

# REQUEST FOR PROPOSAL

FOR

A Preferred Provider of Annual External Audit Services

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201602507

Inquiries: Patricia Knott  
Advisor, Procurement  
Canada Mortgage and Housing Corporation

Tel: (613) 740 - 5465

Email: [pknott@cmhc-schl.gc.ca](mailto:pknott@cmhc-schl.gc.ca)

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## Table of Contents

<b>I</b>	<b>SECTION I GENERAL INFORMATION.....</b>	<b>I</b>
1.1	OVERVIEW OF SECTION I .....	1
1.2	CMHC BACKGROUND.....	1
1.3	INTRODUCTION AND SCOPE.....	1
1.4	GENERAL PURPOSE OF REQUEST FOR PROPOSAL.....	2
1.5	SERVICE PROVIDERS DATABASE.....	2
1.6	SCHEDULE OF EVENTS.....	2
1.7	MANDATORY REQUIREMENTS.....	3
1.8	PROCUREMENT POLICY RE: THE ENVIRONMENT.....	3
1.9	PROPONENT FEEDBACK .....	3
1.10	DIRECT DEPOSIT AND INCOME TAX REPORTING REQUIREMENT.....	4
<b>2</b>	<b>SECTION 2 SUBMISSION INSTRUCTIONS .....</b>	<b>4</b>
2.1	OVERVIEW OF SECTION 2 .....	4
2.2	CERTIFICATE OF SUBMISSION MANDATORY.....	4
2.3	DELIVERY INSTRUCTIONS AND DEADLINE.....	5
2.3.1	Submission Deadline MANDATORY .....	6
2.4	INQUIRIES.....	6
2.5	COMMUNICATION .....	6
2.6	PROPONENT CONTACT.....	7
2.7	OFFERING PERIOD MANDATORY.....	7
2.8	CHANGES TO PROPOSALS.....	7
2.9	NO LIABILITY .....	7
2.10	VERIFICATION OF PROPOSALS.....	8
2.11	OWNERSHIP OF RESPONSES.....	8
2.12	PROPRIETARY INFORMATION.....	8
2.13	CORPORATION IDENTIFICATION.....	8
2.14	DECLARATION WITH RESPECT TO GRATUITIES.....	9
2.15	CONFLICT OF INTEREST .....	9
2.16	DECLARATION WITH RESPECT TO BID RIGGING AND COLLUSION.....	9
2.17	SECURITY CLEARANCE.....	9
2.18	JOINT VENTURE RESPONSES.....	10
2.19	NON-DISCLOSURE OF CMHC INFORMATION.....	10
<b>3</b>	<b>SECTION 3 STATEMENT OF WORK.....</b>	<b>12</b>
3.1	OVERVIEW OF SECTION 3 .....	12
3.2	SCOPE OF WORK.....	12
3.3	CORPORATE BACKGROUND INFORMATION .....	12
<b>4</b>	<b>SECTION 4 PROPOSAL REQUIREMENTS.....</b>	<b>15</b>
4.1	OVERVIEW OF SECTION 4 .....	15
4.2	MANDATORY PROPOSAL REQUIREMENTS.....	15
4.3	COVERING LETTER.....	15
4.4	EXECUTIVE SUMMARY .....	15
4.5	PROPONENT'S QUALIFICATIONS MANDATORY .....	16
4.6	RESPONSE TO STATEMENT OF WORK MANDATORY.....	17
4.7	FINANCIAL INFORMATION .....	17
4.7.1	Financial Capacity Review.....	17
4.8	PRICING PROPOSAL MANDATORY .....	18
<b>5</b>	<b>SECTION 5 EVALUATION AND SELECTION.....</b>	<b>20</b>

<b>5.1</b>	<b>OVERVIEW OF SECTION 5</b> .....	<b>20</b>
5.2	LIMITATION OF DAMAGES.....	20
5.3	EVALUATION TABLE.....	20
5.4	EVALUATION METHODOLOGY.....	20
5.5	PROPONENT SELECTION.....	22
<b>6</b>	<b>SECTION 6 DRAFT AGREEMENT</b> .....	<b>23</b>
6.1	OVERVIEW OF SECTION 6 .....	23
6.2	DRAFT AGREEMENT .....	23
<b>7</b>	<b>SECTION 7 APPENDICES</b> .....	<b>40</b>
	<b>APPENDIX A MANDATORY</b> .....	<b>40</b>
7.1	CERTIFICATE OF SUBMISSION.....	40
	<i>APPENDIX B</i> .....	42
7.2	EVALUATION TABLE.....	42
	<i>APPENDIX C Mandatory</i> .....	44
	<i>APPENDIX D</i> .....	49
7.4	MANDATORY COMPLIANCE CHECKLIST.....	49

## **I SECTION I GENERAL INFORMATION**

### **I.1 Overview of Section I**

The purpose of this section is to provide 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 commonly usage at CMHC.

