information

**For**

**Finance Strategic Planning and Program Management Services**

Date Issued: December 23, 2013  
Solicitation File: 2013-02

Solicitation Closes: 11am EST, January 20, 2014  
Originating Department: CMHC

Inquiries: Monika Morrison  
Senior Procurement Advisor  
e-mail: [mmorriso@cmhc-schl.gc.ca](mailto:mmorriso@cmhc-schl.gc.ca)  
Fax: (613) 748-2998

Security Classification: PROTECTED

Ce document est aussi disponible en français sur demande.

Canada



## 1.1 Introduction and Scope

Canada Mortgage and Housing Corporation (CMHC) is conducting a Request for Information (RFI) to enhance its knowledge about the supply of strategic planning and program management services to develop a comprehensive and detailed multi-year Finance plan (hereafter referred to as the “Plan”) and, at the discretion of CMHC, provide ongoing Program Management Services required for the implementation of the developed Plan.

## 1.2 CMHC Background

CMHC is the Government of Canada’s National Housing Agency, with a mandate to help Canadians gain access to a wide choice of quality, affordable homes. It is a Crown corporation, with a Board of Directors, reporting to Parliament through the Minister of Employment and Social Development, and Minister responsible for CMHC, the Honourable Jason Kenney.

CMHC has approximately 1,900 employees located at its National Office in Ottawa, and at various Business Centres throughout Canada. The Business Centre areas are divided into five regions: Atlantic; Québec; Ontario; British Columbia; and Prairies & Territories.

Respondents may visit CMHC’s Web site at: <http://www.cmhc-schl.gc.ca/>

## 1.3 Objectives of this Request for Information

CMHC is requesting that respondents provide a written response to the following questions related to Finance Strategic Planning and Program Management Services. Your responses are intended to aid CMHC to formulate and plan its approach to finalise a potential Request for Proposal (RFP). **Please provide explanations and rationale for each response provided.**

Refer to **Appendix 1** for an excerpt of the **DRAFT** Finance Strategic Planning and Program Management Services Statement of Work and Proposal Requirements.

## Procurement Approach

CMHC wishes to enter into an Agreement with an experienced Service Provider for the supply of a Plan as described in **Appendix 1**.

In addition, CMHC **may** enter into an Agreement with the **same** Service Provider for the supply of Program Management Services for all the individual projects to be identified within the Plan. The contracting approach currently being considered for these services is a contract with Task Authorizations.

Implementation of the individual projects within the Approved Plan will be performed either internally or by third party entities determined through **separate** competitive procurement vehicles. The Service Provider successfully selected as a result of this proposed RFP would be **ineligible** to participate in any potential future solicitation for **implementation** of the individual projects detailed in the Plan.

1. What is the best approach to procure Program Management Services for this project?
2. Would your organization's interest or ability to bid on the proposed RFP be limited by your ineligibility to participate in potential project implementation competitions (which may include, but not be limited to, the implementation of an SAP Enterprise Resource Planning (ERP) solution – see Section 3.6.1.5 for a List of Projects within the Plan)? If so, what alternative procurement approach would you propose?
3. Would your organization's interest or ability to bid on this proposed RFP be limited by the possibility that the Program Management Services may not be requested by CMHC?
4. Please describe previous projects in which you have released the materials produced in developing a Plan and detailed business cases to be used in future solicitation processes for implementation by a third party.

### **Program Management Services**

Program Management Services are required to set-up a framework, agreed upon by CMHC, to oversee and manage both the development of the Plan as well as the implementation of all the individual projects within the Plan (the program).

5. What are the critical success factors to program manage the entire scope and phases of a large transformation strategy and technology modernization solution for CMHC's finance function (Finance)?
6. What is the most effective and efficient timing to set-up the framework (i.e. ramp up) for the Program Management Services in order to be fully functional and operational for managing the integration of all projects in the Plan during the implementation phase?
7. A key role of the successful proponent will be to program manage the subsequent implementation of multiple projects, potentially delivered by multiple organizations, and facilitate the adherence to agreed upon requirements, timelines and costs.
  - 7.1 Please provide insight into how you would suggest CMHC assign accountability to the Program Management Service Provider for successfully managing the delivery of these multiple projects within the overall Plan.
  - 7.2 Since the implementation of all subsequent projects in the Plan (e.g. ERP solution, internal control certification) will be contracted to other firms, would your organization be willing to accept the risks and accountability associated with the project management function? Please describe these risks and how could those risks be mitigated and at what cost.
  - 7.3 In particular, under what contractual considerations would your organization accept accountability for overall delivery of the program of projects within the Plan?
  - 7.4 What kind of performance measures with remedies would be acceptable and enforceable in the scenario envisioned by CMHC?
  - 7.5 Please describe previous projects in which your organization has provided Program Management Services for Finance transformation and technology modernization project implementations (including ERP) where the implementation services were provided by third party contractors?

### **Deliverable Timelines and Resources**

8. Based on your experience, what is a normal timeline and internal/external staff complement (quantity and expertise) required for the planning phase of a project of similar size and scope?

### **Upstream Functions to Finance**

9. Acknowledging that this project is primarily a Finance transformation and that upstream information is required by Finance to perform their activities,
  - 9.1 How do you determine the boundaries of the upstream processes and to what degree do you need to assess upstream processes to deliver an optimal Plan?
  - 9.2 What percentage of your planning schedule should we expect to be devoted to upstream processes and their subject matter experts?

### **Knowledge Transfer**

CMHC intends to develop its own program management capability during this project.

10. Per your experience, what is the most appropriate way to achieve a successful transfer and operationalization of program management knowledge and capabilities during this project?
  - 10.1 How many internal resources would need to be mentored and at which point during the project should mentoring occur in order to be most effective?
  - 10.2 When should the Service Provider's Program Management Services be transferred to CMHC resources?
11. What approach would be proposed to develop and measure success of the outcome of the program management knowledge transfer process?

### **Proposed RFP**

12. Considering the scope of the proposed RFP, are the below timelines reasonable?
  - 12.1 Proposed RFP issued and posted for 20 business days.
  - 12.2 Deadline for proponent questions 10 business days after issuance.
  - 12.3 Response to all proponent questions provided at the latest 3 business days following the deadline for questions.
  - 12.4 If these timelines are not reasonable, what would you recommend?
13. What other key deliverables would you propose to ensure CMHC obtains a quality and comprehensive Plan which can be efficiently and successfully implemented?
14. What other information and/or suggestions would you propose CMHC provide to enhance the quality of the proposed RFP in order to ensure all proponents are able to provide their most accurate and comprehensive bid for the services being procured?
  - 14.1 What is needed as it relates to the Plan?
  - 14.2 What is needed as it relates to Program Management Services?
15. Are there any other factors that would prevent your organization from responding to the proposed RFP?
16. What other qualifications and proposal response requirements would you recommend CMHC include in the proposed RFP to ensure CMHC acquires the most appropriate and qualified Service Provider?
17. What are key decisions that need to be made by CMHC in assessing strategy options and determining the direction and priorities for moving forward?