### **I.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 Families, Children and Social Development, and Minister responsible for Canada Mortgage and Housing Corporation, the Honourable Jean-Yves Duclos.

CMHC has approximately 2,000 employees located at its National Office in Ottawa, and at five Business Centres throughout Canada: Atlantic; Quebec; Ontario; British Columbia; and Prairies & Territories.

CMHC's statutory framework includes the *Canada Mortgage and Housing Corporation Act* (CMHC Act) and the *Financial Administration Act* (FAA). The CMHC Act and the FAA contain the provisions that govern the appointment and re-appointment of CMHC's auditors. Pursuant to the FAA, the auditors for CMHC are appointed annually by the Governor in Council upon the recommendation of the Minister responsible for CMHC after having consulted the Board of Directors. In accordance with the FAA, the external auditor firm acts jointly with the Office of the Auditor General of Canada.

### **I.3 Introduction and Scope**

The purpose of this RFP is to identify a preferred provider of professional audit services to be recommended to the Board of Directors for its consideration on an annual basis. The successful proponent will be a preferred service provider only, with the CMHC Board of Directors retaining full discretion with respect to the auditor to be recommended on an annual basis to the Minister. In accordance with the FAA, the ultimate decision and discretion to appoint on an annual basis the auditor rests with the Governor in Council on the recommendation of the Minister.

It is expected that the audit services provided by the audit firm ultimately appointed by the Governor in Council would include: Annual external financial statement audit, audit of the minimum capital test as prescribed by the Office of the Superintendent of Financial Institutions, and issuance of written consent for the use of the auditors' report in Securities Exchange Commission Form 18K continuous disclosure document, as required.



The preferred service provider arrangement would be for an initial period of 5 years, with the potential to renew for 2 subsequent two-year renewals, not to exceed a cumulative total of 9 years.

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 select any proponent, or to compensate any proponent for work done other than as may be set out in a written contract with that proponent.

#### **1.4 General Purpose of Request for Proposal**

CMHC uses an RFP to describe its requirements, ask suppliers for their proposed solutions, describe the criteria which will be used in evaluating proposals and selecting a lead proponent, and outline the terms and conditions under which the successful proponent will operate or supply goods and/or services. By submitting a proposal, proponents agree to be bound by the terms of this RFP, and the terms of the proposal that they submit.

In this RFP process, proposals and proponents are evaluated in terms of ability to satisfy the stated requirements, while providing best value to CMHC with respect to its requirements.

#### **1.5 Service Providers Database**

CMHC utilizes the Supplier Information (SI) database, maintained by **Public Works and Government Services Canada** as the Official CMHC source list.

All proponents **must** be registered with **Public Works and Government Services Canada** prior to submitting a proposal. The Procurement Business Number (PBN) provided by this registration must be included with your proposal. If you are not registered, and you wish to do so, you may access (<https://buyandsell.gc.ca/>) or you may call their Information Line at: 1-800-811-1148.

#### **1.6 Schedule of Events**

The following schedule summarizes significant target dates for the RFP process. These dates are objectives only, and they may be changed by CMHC at its sole discretion. They shall not be considered terms or conditions under which the RFP will be conducted.

Date	Activities
October 26, 2016	Request for Proposal issued
November 10, 2016	Submission of Questions Deadline
November 18, 2016	Submission Deadline
November 21-25, 2016	Reference checks
December 2, 2016	Evaluation and Selection of lead proponent
Second week of December 2016	Finalizing of preferred service provider arrangement with lead proponent
No later than December 31, 2016	Announcement of successful proponent

As requested

Debriefing to unsuccessful proponents

## **1.7 Mandatory Requirements**

Throughout this RFP, certain requirements are identified as mandatory. Compliance with mandatory requirements will be assessed by CMHC in its sole discretion.

A mandatory requirement is defined as:

- a minimum standard that a proposal must meet in order to be considered for further evaluation;
- a requirement that must be met in order for the proponent to substantially comply with the requirements of the RFP; and
- a term that must be included in any Agreement that results from the RFP

Mandatory requirements are identified in:

- Section 2 Submission Instructions
- Section 4 Proposal Requirements
- Section 6 Proposed Agreement, and
- Appendix A The Certificate of Submission.

**Caution:** Proposals which fail, in the reasonable discretion of CMHC, to meet any mandatory requirement will be eliminated from further consideration in the evaluation process.