## Price

18. CMHC is considering a fixed (firm) price agreement for the Plan, and a Time and Materials agreement for the Program Management Services.
  - 18.1 From your experience with similar initiatives, what price range excluding taxes would you estimate for the Plan - <\$250K, \$250-\$400K, \$400-\$550K, \$550K-\$700K, \$700K-\$850M, \$850-\$1M and >\$1M?
  - 18.2 From your experience with similar activities, what range of per diem rates would you estimate for the Program Management Services?
19. What are the key risks to service providers, if any, associated with the deliverables, requirements and the attached extract of terms and conditions that would have a negative impact on pricing, and how could they be mitigated in the proposed RFP?
  - 19.1 As it relates to the Plan?
  - 19.2 As it relates to Program Management Services?

## Agreement

20. An extract of possible terms and conditions to be included in the resulting agreement are attached in **Appendix 2**.
  - 20.1 The clauses in **Appendix 2** are intended to be used in the proposed RFP as a **rated** requirement in order to minimise contract negotiation. Please provide comments on the practice of rating the proponent's agreement/modification to contract clauses as part of the proposed RFP process.
  - 20.2 Please identify any issues with the clauses (with explanation), proponent impacts and how the impacts could be mitigated.

## 1.4 Submission Requirements

Potential respondents interested in responding to this RFI are invited to submit a brief information package pertaining to the above-stated high level requirements, *on or before*: **11:00 am EST on January 20<sup>th</sup>, 2014.**

Please submit your response electronically to [ebid@cmhc-schl.gc.ca](mailto:ebid@cmhc-schl.gc.ca). The subject line of the transmission must state RFI. An automatic confirmation of receipt will be sent to all respondents. Responses may be submitted in MS Word, or Adobe Acrobat PDF, in English or in French. Please note that in certain e-mail programs the "Send" format may need to be specified as either "HTML" or "Plain Text". Rich Text formatted or compressed (Zipped) documents cannot be opened by CMHC.

### NOTES:

**1. Respondents need not prepare expensive or detailed responses at this time.**

2. Respondents should not include a financial bid since this is an RFI.
3. Respondents should note that this RFI is neither a formal tender nor an intent to contract with any supplier and must not be interpreted as any form of commitment or obligation on CMHC's part. Following the receipt of responses and at its sole discretion, CMHC will determine whether or not to continue the project described herein.

4. In responding to this RFI, any assumptions that respondents have made should be clearly explained. Providing responses to the questions contained in this RFI is not mandatory and will not serve as pre-qualification of bidders for any subsequent potential RFP; however, responses from the industry will assist CMHC in preparing for a potential RFP and assist the procurement strategy as a whole. Responses will not be formally evaluated.

5. Respondents are reminded that this is a Request for Information (RFI) and not a Request for Proposal (RFP). It is not necessary to respond to every point mentioned in the RFI; however, more complete responses will potentially increase effectiveness in the procurement process as a whole when and if CMHC proceeds to a potential RFP stage.

6. Due to the nature of this RFI activity, respondents must be aware that aspects of their responses may be used as a basis for modifying and completing the draft proposed RFP document attached to this RFI, if CMHC prepares any future procurement. It shall be noted that these draft documents are subject to change.

### **1.5 Schedule of Events**

The following schedule summarizes significant target events for the RFI process. The dates may be changed by CMHC at its sole discretion.

RFI Issued	December 23 <sup>rd</sup> , 2013
RFI Deadline	January 20 <sup>th</sup> , 2014
RFI Review	January 20 <sup>th</sup> – February 2014
RFI Consultations	February 2014

During the review of RFI responses, CMHC reserves the right to contact or consult with any respondent in order to obtain clarification or additional information of its response. CMHC is in no way obliged to meet with any or all respondents for this purpose.

### **1.6 Communication**

All questions regarding this RFI must be sent by e-mail to:

Monika Morrison  
Senior Procurement Advisor  
Canada Mortgage and Housing Corporation  
700 Montreal Road  
K1A 0P7  
Email: [mmorriso@cmhc-schl.gc.ca](mailto:mmorriso@cmhc-schl.gc.ca)

### **1.7 Proprietary Information**

Information contained in this RFI is to be considered “Proprietary Information” and the respondent is not to disclose this information to any party other than the respondent’s employees or agents participating in the response to this RFI.

## **1.8 Ownership of Responses**

All responses and related materials remain the property of the respondent. The respondent hereby grants CMHC the right and license to use the information for any purpose related to its business planning and operations, and to incorporate information included in the responses into its future planning and solicitation documents. Responses and related materials will not be returned to respondents. Respondents are not entitled to compensation for any work related to, or materials supplied in the preparation of their responses.

The respondent warrants that the respondent possesses all rights necessary to grant CMHC the rights set out above.

## APPENDIX 1

### Excerpt of the **DRAFT Finance Strategic Planning and Program Management Services RFP**

#### SECTION 3 STATEMENT OF WORK

##### 3.1 Overview of Section 3

The section provides general information about Canada Mortgage and Housing Corporation (CMHC) and this Request for Proposal (RFP). All capitalized terms in this document have the meaning ascribed to them within the RFP document, the draft agreement, or in certain cases, are terms that are in common usage at CMHC.

This section of the RFP is also intended to provide the proponent with the information necessary to develop a responsive proposal. The Statement of Work is a complete description of the tasks to be done, results to be achieved and/or the goods to be supplied.

##### 3.2 Scope

CMHC wishes to enter into an Agreement with an experienced Service Provider for the supply of planning services to develop a comprehensive and detailed multi-year Finance Strategic Plan (hereafter referred to as the “Plan”) and for the supply of Program Management Services during the various phases of the Plan. As a result of this RFP, CMHC may decide at its sole discretion to only enter into an Agreement with the successful proponent for the supply of the Plan, or to enter into an Agreement with the successful proponent for both the supply of the Plan and the supply of Program Management Services for the implementation of the Plan.

CMHC’s Finance Strategic Planning and Program Management Services work effort is envisioned in 5 phases. The services to be provided under the Agreement resulting from the current RFP process are to assist CMHC to the end of Phase 2 – Planning as it relates to the Plan and into Phase 3 – Implementation as it relates to Program Management Services. The 5 phases are:

- Phase 1 - Initiation: consists of the completion of this RFP process resulting in signed agreements for the delivery of the Plan and Program Management Services.
- Phase 2 - Planning: consists of the actual delivery, completion and approval of the Plan including project management<sup>3</sup> and the initiation of the Program Management Services<sup>4</sup> expected to commence in Q2 2014.

---

<sup>3</sup> **Project Management:** is the application of knowledge, skills and techniques to execute projects effectively and efficiently, it’s about doing the projects right. Project management is the discipline of planning, organizing, motivating, and controlling resources to achieve specific goals for **one** project.

<sup>4</sup> **Program Management:** is the process of managing several related projects in a coordinated manner to obtain benefits and control not available from managing them individually, with the intention of improving an organization's performance. Program management emphasizes the coordinating and prioritizing of resources across projects as well as managing links, cross-project dependencies, overall costs, issues and risks of the program. It provides oversight support to ensure the overall purpose, status and goals of the program are met by providing a monitoring, reporting and decision-making capacity over all projects, capacity that cannot be achieved at the project level. Program management is concerned with doing the right projects in the right sequence.

- Phase 3 - Implementation: consists of Program Management Services over the implementation of the individual projects within the Plan (as part of this RFP) and potential/future solicitations to implement the individual projects detailed in the Plan (not included in this RFP).
- Phase 4 - Go-Live/Stabilization
- Phase 5 - Completion

More specifically, to achieve Finance's vision, goals and objectives, all Finance functions, systems and key inputs external to Finance (as described in Section 3.5.2) are in-scope and must be assessed during the planning phase.