Notwithstanding the foregoing, CMHC reserves the right to waive or revise any mandatory requirements during the RFP process if a waiver or revision is necessary to meet the CMHC's intent in issuing the RFP, or to ensure that CMHC receives best value from the process. In the event that CMHC elects to waive a mandatory requirement, all proponents will be advised of the change in requirements and provided with an opportunity to revise their proposals as noted in section 2.4.

## **1.8 Procurement Policy Re: The Environment**

CMHC fully supports the principle of sustainable development. Economic development and the preservation of the environment are each given consideration in the RFP process to help ensure that the actions of one generation do not compromise the ability of future generations to have an equal quality of life. To this end, CMHC is dedicated to integrating sound environmental practices into its procurement practices.

## **1.9 Proponent Feedback**

CMHC aims to continuously improve its bid documents and procedures. CMHC welcomes input regarding proponent experience in responding to its RFPs, whether it be positive or negative. As CMHC does not wish to be perceived as influenced by such feedback in the award

decision, proponents are requested to submit their feedback after an Agreement has been executed or the RFP process has been terminated.

Proponents wishing to provide feedback may submit comments labeled as **Proponent Feedback RFP # 201602507** to the name and address provided in Section 2.4. Any proponent who notes a material flaw in the RFP that could prevent the process from being conducted in a fair and objective manner, or that could prevent CMHC from receiving best value from the process, is asked to report the flaw to CMHC as soon as possible, using the inquiry process specified in Section 2.4

### **1.10 Direct Deposit and Income Tax Reporting Requirement**

All payments and transfers of funds under any resulting contract will be made by means of EFT direct deposit, unless an exception is requested in the proposal and is approved prior to execution of a contract.

As a federal Crown Corporation, CMHC is obliged under the *Income Tax Act* and its associated regulations to report payments to suppliers of goods and/or services by using a T1204 supplementary slip. Proponents are therefore required to provide the necessary information, including the proponent's social insurance number and/or corporate identification number, with their proposals in order to allow CMHC to complete the T1204 supplementary slip. The lead proponent will be required to complete and sign a Supplier - Direct Deposit and Tax Information Form (CMHC/SCHL 3085) prior to the commencement of the term of any resulting agreement. Throughout the term, the Service Provider will be required to ensure that the information provided remains accurate and up to date. The Service Provider assumes full responsibility for and indemnifies CMHC from and against any errors in payments or tax reporting that arise because the information supplied is inaccurate or out of date.

## **2 SECTION 2 SUBMISSION INSTRUCTIONS**

### **2.1 Overview of Section 2**

The purpose of Section 2 is to inform the proponent about CMHC's procedures and rules pertaining to this RFP process.

Proponents are advised that CMHC has provided a Mandatory Compliance Checklist as Appendix C to the RFP. The Checklist is provided for the benefit of proponents prior to submission of their proposals, to help them ensure that they have complied with all mandatory requirements. Non-compliance with a mandatory requirement will result in the proposal being eliminated from further consideration.

### **2.2 Certificate of Submission**

### **MANDATORY**

The Certificate of Submission, attached as Appendix A, summarizes some of the mandatory requirements set out in the RFP. As noted in Section 1.7, it is also a mandatory requirement

that a proposal include a Certificate of Submission (or an accurate reproduction) signed by the proponent.

Should a proponent not include the signed Certificate of Submission with its proposal, the proponent will be notified by CMHC and will have 48 hours from the time of notification to meet this requirement.

### **2.3 Delivery Instructions and Deadline**

Timely and correct delivery of proposals to the exact specified proposal delivery address is the sole responsibility of the proponent. All risks and consequences of a failure to deliver a proposal to CMHC are borne by the proponent. CMHC will not assume those risks or responsibilities under any circumstances.

The time of delivery for the purposes of this section is deemed to be the time recorded by the CMHC system receiving the proposal, and not the time the proposal was sent by the proponent.

**Please be advised that EBID has a size limitation of 10 MB. It is advisable and recommended that Proponents submit larger proposals in multiple smaller files.**

Upon receipt of proposals, an automated confirmation will be issued by EBID to the sender's e-mail address. It is strongly recommended that proponents follow up with the inquiries person named in Section 2.4 should they not receive said confirmation within 30 minutes of submission.

**Please be advised that electronic transmissions may not necessarily be immediate and can experience lengthy delivery delays. Proponents should ensure that sufficient delivery time is allowed, as they assume the risk of delays in transmission and receipt.**

#### **Address for Delivery**

Proposals, including all supporting documentation, are to be sent electronically to the following e-mail address:

**EBID@cmhc-schl.gc.ca**

The subject line of the transmission must state: RFP, file # 201602507, External Audit Services

#### **Format**

Proposals may be submitted in MS Word or Adobe Acrobat PDF.