### **3.3 Objectives of the RFP**

The objective of the RFP is to enter into an Agreement with a Service Provider with knowledge and experience in the financial services' sector (mortgage insurance, financial institutions, loans, borrowing and securitization), the government sector, in particular Crown corporations. In addition, finance transformation; process improvement/optimization/re-design; ERP solution strategy, planning and implementation; as well as project management and program management experience is required for the purpose of providing:

#### **Comprehensive and Detailed Multi-Year Plan (Plan)**

CMHC is seeking an experienced Service Provider to develop, with the assistance of CMHC personnel, a Plan to optimize and improve the overall performance, quality, effectiveness and efficiency of the CMHC Finance function and its key input functions. This Plan will address Finance's mandate, role, organization, governance as well as the people, processes and technologies required to support its vision, goals and objectives.

The Service Provider will assume the role of a business partner and experienced advisor to assist CMHC through the planning phase and is expected to develop a good understanding of CMHC's current state and an opinion of the optimized state for each process in-scope (including technology solutions) with supporting rationale. CMHC expects the planning phase to result in a Plan, or program of individual projects, to be delivered over a 24 to 36 month time frame culminating in the successful achievement of Finance's goals and objectives.

The Plan must be developed for all CMHC Finance (Finance) functions and its key input functions as described in Section 3.5.2 and must address the following:

- i. **Finance Transformation** to build an optimal Finance organization which will allow Finance to meet or exceed stakeholder expectations by providing value added analysis and advice as well as robust financial management governance and performance. The Finance transformation must standardize and streamline processes, integrate and modernize technology solutions, improve the timeliness, efficiency and effectiveness of financial and management reporting and analysis as well as incorporate strong internal controls and risk-based processes.

- ii. **Technology Modernization** based on viable technology that leverages advancements in Financial Institution and Insurance technologies; reduces the number of applications by integrating similar processes in the same application, reduces reliance on manual processes in favour of automated processes, increases efficiencies, implements systems that are user-friendly and empowers Finance to improve their business processes. The proponents are to assume that the ERP solution of choice for the purpose of this RFP is SAP.

The proponent must **project manage** the development of the Plan using leading practices and methods agreed upon by CMHC.

Completion of the planning phase is contingent on Finance's concurrence with the final delivered Plan and CMHC's Senior Management approval of the Plan.

## **Program Management Services**

Program Management Services are required to oversee the delivery and integration of multiple individual projects for a program consisting of a large scale Finance transformation strategy and technology modernization solution.

During the planning phase, the Service Provider must establish a program management framework, agreed upon by CMHC, to oversee and manage both the development of the Plan as well as oversee the implementation of all the individual projects within the Plan (the program). The framework should consist of proven, standardized, rigorous monitoring and reporting methodologies, tools and templates that align with leading practices. These should address all areas of program management, including but not limited to: integration (timely management of project interdependencies), risk/issues management and resource management (engagement, timely monitoring and reporting of costs/timelines).

Subsequent to the end of the planning phase, CMHC requires the Service Provider to program manage the implementation of all the individual projects within the Plan. As part of its Program Management Services for the implementation of the Plan, the Service Provider will be required to interface with and as a result manage the project managers (CMHC internal staff and/or external service providers) who will be tasked with implementing the individual projects that together comprise the entire program. The Service Provider, as Program Manager, will be responsible for the successful management/oversight of the program of projects.

The Service Provider will enforce and administer the program management framework across all projects within the Plan, with adequate monitoring of progress, risks and issues. Project interdependencies must be identified, understood and addressed in order to mitigate program level risks. The proponent must monitor and report milestone and resource under/over utilization on a timely basis in order to adequately mitigate risks, ensure program goals are met and escalate the need for CMHC action as necessary. The proponent will facilitate stakeholder engagement and acceptance at the program level.

**The Program Management Services may continue over the term of the implementation of the Plan, as required.** It is the intention of CMHC to develop its own program management capability. Therefore, at some point in the implementation phase, the Service Provider may be expected to mentor and develop a CMHC designate as well as transfer capabilities. In turn, this would result in phasing out the Service Provider's Program Management Services.

### **3.4 Contract and Future Solicitation**

CMHC may decide at its sole discretion to only enter into an Agreement with the successful proponent for the supply of the Plan, or to enter into an Agreement with the successful proponent for both the supply of the Plan and the supply of Program Management Services for the implementation of the Plan.

The lowest cost or any proposal will **not** necessarily be accepted and CMHC reserves the right to accept or reject any or all proposals in whole or in part.

**NOTE:** The successful proponent (which includes all employees, agents, companies or entities who perform any portion of the Services or who obtain access to any information disclosed or developed in relation to the Plan or the Program Management Services for the implementation of the Plan) **will be ineligible** to submit a proposal in any subsequent procurement process related to the implementation of the Plan that is based on the Services in any way, except as expressly provided in this RFP. If a proponent wishes to retain its eligibility to submit a proposal for the RFP regarding the implementation of the Plan, the proponent should not submit a proposal under this RFP. CMHC retains full and final discretion to determine whether a proponent has had access to information that would negatively impact the fairness of any subsequent procurement process, and to exclude the proponent from that subsequent procurement process.

Implementation of each individual project, forming part of the Plan, could be resourced either internally, externally via a procurement process or a combination thereof. This may result in several agreements with different firms. However, as stated above, Program Management Services may continue over the term of the implementation of the Plan, as required.

By issuing this RFP and accepting proposals, CMHC assumes the obligation of conducting the process in a fair and transparent manner. CMHC has no obligation to procure any services, or to compensate any proponent for work done other than as may be set out in a written agreement with that proponent.

The Agreement resulting from this RFP process will have an initial term of up to 1 year, with the potential to renew for 2 subsequent one-year renewals, not to exceed a cumulative total of 3 years.

### **3.5 Introduction**

#### **3.5.1 Background Information**

CMHC is the Government of Canada's National Housing Agency, with a mandate to help Canadians gain access to a wide choice of quality, affordable homes. It is a Crown corporation, with a Board of Directors, reporting to Parliament through the Minister of Employment and Social Development, and Minister responsible for CMHC, the Honourable Jason Kenney.

CMHC has approximately 1,900 employees located at its National Office in Ottawa, and at various Business Centres throughout Canada. The Business Centre areas are divided into five regions: Atlantic; Québec; Ontario; British Columbia; and Prairies & Territories.

CMHC's mandate is carried out through four distinct business activities (segments) which add complexity to the delivery of financial accounting and reporting; operations and systems; financial planning, budgeting and costing; and taxation requirements. Two segments (Insurance and Securitization) relate to CMHC's commercial mandate and run as self-sustaining businesses while the other two segments (Housing Programs and Lending) relate to CMHC's social housing mandate.

CMHC manages to an operating budget of less than \$400 million and is constrained by CMHC's legislative framework and government policy. CMHC's operating base includes 5 major regional centres, 21 satellite offices and its National Office.

CMHC has evolved into a complex environment of increasing compliance with legal, regulatory and stakeholder expectations such as the CMHC Act, Financial Administration Act, National Housing Act, International Financial Reporting Standards, Treasury Board's Quarterly Reporting Directive and has recently come under the oversight of the Office of the Superintendent of Financial Institutions (OSFI). As a result, there have been increasing demands on CMHC's Finance function, a rise in reporting requirements, including shorter reporting time frames and increased accountabilities regarding corporate governance, risk management and internal controls.