Rich Text formatted or Compressed (Zipped) documents cannot be opened by CMHC and will not be considered.

## Proposal Opening and Verification Period

All EBID proposals received on or before the closing date and time specified in this RFP, will be opened for verification by CMHC. If at that time, CMHC is unable to open a proposal, the proponent will be so advised and provided an opportunity to resubmit a version that can be opened within 2 hours of notification.

### 2.3.1 Submission Deadline

### MANDATORY

Your proposal must be **received** at the exact location as specified above, on or before the submission deadline set as:

**2:00 p.m. EST (local Ottawa time), on November 18 2016**

**Proposals arriving late will be automatically rejected, and the sender will be so notified by e-mail.**

### 2.4 Inquiries

All questions regarding this RFP must be sent by e-mail to the following contact person:

*Patricia Knott*  
*Advisor, Procurement*  
[pknott@cmhc-schl.gc.ca](mailto:pknott@cmhc-schl.gc.ca)

Changes to this RFP document will only be effective if issued by CMHC in writing as described below. Proponents are therefore strongly cautioned to request that all clarification, direction and changes be provided in writing, as information given orally by any person within CMHC shall not be binding upon CMHC.

All written questions submitted, which in the opinion of CMHC raise an issue that has the potential to affect all proponents, will be answered by CMHC in writing and distributed to all proponents by e-mail. The identity of the proponent making the inquiry will not be included in the response. Any questions of a proprietary nature must be clearly marked as such.

In the event that it becomes necessary to revise any part of the RFP as a result of any inquiry or for any other reason, an addendum to this RFP will be provided to proponents by e-mail.

CMHC has no obligation to respond to any inquiry, and will determine, at its sole discretion, whether it will respond to inquiries that are submitted. CMHC cannot guarantee a reply to inquiries received less than **seven calendar days** prior to the closing date.

### 2.5 Communication

During proposal evaluations, CMHC reserves the right to contact or meet with any individual proponent in order to obtain clarification of its submission, including clarification of the scope

of services offered. Any such communication is limited to clarification purposes only, and proponents will not be allowed to revise their proposal during this process.

## **2.6 Proponent Contact**

The proponent shall name a person in their proposal to act as a primary contact for CMHC during the evaluation period. A secondary contact should also be provided for backup purposes.

## **2.7 Offering Period**

### **MANDATORY**

It is a deemed condition of every proposal that the terms of the proposal, including all terms relating to pricing, shall remain valid and binding on the proponent until such time as preferred service provider arrangement is negotiated and executed, not to exceed sixty (60) days following the closing date.

## **2.8 Changes to Proposals**

Changes to a proposal are permitted, provided that they are received as an addendum to, or clarification of, a previously submitted proposal, or as a new proposal that replaces and supersedes the proposal that was previously submitted.

Any addendum, clarification, or new proposal must be submitted as per the delivery instructions outlined in Section 2.3, be clearly marked **“REVISION”**, and be received no later than the submission deadline. Where the new proposal is intended to replace all or part of an earlier proposal, it must be accompanied by a clear statement specifying the sections of the earlier proposal that are replaced by the new proposal.

## **2.9 No Liability**

While CMHC has made considerable efforts to ensure that the information in this RFP is accurate and complete, it is possible that errors may exist. The information is not guaranteed or warranted to be accurate by CMHC, nor is it necessarily comprehensive or exhaustive. CMHC will have no liability of any kind to proponents for losses or damages arising from any errors that may be found in the RFP, regardless of how the errors are caused. Proponents remain obliged to make their own investigation of relevant information and to form their own opinions and conclusions in respect of the matters addressed in this RFP.

By submitting a proposal, proponents waive any claim or cause of action that they may have against CMHC or its representatives as a result of the conduct of this RFP process, or any resulting preferred service provider arrangement, external auditor appointment decision and/or contract award, except insofar as they have proof of wilful misconduct on the part of CMHC or its representatives. Proponents agree that they will not bring a court action or institute any other proceedings against CMHC for damages arising from the conduct of this RFP, or any resulting preferred service provider arrangement, external auditor appointment decision and/or contract award. This section is intended to be a complete waiver of the proponent's right to claim damages subject to the limited exception noted above.

## 2.10 Verification of Proposals

The proponent authorizes CMHC to conduct such investigation as it deems appropriate to verify the contents of the proponent's proposal.

## 2.11 Ownership of Responses

All proposals and related materials become the property of CMHC upon submission and CMHC shall have all intellectual property rights in those proposals and materials. Proposals and related materials will not be returned to proponents. Proponents are not entitled to any compensation for any work related to, or materials supplied in the preparation of their proposals.

The proponent warrants that the proponent possesses all rights necessary to satisfy this requirement. The proponent hereby certifies that it has waived, or has obtained a waiver in favour of CMHC of, all moral rights in the proposal and related materials, and hereby assigns all rights in the material, as provided for in the law of copyright. The proponent agrees to execute any document requested by CMHC acknowledging CMHC's ownership of the material and the waiver of moral rights therein.

All information regarding the terms and conditions, financial and/or technical aspects of the proponent's proposal which are of a proprietary or confidential nature, must be clearly marked "**PROPRIETARY**" or "**CONFIDENTIAL**". Proprietary and confidential markings shall be included beside **each item or at the top of each page containing information that the proponent wishes to protect from disclosure.**

CMHC will take steps to protect proponents' documents and information so marked from disclosure. Notwithstanding the foregoing, CMHC shall have no liability of any kind to proponents based on the inadvertent or unintentional disclosure of proprietary information.

Proponents are further advised that as a Crown corporation, CMHC is subject to federal legislation with respect to access to information and privacy. In certain specific circumstances, information submitted to CMHC by third parties may be required to be disclosed pursuant to federal legislation. In such cases, to the extent reasonably possible, CMHC will make efforts to advise the proponent of the required disclosure prior to releasing the information.

## 2.12 Proprietary Information

Information about CMHC that is contained in this RFP document is to be considered proprietary information of CMHC. It is made available for the sole purpose of providing proponents with sufficient information to prepare responses to the RFP. Proponents and other readers of this document may not make any other use of information contained in the RFP.

## 2.13 Corporation Identification



Proponents agree that they will not make any use whatsoever of CMHC's name, logo or other official marks without the express written consent of CMHC.

#### **2.14 Declaration with respect to Gratuities**

By submitting a proposal, the proponent certifies that no representative of the proponent, or any individual or entity associated with the proponent has offered or given a gratuity (e.g. an entertainment or gift) or other benefit to any CMHC employee, Board member or Governor-in-Council appointee with the intention of obtaining favourable treatment from CMHC.

#### **2.15 Conflict of Interest**

The proponent and its principals, employees and agents shall avoid any real, potential or apparent conflict of interest during the RFP process, and upon becoming aware of a real, potential or apparent conflict, shall immediately declare the conflict to CMHC. The proponent shall then, upon direction of CMHC, take steps to eliminate the conflict, potential conflict or perception that a conflict of interest exists.

The successful proponent must not provide any services to any third party in circumstances that might reasonably give rise to a conflict of interest between the proponent's duties to that third party and the proponent's duties to CMHC.

In the event that a conflict of interest, real, potential or perceived, cannot be resolved to the satisfaction of CMHC, CMHC shall have the right to immediately eliminate the proponent from consideration under the RFP or to terminate the resulting agreement. Upon such elimination or termination, CMHC shall have no obligation of any nature or kind to the proponent.

#### **2.16 Declaration with respect to Bid Rigging and Collusion**

By submitting its proposal, the proponent certifies that:

- (a) prices as submitted in its proposal have been arrived at independently from those of any other proponent;
- (b) the prices as submitted have not been knowingly disclosed by the proponent, and will not knowingly be disclosed by the proponent prior to award, directly or indirectly, to any other proponent or competitor; and
- (c) no attempt has been made, nor will be made, to induce any other person to submit, or not to submit, a proposal, for the purpose of restricting competition.

#### **2.17 Security Clearance**

CMHC requires employees of the selected proponent to be security cleared in order to permit them access to CMHC premises when and if required. This process normally takes approximately five working days, but may take longer, depending on the circumstances.

If they are not security cleared, the proponent or its employees will require an escort by a CMHC employee if required to access CMHC premises and will not be granted access to



CMHC information and systems or any confidential information. Where the required security clearance is not granted to an individual, CMHC will have the right to exclude that individual from performing the services outlined in this RFP. The failure of an individual to obtain security clearance shall not relieve the successful proponent from any of its obligations under this RFP and any resulting agreement.

## **2.18 Joint Venture Responses**

Joint venture proposals should adequately represent and communicate the proposed roles and responsibilities of each party participating in the joint venture, and must provide a detailed description of the proposed joint venture business arrangement. The description must, at a minimum, list the companies involved, indicate how long the business arrangement has been (or will be) in existence, outline the goods or service(s) that each respective party would be providing and describe the proposed roles and responsibilities of each party.

The proponent shall designate one of the entities participating in the joint venture as the contact person for the purpose of this RFP process. All communications between the proponent and CMHC will be directed through the contact person.

Joint venture responses must be accompanied by a signed Certification of Submission from each participating entity. Refer to Section 2.2.