In order to adapt to the changing landscape, CMHC plans to transform its Finance function from a transactional processing and reporting role to a trusted and value added business function. This transformation must place emphasis on a) strengthening enterprise controls including implementing a certification regime, b) standardizing and streamlining finance processes, c) integrating and modernizing information solutions, d) improving reporting to internal and external stakeholders, e) providing value added decision support and f) increasing support to the business areas in forecasting, planning, costing, performance measurement, operational analysis and understanding of results. Management expects the effectiveness and efficiency of the Finance function to be at a standard consistent with peer financial institutions and/or Treasury Board Secretariat policy, directives and standards.

Proponents may visit CMHC's Web site at: <http://www.cmhc-schl.gc.ca/> for additional information.

## **3.5.2 Description of Finance at CMHC**

### **3.5.2.1 Finance Vision**

CMHC Finance will be a leading finance function, when compared to peer government agencies and financial institutions, meeting or exceeding stakeholder expectations, and will be a trusted business advisor supporting CMHC objectives. This will be achieved through:

- Value added analysis and advice, supported by timely access to comprehensive and accurate data and information, and a thorough understanding of the business;
- Robust financial management governance supported by strong internal controls; and
- Effective and efficient structure, lean and agile processes and technology, and an engaged professional workforce.

### **3.5.2.2 Finance Goals and Objectives**

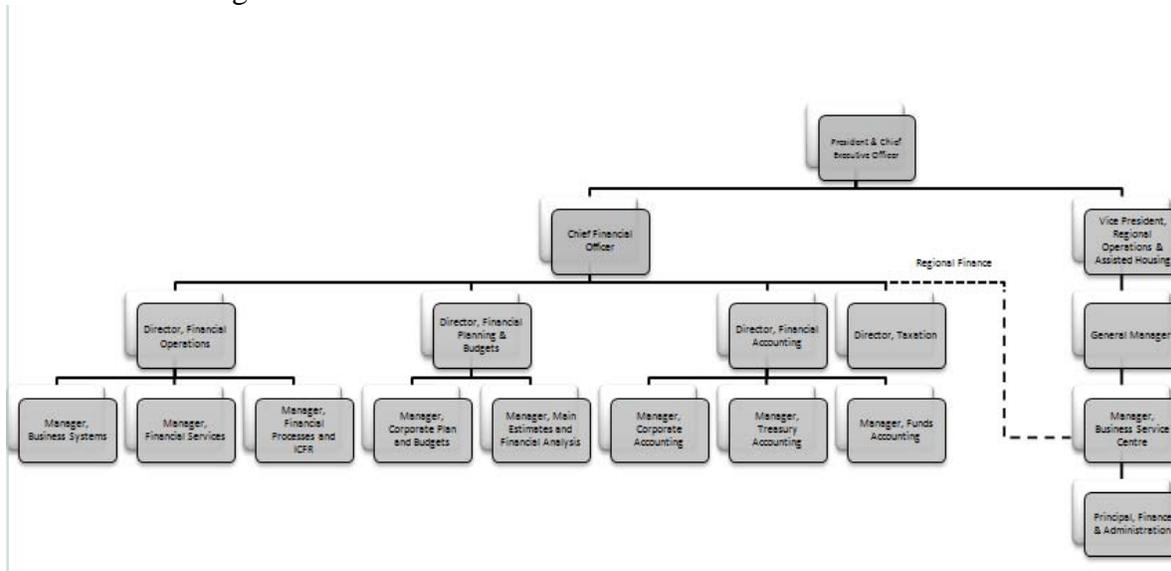
The Plan must address the following goals and objectives, including but not limited to:

- Standardized, streamlined and lean finance processes, in order to operate at a top quartile efficiency and effectiveness with continuous monitoring, real-time performance metrics and key performance indicators;
- Integrated and modernized technology solutions that will provide a single source data repository with accurate and reliable data (one version of the truth) supported by a robust chart of accounts as well as improved and automated manual processes;
- Robust internal controls that are designed in accordance with a recognized internal controls framework and a thorough risk-based assessment process to support a certification regime that ensures effectiveness, efficiency, reliability and timely remediation to facilitate compliance with regulations and conformity to leading practices;
- Cost effective, efficient, timely, accurate and continuous financial and management reporting and analysis;
- Comprehensive financial and management reporting related to financial statements, planning, budgeting, expense management as well as program/product costing;
- Comprehensive understanding of, performance measurement of, and analysis of CMHC business activities and products;
- Comprehensive performance measurement frameworks that supports effective and efficient decision making by incorporating relevant performance indicators and targets to manage: strategic planning, operations improvements, program evaluation, accountability reporting and optimal resource allocation metrics;
- Strong oversight role including appropriate authorities that promotes accountability, robust corporate governance, effective and efficient financial management and stewardship of information systems management;
- Effective organizational design and structure that ensures tasks are assigned to individuals that have the knowledge and authority to make effective business decisions; and
- Finance roles and responsibilities to support strategic and value added partnering with the business.

Examples of specific projects CMHC is contemplating related to these goals and objectives are listed in the Section 3.6.1.5.

### 3.5.2.3 Finance Organizational Structure

National Office Finance reports to the Chief Financial Officer. Regional Finance reports to their respective Regional General Managers (Atlantic, Québec, Ontario, British Columbia; Prairies & Territories) who report to the Vice-President, Regional Operations & Assisted Housing at National Office. Regional Finance has a dotted line to the Chief Financial Officer.



At CMHC, most financial services' processes related to disbursements and receipts are decentralized amongst the five regions and National Office. Substantially all other Finance functions are centralized within Finance at National Office. However, key business sectors and support areas outside of Finance also perform finance functions.

### 3.5.2.4 Finance Functions

Finance contributes to the attainment of CMHC's objectives and provides strategic leadership and direction through 4 main groups:

**i. Financial Planning & Budgeting:**

- Financial Plan and its related appropriation dependent activities;
- Budgeting, costing, fee and pricing, charge-backs and time reporting/cost allocation;
- Financial and management reports and performance activities; and
- Delegation of financial authority process.

**ii. Financial Accounting:**

- Accounting records for Insurance, Securitization, Housing Programs and Lending;
- Critical internal and external financial reports and consolidated financial statements;
- External audits; and
- Settlement on Federal/Provincial Programs and timely recovery of budgetary expenditures.

**iii. Financial Operations**

- Cash receipts, disbursements and cash management;
- Internal control policies and administrative governance; and
- Financial business systems operations, analysis and liaison between the business and IT.

**iv. Taxation**

- Tax planning/advice: financings, acquisitions, asset purchases/dispositions, and other major transactions/initiatives; and
- Preparation of the Corporation's tax returns.

**3.5.2.5 Finance Systems**

The current finance systems environment consists of mainframe applications developed in-house over 20 years ago, a series of vendor specific applications, multiple reporting tools, as well as multiple interfaces. Finance operations are supported by one core financial system (general ledger and accounts payable modules), a series of spreadsheet driven processes and a few end-user systems. Financial information currently resides in the core financial system and is also fed from function/business specific sub-systems which are maintained in other business areas. CMHC has implemented components of SAP in support of a small portion of its business. While it is not a full implementation it is important for vendors to understand the limited scope of the current implementation – see **Appendix A** for a listing of key Finance systems and interfaces including a description of SAP modules implemented at CMHC and **Appendix B** for a Finance IT graphic representation.