## **2.19 Non-Disclosure of CMHC Information**

Under this section, "CMHC Information" refers to any and all information of a confidential nature, including all personal information, which is managed, accessed, collected, used, disclosed, retained, received, created or disposed of by CMHC in order to complete this RFP process and to fulfill the requirements of any resulting agreement. Without limiting the generality of the foregoing, CMHC Information includes information held in any format and information provided directly, indirectly to the proponent.

The proponent understands and agrees to treat all CMHC Information as proprietary, confidential and sensitive, unless otherwise specifically agreed to in writing by CMHC. The proponent agrees to restrict access to CMHC Information to those persons who have a need to know this information in order to prepare the proponent's response to this RFP, or perform the work or services under any resulting agreement.

The proponent further acknowledges and understands that all CMHC Information is subject to Canadian laws on privacy and access to information under which CMHC is bound and that CMHC considers CMHC information to be under its custody and control at all times.

The proponent shall ensure that CMHC Information remains in Canada and expressly agrees to segregate CMHC Information (whether in electronic format or in hard copy) from any other information by electronic or physical means. Without limiting the generality of the foregoing, the proponent shall not and shall ensure that any subcontractor, reseller, agent or any other person engaged to perform any part of the work or services does not release, share or

otherwise divulge CMHC Information to any other person including subsidiaries, branch offices, partners or subcontractors of the proponent 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 or warrant lawfully issued or lawfully made by a court, person or body, the proponent 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 proponent also agrees that in the event that disclosure of CMHC Information is required by a valid and applicable law, it shall, in co-operation with CMHC, act in good faith to prevent access to CMHC Information including but not limited to taking appropriate legal action against disclosure, providing information and other assistance in order for CMHC to take appropriate legal action against disclosure, and ensuring that disclosure is strictly limited to the information lawfully requested.

### **3 SECTION 3 STATEMENT OF WORK**

#### **3.1 Overview of Section 3**

This section of the RFP is 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 of Work**

The purpose of this RFP is to select a preferred provider of professional audit services to be recommended to the Board of Directors for its consideration on an annual basis. The successful proponent will be a preferred service provider only, with the CMHC Board of Directors retaining full discretion with respect to the auditor to be recommended on an annual basis to the Minister. In accordance with the FAA, the ultimate decision and discretion to appoint the auditor on an annual basis rests with the Governor in Council.

It is expected that the audit services provided by the audit firm ultimately appointed by the Governor in Council would include the following:

- Annual external financial statement audit
- Audit of the minimum capital test as prescribed by the Office of the Superintendent of Financial Institutions
- Issuance of written consent for the use of the auditors' report in Securities Exchange Commission Form 18K continuous disclosure document, as required

CMHC may engage the successful proponent to perform reviews of the quarterly results on a timely basis in accordance with professional standards, and report to the audit committee of the Board of Directors on the results of the quarterly reviews (the OAG would not be involved in the performance of the quarterly reviews).

The scope of work does not include performing detailed procedures or the issuance of an audit opinion on Canada Housing Trust. Canada Housing Trust is audited by a separate professional services firm that issues a separate opinion on the Canada Housing Trust financial statements.

#### **3.3 Corporate background information**

CMHC is a Schedule III, Part I Corporation under the *Financial Administration Act*. CMHC is a prescribed federal Crown corporation under Reg. 7100 of the *Income Tax Act* (ITA) and it is subject to federal income tax as a prescribed corporation for purposes of subsection 27(2) of the ITA. CMHC is considered to be an insurance corporation for income tax purposes as the term is defined in the ITA. CMHC is not subject to provincial income taxes.

CMHC is a selected listed financial institution for GST/HST purposes as the term is defined in the *Excise Tax Act* (ETA).

For additional information please see the annual report at [www.cmhc.ca](http://www.cmhc.ca).

CMHC's mandate is carried out through three distinct business activities (segments). The first two segments are related to CMHC's commercial mandate and run as profit-driven businesses while the latter segment relates to CMHC's social housing mandate. The three business activities include:

*Insurance* – We facilitate access to housing through our Mortgage Loan Insurance Activity. We provide mortgage loan insurance for Transactional Homeowner, Portfolio and Multi-unit Residential loans in all parts of Canada. We operate these programs on a commercial basis with due regard for loss without the need for funding from the Government. Revenue from premiums, fees and investments cover all expenses, including insurance claims losses, and we are expected to generate a reasonable return for the Government.