Upon request, along with a signed Nondisclosure Agreement, CMHC will provide proponents with **Appendix A** and **Appendix B**.

Acknowledging the need to modernize, integrate, automate and streamline its processes and information systems, CMHC has developed a corporate-wide multi-year IT business application roadmap and has commenced implementing parts of this roadmap. CMHC strives for a comprehensive financial information management solution that provides one version of the truth through a single source data repository. An ERP is central to the IT roadmap and the proponents are to assume that the ERP solution of choice for the purpose of this RFP is SAP.

### 3.5.2.6 Current Environment

At minimum, the following information will be provided as input to the planning phase:

- Finance vision, key goals and objectives categorized under 4 main themes: 1) Standardization, 2) Internal controls, 3) Financial analysis & reporting and 4) Oversight & accountability. Upon request, along with a signed Nondisclosure Agreement, CMHC will provide proponents with **Appendix C** - draft documents related to these 4 themes.
- List of documented policies, processes and systems descriptions/flowcharts, methodologies and procedures available to the proponent. Upon request, along with a signed Nondisclosure Agreement, CMHC will provide proponents **Appendix D** - an inventory list of policy, procedure and systems documents. The actual documents listed will be provided to the Service Provider as required.

### 3.5.2.7 Key Inputs Into Finance Processes

CMHC's financial statements include the following four business activities, each of which provide different programs in support of CMHC's corporate objectives:

- **Mortgage Loan Insurance** – provides mortgage insurance against borrower default on residential mortgages;
- **Securitization** – guarantees the timely payment of principal and interest for investors in securities based on insured mortgages;
- **Housing Programs** – receives Parliamentary appropriations to fund housing programs; and
- **Lending** – makes loans and investments in housing programs which are funded by borrowings from the Government of Canada and from the capital markets.

Financial information is administered within these respective business activities. Period end financial results, as reported in CMHC's 2012 Annual Report - **Note 23 Segmented Information**, are provided to Finance either manually or via information input/data feeds to Finance.

Financial information from CMHC's four business activities are further adjusted and/or supplemented by inputs provided by these CMHC support functions:

- **Capital Management & Actuarial Analysis** – Manages insurance liability provisions, Insurance-in-force, the Actuarial Valuation of the Insurance Activity, stress testing and economic capital modeling;
- **Risk Management** – Determines capitalization requirement for Securitization and manages the fair valuation models for CMHC's financial instruments; and
- **Human Resources** – Manages compensation and the time reporting system impacting financial reporting, budgeting and costing.

CMHC's goal is to improve the effectiveness and efficiency of information/process flow between these business activities, support functions and Finance. These improvements may require integration and/or modernization of technology solutions; re-engineering of end-to-end processes; clarification of authorities and responsibilities; enhanced performance management metrics and cost allocation; and an internal controls framework and certification; both within and external to Finance. It is critical to Finance to have easy access to timely, comprehensive, accurate data and information from all business and support areas. The Service Provider will be expected to assess how far upstream improvements are required to achieve success within Finance's Plan.

### **3.6 Statement of Work – Deliverables and Requirements**

The proponent is requested, in its proposal, to provide detailed information relative to the deliverables and requirements listed in this Section. The proponent must provide a description of the methodology, approach, assessment criteria and tools to be used in delivering/performing the stated services.

#### **3.6.1 Plan Deliverables and Requirements**

##### **3.6.1.1 Plan Deliverables**

The Service Provider, before, during and/or upon completion of the work required under the contract being awarded will deliver to CMHC, the following reports: a high level plan and detailed business cases.

##### **3.6.1.2 High Level Plan**

- a) The Service Provider must deliver a quality and comprehensive Plan of prioritized and sequenced projects (the Plan) which will enable Finance to achieve its vision, goals and objectives. The Service Provider must obtain Finance concurrence within 4 to 6 months of signature of an agreement;
- b) The Plan must prioritize and sequence the projects and related enablers for optimal effect including the rationale for prioritization and sequencing as well as associated benefits and risks;
- c) The Plan must include a high level executive summary including a clear definition of the recommended transformation and systems modernization/integration strategies and projects including the goals achieved, business processes affected, outcomes, benefits, risks, governance, measures of success and key performance indicators;
- d) The Plan should span between 24 to 36 months and consist of specific individual projects decomposed into key **phases or milestones** lasting no longer than 6 months;

- e) The Plan must determine an optimal CMHC Finance vision, roles and responsibilities as well as governance and organizational structure necessary for supporting goals and objectives;
- f) The Plan must detail and determine the optimal “To Be / Future” state;
- g) The Plan must include detailed fit/gap analyses to achieve the optimized “future” state for processes and information systems. The Plan must address the gaps and propose enhancements based on leading practices/benchmarks that include references to SAP or other IT solutions as required;
- h) Acknowledging the value of enterprise-wide transformation/ERP, this Plan focuses on Finance’s objectives. Therefore, the Service Provider must determine the adequate upstream boundaries and incorporate them into the Plan in order to achieve success within Finance; and
- i) The Plan must include a detailed communication and change management strategy for the overall approved Plan that includes stakeholder impacts and benefits.

### **3.6.1.3 Plan Requirements**

- a) The proponent must provide a quality estimate of CMHC’s resource requirements to assist in the planning phase (dedicated resources, subject matter specialists internal and external to Finance);
- b) The development of the Plan must be collaborative in nature, such that by the time the Plan is finalized, management and the Service Provider will have achieved consensus on the Plan including the overall summary and business cases;
- c) In developing the Plan, the Service Provider is expected to utilize certified project managers and process improvement/optimization/re-engineering specialists to ensure quality estimates of project sequencing, timelines, benefits and costs;
- d) The Service Provider is expected to utilize IT specialists, including SAP strategic planning and implementation expertise in the development of the technology solution recommendations;
- e) The Service Provider is expected to develop effective procurement strategies and frameworks for the procurement and the structuring of multi-year projects; and
- f) The Service Provider will be jointly responsible with Finance to obtain approval of the Plan from Senior Management and the Board of Directors and may be required to assist in presenting the Plan to Senior Management and the Board of Directors.

### **3.6.1.4 Detailed Business Cases for each Project within the Plan**

A business case for each project, which includes detailed information, assumptions on each of the following requirements and options with recommendations, is required:

- Description of the project including the related process, framework, technology solution and enablers required to address the identified gaps or enhancements;
- Diagrams and flowcharts of the “future” state;
- Identification of processes/systems and significant tasks eliminated as the result of the project;
- Stakeholder productivity and benefits to be realized as the result of the project;
- Rationale, benefits (including risk-reduction and/or cost savings), and business/stakeholder impacts and productivity efficiencies;
- Outcomes and results expected including key phases/milestones throughout the project timeline;
- Identification of key risks and dependencies both internal and external to Finance and the related impacts;
- Consideration of centralization, outsourcing, shared/hosted services, elimination of non-value added activities for both processes and technology options;
- Firm timelines, costs (initial and ongoing), savings and resource requirements with related assumptions; options to increase/decrease timelines and the impact on costs, savings and resources should also be provided;
- Optimal team composition (internal/external) to implement the individual projects including a staffing strategy/backfill approach as well as training requirements;
- Key measures of success, key performance indicators supported by benchmarks and leading practices and return on investment; and
- Statement of work supporting each individual project.

### **3.6.1.5 List of Projects within the Plan**

Examples of specific projects CMHC is contemplating within each of the Finance goals and objectives are stated below. The Service Provider is required to perform a preliminary needs assessment to confirm the projects listed below and identify any supplemental projects necessary to achieve Finance’s stated goals.