*Securitization* - We facilitate access to funds for residential mortgage financing through securitization guarantee products and administration of the legal framework for Canadian covered bonds. Under the Securitization Activity, we guarantee the timely payment of interest and principal of securities issued on the basis of eligible housing loans. The guarantee of mortgage-backed securities is provided on a commercial basis. Revenues cover all expenses and we are expected to generate a reasonable return for the Government with due regard for loss.

*Assisted Housing* - We provide federal funding in support of housing programs for Canadians in need, including on-reserve. Our activities also include lending programs for social housing. The ultimate outcome of our activities is to help Canadians in need have access to affordable and suitable housing.

CMHC's Consolidated Financial Statements include the accounts of CMHC and, as required by IFRS 10 Consolidated Financial Statements, the accounts of Canada Housing Trust within the Securitization Activity.

### Strategic Directions

In spring 2015, the Board of Directors approved three strategic directions to guide the Corporation over the next five years. These strategic directions will focus our efforts and activities to help Canadians meet their housing needs:

#### Align Risk with Mandate

Fulfilling its mandate to facilitate access to housing and contributing to financial stability means that we have a significant presence in the Canadian housing and financial system. By their very nature, our core business activities have the potential to expose taxpayers to a substantial amount of risk. Understanding and effectively managing these risks is critical to becoming a best-in-class risk manager and to the development of a consistent risk culture across the organization.

#### Lead Through Information and Insight

Given the importance of housing to the economy and to Canadians, we have responded to our stakeholders' increasing request for more varied and comprehensive information on Canadian housing markets and the housing system. Being the heart of a world-leading housing system

requires that we become Canada's authority on housing. We will continue to improve outcomes through timely and relevant data analysis and knowledge.

#### Be a High-Performing Organization

Being a high-performing organization means continuously identifying and leveraging opportunities to improve. Four key traits of a high-performing organization are a focused role, an accountable culture, enabled people and efficient processes. Giving employees the tools to do their jobs through planned investments in financial and information and technology systems will move us toward a culture built around the principles of accountability.

The successful proponent will be expected to understand our strategic directions and employ an approach that aligns with these directions.

## 4 SECTION 4 PROPOSAL REQUIREMENTS

### 4.1 Overview of Section 4

Proposal responses are to be organized and submitted in accordance with the instructions in this section. Responses should be organized into the following Response Item sections.

Response Item

#	Item
4.3	Covering Letter
4.4	Executive Summary
4.5	Proponent's Qualifications
4.6	Response to Statement of Work
4.7	Financial Information
4.8	Pricing Proposal

Elaborate or unnecessarily voluminous proposals are not desired. Proponents are encouraged to take care in completely answering questions and proposal requirements and to avoid submitting extraneous materials that do not show how the proponent intends to meet requirements.

Requirements for each Response Item are detailed below.

### 4.2 Mandatory Proposal Requirements

Certain requirements in section 4 are identified as mandatory. See Section 1.7 for a description of mandatory requirements.

### 4.3 Covering Letter

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

- (a) A description of the company or joint venture/consortium.
- (b) The names of the individuals who are the principals of the proponent.
- (c) Contact information for the primary contact person with respect to this RFP including 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 Agreement.

### 4.4 Executive Summary

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

- (a) Key features of the proposal, features that make the proposal advantageous for CMHC, innovative approaches to meeting the requirement and cost-saving opportunities.

- (b) A brief statement of the proponent's qualifications to meet CMHC's stated requirements.

#### **4.5 Proponent's Qualifications**

#### **MANDATORY**

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

- (a) A description of the proponent's organization, history, legal status, number of full-time employees, areas of specialization, and experience conducting audits of large and complex financial institutions.
- (b) Résumés for all personnel who would be assigned to the project, including subcontractors, if any. Résumés should be limited to one page.

(c) References

In order to assess the experience and audit quality, CMHC requires references for the Firm as well as key members of the proposed team. Our strong preference is to conduct reference calls with Audit Committee Chairs or other members of the Audit Committee as well as Executive contacts of large, complex financial institutions audit clients.

Please provide the following:

- Details for each reference as identified below
- Contact details (e-mail and phone) for each reference: Audit Committee Chair/Member and Executive contact
- Confirmation that the contacts are aware they will be approached by CMHC
- Please note that Firms will not be permitted to join the reference calls.