The Plan must include, but is not limited to, the following specific projects:

- Account reconciliation policy/process – Complete inventory, remediate gaps, implement change maintenance procedures, compliance monitoring and escalation process;
- CEO/CFO Certification – Comparable to leading practices/benchmarks, determine the oversight regime CMHC requires in order to satisfy stakeholder needs, design and implement;
- Chart of accounts – Redesign and implement;
- Delegation of authorities – Simplify and enforce accountability;

- ERP (SAP) or other integrated IT systems solution – Determine strategy, scope, boundaries, business processes impacted, recommended modules and high level requirements;
- Finance policies and procedures – Complete inventory, remediate and implement maintenance process;
- Financial and management analysis & reporting – Faster and continuous reporting and in-depth understanding and analysis of business activities, products, drivers and performance;
- Internal control framework – Select and implement a framework that, where possible, facilitates a top-down, risk-based approach that focuses most attention on areas of greatest risk to reliable financial/management reporting;
- Performance Management Framework – Select performance indicators/targets (comparable to leading practices/benchmarks) that support effective and efficient decision making;
- Product/business area profitability – Determine cost allocation, chargeout methodology and demand management to improve cost control; and
- Standard/streamlined/lean processes –
  - Financial Reporting Close Process,
  - Revenues/Receivables,
  - Purchases/Payments,
  - Cash Management,
  - Corporate Plan,
  - Minister Social Housing Program Activity Structure (PAA/PAS), and
  - Planning, Budget and Cost Allocation Processes.

### **3.6.2 Program Management Services Deliverables and Requirements**

Program Management Services are required to establish a program management framework and to lead the management, integration and oversight of the implementation of all the projects listed in the Plan.

#### **3.6.2.1 Program Management Deliverables**

- a) The Service Provider must recommend the program management framework and governance team set-up structure (CMHC internal staff and/or external staff from the Service Provider) for a large scale finance transformation and technology modernization solution which will result in multiple projects and implement accordingly;
- b) The Service Provider must enforce and administer standardized and rigorous methodologies, tools, templates and metrics;
- c) The Service Provider must program manage and coordinate the execution and the integration of the individual projects included in the Plan (including those projects managed internally or with third party service providers);

- d) The Service Provider will determine project interdependencies in order to identify and mitigate program level risks and address as required;
- e) The Service Provider will provide timely, complete and effective monitoring and reporting of costs, timelines, and use of resources for all **projects** within the Plan. These will be provided in CMHC format;
- f) The Service Provider will provide adequate, comprehensive and timely monitoring & reporting of **program** status, progress, risks, issues and remediations to CMHC Management. These will be provided in CMHC format;
- g) The Service Provider will develop effective procurement strategies and frameworks for the procurement and structuring of multi-year projects; and
- h) The Service Provider must provide a detailed communication and change management strategy.

#### **3.6.2.2 Program Management Requirements**

- a) The Service Provider will be responsible to manage, facilitate or monitor the following: issues and action items; risks; budget; meetings; decisions; change order requests; timelines; status reporting and quality assurance;
- b) The Service Provider will facilitate stakeholder engagement and acceptance at the program level;
- c) The Service Provider will mentor and develop CMHC's internal designate in program management capabilities. At some point during the implementation, the Service Provider may be expected to transfer capabilities and phase out the Service Provider's PMO services; and
- d) The Service Provider will provide post implementation support as required.

## **SECTION 4 PROPOSAL REQUIREMENTS**

### **4.1 Covering Letter**

A covering letter on the proponent's letterhead shall be submitted and include the following:

- a) A description of the company or joint venture/consortium.
- b) The names of the principals.
- c) The primary contact person with respect to this RFP: the individual's name, address, contact numbers by phone and fax, and contact e-mail address, if available.
- d) The locations of primary and all other offices that would be servicing the contract.

### **4.2 Executive Summary**

The proponent's proposal should include an executive summary highlighting the following:

- a) A summary of the proponent's proposal, including key features of the proposal, features that make the proposal superior including any innovations or cost-saving opportunities.
- b) A brief statement of the proponent's qualifications to meet the need of CMHC.

### **4.3 Proponent's Qualifications**

The proponent's proposal should include information about the proponent's qualifications as follows:

- a) A description of the firm, its age, organization, number of full-time employees and service specialization.
- b) A description of the firm's experience and expertise in partnering on initiatives regarding:
  - i. Finance process improvement/optimization/re-design – lean and agile business processes;
  - ii. Finance transformation; and
  - iii. Project and Program management.
- c) A description of the firm's experience and expertise in partnering on initiatives regarding:
  - i. ERP solution planning, strategy, integration and implementation for Finance transformations enabled by SAP.
    - ERP requirements & assessment capability;
    - ERP experienced staff and common methodology; and
    - ERP provisioning expertise.
  - ii. Please list and describe the modules / processes implemented.
- d) A description of the firm's relevant Crown corporation and financial institution knowledge and experience and how that experience brings value to address CMHC's needs.
- e) A description that would demonstrate the proponent's understanding of CMHC's business, financial, legal and regulatory environment.
- f) A description of the firm's experience in developing a Plan in a similar environment and scope as detailed in the Statement of Work Section 3.0. Provide 2 sample plans, 2 business cases and other artefacts created for similar organizations and project scope.
- g) A description of the firm's experience in establishing and administering a program management framework including methodology, tools and knowledge transfer including examples consulted on for past customers.

- h) A description of the firm's experience in overseeing the delivery and integration of multiple individual projects (Program) for a large scale Finance transformation strategy and technology modernization solution.
  - i) A description of the firm's experience in managing many project managers (CMHC internal staff and/or external service providers) tasked with the implementation of individual projects within the Program.
  - j) Résumés for **all** project personnel making specific references to their experience and expertise in large finance transformation and technology modernization solutions as described herein. Information on the complement mix of the subject matter experts on the team proposed and their roles and responsibilities should be stated.
  - k) References:
    - i. A list of all contracts of a similar size and scope which the proponent currently holds or has held over the past 36 months.
    - ii. A list of three (3) references of clients that are Crown corporations and/or financial institutions, where services as requested in this RFP have been provided in the last 36 months. For each reference, the following information, at minimum, is required:
      - description of the services performed;
      - description of methodology, approach, assessment criteria and deliverables;
      - company name and address, contact person and phone number; and
      - delivery of results metrics including: on time, on budget.
- CMHC may approach any such contact person for information relating to the quality of work provided by the proponent.

#### 4.4 Response to Statement of Work

The proponent should provide detailed information relative to the specifications listed in Section 3.6 The Statement of Work such as, but not limited to, frameworks, methodology, approach, assessment criteria, tools, deliverables and artefacts.

#### 4.5 Project Management Plan

The proponent should describe its project management plan including:

- a) **Project Management Approach.** The proponent shall describe its project management approach (including framework, tools, metrics) and the project management organizational structure including reporting levels and lines of authority.
- b) **Quality Control.** The proponent should describe its approach to quality control including: details of the methods used in ensuring quality of the work, timeliness and cost control, and response mechanisms in the case of errors, omissions or delays.
- c) **Status Reporting to CMHC.** The proponent should describe its status reporting methodology and tools and how they would consolidate their results with CMHC's internal progress reporting tools.

- d) **Work Schedule.** The proponent should provide a work schedule and describe the method it will use to ensure compliance with the work schedule.
- e) **Interface with CMHC.** The proponent should describe and explain the integrated CMHC/proponent organizational structure, reporting levels and lines of authority, including:
- its recommended interface points with CMHC;
  - all interface mechanisms; and
  - how interface issues and difficulties will be resolved.

## **4.6 Financial Information**

### **4.6.1 Credit Check**

Sole proprietorships and partnerships must provide a statement contained within their proposal giving written permission for CMHC to perform a credit check as required.

### **4.6.2 Financial Capacity**

CMHC reserves the right to conduct an assessment of the lead proponent(s) financial capacity. Should the proponent be selected as the lead proponent following the RFP evaluation process, CMHC will request the necessary financial statements to confirm the financial capacity of the proponent. At that time, the lead proponent(s) must provide to CMHC the following information, as appropriate upon 72 hours of CMHC's request:

Note: Failure to comply with the Financial Information submission requirements as indicated above and within this section, will result in disqualification of the lead proponent(s) at which time no further consideration will be provided to the respective submission(s).

### **Partnerships, Corporations, Joint Ventures and Consortiums:**

CMHC requires the provision of the financial statements for the analysis of financial capacity. You must provide a complete set of signed, detailed, audited financial statements for each of the last three (3) years of your firm. You must agree to provide any other financial information that CMHC may subsequently request. The auditor's report must be signed by an appropriate officer of the audit firm. In the case that your financial statements are not audited, CMHC will only accept them if they are accompanied by a signed review engagement report for each year. A complete set of financial statements consists of all the following items:

1. Auditor's Report (or Review Engagement Report),
2. Balance Sheet,
3. Income Statement,
4. Cash Flow Statement,
5. The Notes to the Financial Statements, and

In the case of a joint venture or consortium, each and all members of the joint venture or consortium must provide the information required for their legal form as indicated above for partnerships or corporations. For partnerships of individuals (as opposed to partnerships of corporations), each individual must provide written permission for CMHC to perform a credit check on them as individuals.

## Appendix 2

### Potential RFP Proposed CMHC Terms and Conditions for Professional Services Agreement

#### **Term of the Agreement**

The initial term of the Agreement shall be for a period of one (1) year commencing on \_\_\_\_\_ and ending on \_\_\_\_\_ (the "Term") unless terminated earlier in accordance with the terms of the Agreement. CMHC will have the option of extending the Term for a period of up to two (2) additional years upon notice to the Service Provider.

#### **Termination of Agreement**

Notwithstanding the provisions of section \_\_\_\_ above, at any time during the Term CMHC may:

- (a) terminate this Agreement for any reason by giving thirty (30) days written notice to the Service Provider; or
- (b) terminate this Agreement by giving ten (10) days written notice to the Service Provider for any of the following reasons:
  - i) the Service Provider commits a material breach of its duties, unless the Service Provider cures the breach within ten (10) calendar days of receipt of written notice of the breach from CMHC, in a manner satisfactory to CMHC in its sole discretion;
  - ii) the Service Provider commits numerous breaches of its duties that collectively constitute a material breach;
  - iii) the Service Provider commits fraud, gross or wilful misconduct;
  - iv) the Service Provider becomes bankrupt or insolvent, or a receiving order is made against the Service Provider, or any assignment is made for the benefit of the creditors, or if an order is made or a resolution passed for the winding up of the Service Provider;
  - v) one or more principals of the Service Provider are convicted of an indictable offence or otherwise commit a serious breach of trust.
- (c) terminate this Agreement immediately in the manner described in section \_\_\_\_ below in the event that a real, perceived or potential conflict of interest (a "Conflict of Interest") arises and the Service Provider is unable to, or does not take reasonable steps to eliminate the Conflict of Interest in a manner satisfactory to CMHC.

In the event that a termination notice is given under subsections a) or c) above, and subject to the deduction of any claim which CMHC may have against the Service Provider arising from a contractual obligation or out of the termination process, CMHC will make payment within thirty (30) days of the date that the Service Provider delivers a final invoice to CMHC setting out the value of all finished work delivered and accepted by CMHC, determined in accordance with the rate(s) specified in Schedule \_\_. Upon payment of the final invoice by CMHC, or in the event that the Agreement is terminated under subsection (b) above, CMHC shall have no further obligation of any kind to the Service Provider.

### **Payment and Maximum Liability**

In consideration of the provision of the Services, as described in section \_\_, CMHC agrees to pay the Service Provider an amount based on the Service Provider's rates attached as Schedule \_\_. Notwithstanding this however, CMHC's total financial liability under the terms and conditions of the Agreement shall not exceed \$\_\_\_\_\_ for the term of the Agreement. The Service Provider's rates shall be fixed for the term of the Agreement.

### **Project Budgets for the development of a comprehensive and detailed multi-year Finance Plan** (hereafter referred to as the "Plan")

The Service Provider will be responsible for, in consultation with CMHC, establishing project budgets for each of the individual projects developed within the Plan. The Service Provider agrees to provide CMHC with details of all methodologies used in developing the project budgets, including any assumptions made, and any contingencies that are included in the project budgets.

In establishing project budgets the Service Provider will covenant that, in its professional judgement, the cost estimates that are set out in the project budget prepared by the Service Provider are realistic and are based on estimates of actual costs to be incurred. The Service Provider acknowledges that a breach of its covenant will constitute a breach of its professional obligations to CMHC and that, in the case of such breach, it will assume full responsibility for all of CMHC's direct and indirect damages, including costs incurred to address reputational risks that arise from the breach.

### **Project Management Services for the Plan**

The Service Provider is required by CMHC to develop a Plan and to project manage this development project. CMHC requires the Service Provider to assume overall responsibility for this project.

1. The Service Provider shall have responsibility for managing the development of the Plan and for:
  - a) ensuring that the work proceeds in accordance with all specifications in the applicable statement of work;
  - b) monitoring and reporting the progress of the project on an ongoing basis;
  - c) ensuring that the project is executed in a manner that complies with all applicable laws and regulations;
  - d) ensuring that the project timelines and budget are strictly adhered to;
  - e) notifying CMHC of any material issues that arise with respect to the performance of the work; and
  - f) notifying CMHC immediately, if at any time it is of the view that the estimated cost of the project will exceed the project budget amounts or the project will not be completed within the agreed upon time frames.

CMHC shall have the right to request independent verification of project budget or expenses at any time during the Term. Upon request, the Service Provider will provide CMHC with complete documentation relating to the development of the budget and expenses incurred.

### **Audit**

The Service Provider shall maintain proper records and accounts during the term of the Agreement and for a period of six (6) years following the end of the Term and any renewals thereof. The Service Provider agrees to allow CMHC's internal and external auditors the right to examine, at any reasonable time, any and all records relating to the services identified herein.

The Service Provider agrees to provide CMHC's internal or external auditors with sufficient original documents in order to conduct any audit procedures. Any audit may be conducted without prior notice; however, CMHC agrees to cooperate with the Service Provider in the course of conducting any audit in order to avoid disruption in day-to-day operations and not to break confidentiality.

### **Individuals Providing Services**

The Service Provider commits to maintaining consistent staffing during the Term and that barring unforeseen or exceptional circumstances, staff assigned to perform the Services will not be re-assigned or transferred without the prior consent of CMHC.

It is agreed that the individuals specifically identified in the Service Provider's response to the RFP will provide the Services personally on behalf of the Service Provider. CMHC's selection of the Service Provider to perform the Services is considered as the engagement of the named individuals personally even though CMHC is engaging the services of a firm. Key roles in the performance of the Services will not be assigned to other individuals without the prior written consent of CMHC. In the event that the identified individuals are unable to perform all of the Services for any reason, and CMHC does not accept any replacements proposed by the Service Provider, CMHC may terminate this Agreement immediately with no further obligation of any kind to the Service Provider.

In the event that the performance or conduct of an individual assigned by the Service Provider to perform Services does not meet CMHC standards, CMHC shall have the right to request that the individual be replaced by the Service Provider. Upon receiving CMHC's request, the Service Provider shall, as soon as is reasonably possible and in all cases within 10 business days, replace that individual with another individual possessing equivalent skills and experience.

### **Conflict of Interest**

The Service Provider shall avoid any Conflict of Interest during the term of this Agreement and shall immediately declare any existing, potential or apparent conflict to CMHC. Upon the direction of CMHC, the Service Provider shall take immediate steps to eliminate any conflict or perception that a conflict exists.

In the event that a Conflict of Interest, real or perceived, cannot be resolved to the satisfaction of CMHC, CMHC shall have the right to immediately terminate the Agreement. All work product which has been completed or partially completed at the date of termination shall be forwarded to CMHC and CMHC shall be liable for payment to the Service Provider of an amount which, in the sole opinion of CMHC, constitutes reasonable payment for the partial performance of the Service Provider's obligations under the Agreement. Upon such payment, CMHC shall have no further obligation of any nature or kind to the Service Provider.

### **Limitation of Liability and Indemnification**

The Service Provider agrees that none of CMHC, its employees, officers, agents or subcontractors shall be liable for any damage, loss or claims related in any way to the performance of the Agreement or the provision of the Services. Without limiting the generality of the foregoing, CMHC shall not be liable to the Service Provider, its officers, employees, agents or subcontractors for any incidental, punitive, special, indirect or consequential loss, even if CMHC has been advised of the possibility of such damages, including but not limited to monetary loss, failure to realize monetary gain, failure to realize monetary savings of any kind, loss of profits, loss of revenues, loss of data, loss of business opportunity or similar losses of any kind that may arise in relation to the Agreement.

The Service Provider hereby agrees to indemnify and hold harmless CMHC, its officers, employees, agents and subcontractors against any damages, losses, claims, costs, charges, liabilities, demands, judgments and expenses (including legal fees and disbursements) resulting, directly or indirectly from the provision of the Services by the Service Provider, whether such claims are brought in the name of CMHC or in the name of the Service Provider or in the name of any officer, employee, agent or subcontractor of either party.

CMHC's total liability to the Service Provider for any claim arising out of the Agreement, regardless of the form of claim, will in no event exceed the total fees paid to the Service Provider for the Services during the twelve (12) months preceding the claim.

This term shall survive the termination or expiration of the Agreement.

### **Ownership**

All work, materials, reports, plans, budgets and other documents which are prepared in connection with the Agreement shall become the sole property of CMHC upon completion or upon delivery to CMHC, whichever occurs first, and all intellectual property rights therein will be the property of CMHC. The Service Provider and its servants or agents shall not use, divulge, release or publish any such work, materials, reports or other information without the prior written consent of CMHC.

Nothing in this Agreement is intended to alter any pre-existing intellectual property rights that the parties possess.

## **Insurance**

- (a) During the term of the Agreement, the Service Provider will provide and maintain a Commercial General Liability insurance policy for a limit of \$5,000,000 per occurrence for bodily injury, or damage to property including loss of use of such property. This policy shall include the following extensions:
- cross liability including severability of interest clause
  - occurrence property damage
  - blanket contractual liability
  - broad form bodily injury
  - CMHC to be added as additional insured
  - 30 days prior written notice of cancellation to Risk Management Consultant, 700 Montreal Road, Ottawa, Ontario K1A 0P7
- (b) The Service Provider will provide and maintain Professional Liability Insurance for a limit of not less than \$2,000,000.
- (c) Any permitted subcontractors or consultants that are engaged by the Service Provider will be covered by insurance policies with equivalent provisions.
- (d) Upon request, the Service Provider will provide a Certificate of Insurance confirming that the above insurance policies are in place and evidencing that coverage has been placed with an Insurer licensed to do business in Canada.
- (e) It shall be the sole responsibility of the Service Provider to decide whether or not any other insurance coverage, in addition to the insurance requirements stipulated herein, is necessary for its own protection or to fulfill its obligation under the Agreement. Any such additional insurance shall be provided and maintained by the Service Provider at its own expense.

## **Confidentiality and Non-Disclosure of CMHC Information**

Under this section, “CMHC Information” refers to any and all information relating to the affairs of CMHC, its stakeholders, service providers, employees, officers or agents which is obtained, accessed, collected or used by the Service Provider in any manner, including personal information of any kind, however obtained. Without limitation, CMHC Information includes data in any electronic format and information received directly, indirectly or through third parties.

The Service Provider understands and agrees to treat all CMHC Information as strictly confidential, proprietary, and sensitive unless otherwise specifically agreed to in writing by CMHC. The Service Provider shall restrict access to CMHC Information to those persons who have a need to know the information in order to perform the Services and who are bound by an equivalent duty of confidentiality. The Service Provider shall, at the request of CMHC, provide an Oath of Secrecy for each of its principals, employees or persons engaged in the performance of the Services, in a form prescribed by CMHC.

The Service Provider further acknowledges and understands that CMHC Information is subject to federal privacy and access to information legislation, and that CMHC considers CMHC information to be under its custody and control at all times. The Service Provider agrees to take all measures necessary to ensure that CMHC fulfills its obligations under the legislation.

The Service Provider shall ensure that CMHC Information remains in Canada and shall segregate CMHC Information from any other information in a repository independent from other repositories. Without limiting the generality of the foregoing, the Service Provider shall ensure that it does not release, share or otherwise divulge CMHC Information to any other person, including subsidiaries of the Service Provider, or third party without the prior written consent of CMHC.

Where disclosure of CMHC Information is required pursuant to a lawful requirement or for the purposes of complying with a subpoena, order or warrant lawfully issued by a court, person or body of competent jurisdiction, the Service Provider shall notify CMHC promptly after discovering the potential of disclosure of the CMHC Information so that CMHC has the opportunity to seek a protective order or other appropriate remedy. The Service Provider shall co-operate with CMHC and shall provide any information or assistance required by CMHC to allow it to take appropriate action to prevent or limit disclosure.

Subject to legal obligations applicable to the Service Provider, any CMHC Information provided to the Service Provider in the performance of the Services described herein shall be returned, uncopied to CMHC or destroyed by the Service Provider within one (1) month of the end of the Term. For documents not returned to CMHC, the Service Provider shall provide specific proof under oath of their destruction.

### **Assignment of the Agreement**

The Agreement shall not be assigned in whole or in part by the Service Provider without the prior written consent of CMHC. No assignment of the Agreement shall relieve the Service Provider of any obligation under the Agreement or impose any liability upon CMHC.

It is understood and agreed that the Service Provider may engage its affiliates, subsidiaries and associated entities to assist with the provision of certain of the services contemplated in the Agreement, provided that the Service Provider shall at all times remain solely responsible for the provision and quality of such services in a manner which fully recognizes and respects the confidential nature of the services.