#### **Firm**

Please provide two references for financial services clients similar to CMHC (in terms of size, scope, business functions) where you have been the external auditor. At least one of the references must be from one of the six largest banks in Canada. Your response should include:

- Description of the client and your relationship (size, tenure, sector, scope etc)
- Description of the services provided
- What went well, what did not go well and what lessons were learned
- Other relevant information

#### **Lead Audit Partner and Engagement Quality Control Reviewer**

- Please provide two references for each of your proposed Lead Partner and Engagement Quality Control Reviewer and the following details for each reference:
- Description of the client and your relationship (size, tenure, sector, scope etc)

- What went well, what did not go well and what lessons were learned
- Other relevant information

### **Specialists**

- Please provide two references for two of your proposed Specialist partners, one of which must be your internal insurance actuarial partner (IT, Actuarial, Pension, Other) and the following details for each reference:
  - Description of the client and your relationship (size, tenure, sector, scope etc)
  - What went well, what did not go well and what lessons were learned
  - Other relevant information

Note that by providing this information, the proponent provides consent to CMHC to contact the contact persons for the purpose of collecting information relating to the quality of work provided by the proponent.

### **4.6 Response to Statement of Work**

### **MANDATORY**

In this section, the proponent must provide a response to Section 4.0 as well as the questions that have been identified in Appendix C.

### **4.7 Financial Information**

Proponents are not expected to submit confidential financial information with their proposal, however CMHC reserves the right to conduct an assessment of the Lead Proponent's financial capacity. Once a lead proponent is selected following the RFP evaluation process, CMHC may request the financial information necessary to confirm the financial capacity of the proponent. This section details the review that may be conducted and the documents that are required of the lead proponent.

Failure to comply with the financial information submission requirements set out in 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).

#### **4.7.1 Financial Capacity Review**

Once identified, the lead proponent may be requested to provide CMHC the following information, within 72 hours of CMHC's request to permit an analysis of the financial capacity of the lead proponent(s):

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

Proponents must provide a complete set of signed, detailed, audited financial statements for each of the last three (3) years, and any other relevant financial information that CMHC may



subsequently request in both official languages of Canada. The auditor's report accompanying the financial statements must be signed by an appropriate officer of the audit firm.

In the event that the financial statements are not audited, they must be accompanied by a signed review engagement report for each set of annual statements.

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 required information. Partnerships of individuals (as opposed to partnerships of corporations), must provide written permission from each partner allowing CMHC to perform a credit check on them.

### **Sole Proprietorships**

Proponents that are organized as sole proprietorships must provide a statement contained within their proposal giving written permission for CMHC to perform a credit check as required. Where financial statements are available, they should accompany the foregoing statement.

### **4.8 Pricing Proposal**

### **MANDATORY**

All prices and amounts of money in the proposal are to be quoted in Canadian dollars and be exclusive of the Goods and Services Tax (GST), Harmonized Sales Tax (HST), and Provincial Sales Tax (PST), as applicable, unless otherwise indicated. The GST, HST or PST, whichever is applicable, shall be extra to the price quoted and will be paid by CMHC.

The proponent must submit a fixed (firm) price for the services outlined in this RFP for each year of the initial five-year period. Price increases may be negotiated at CMHC's discretion for any subsequent renewal option. Pricing must consider, for each year of the initial five-year term, the following:

- Proposed pricing for the external financial statement audit
- Proposed pricing for the audit of the minimum capital test
- Proposed pricing for issuing consent on Form 18K to be filed with the SEC
- Proposed pricing for quarterly reviews should this service be requested

Fees provided should be exclusive of expenses. Fees for expenses will be paid as incurred and will be separately agreed upon between CMHC and the successful proponent (a standard

percentage to cover and expenses and other administrative costs will not be accepted by CMHC).

As outlined in section 3.2 above, the scope of work does not include the issuance of an audit opinion on Canada Housing Trust. However, the auditor will be required to rely on the work performed by the separate professional services firm to issue its opinion with the OAG on CMHC's consolidated financial statements. The fee estimate should include any required procedures to place reliance on the work performed by the separate professional firm on Canada Housing Trust.

The pricing proposal should be prepared for only the portion of fees that pertain to the proponent and not the OAG, for all services except for the quarterly reviews. When submitting the proposal for the quarterly reviews, the proponent should assume that it is not performing the services jointly with the OAG.

For further information when completing your pricing proposal, please refer to Appendix C under the heading "Pricing."

## 5 SECTION 5 EVALUATION AND SELECTION

### 5.1 Overview of Section 5

Section 5 describes the process CMHC will use to evaluate proposals, select a lead proponent and finalize a preferred service provider arrangement.

CMHC commits to conducting the evaluation process in a fair and objective manner and treating all proponents equitably. To this end, it has set out detailed terms and conditions and evaluation criteria which will be applied uniformly to all proponents.

As per section 2.11, by submitting a proposal, proponents agree to relinquish all causes of action, claims, complaints or demands that they may have against CMHC arising out of its evaluation of proposals, the alteration of any terms and conditions, the failure to evaluate any proposal, the failure to sign an agreement with a proponent, the failure to be appointed by the Governor in Council as CMHC auditor, or the termination of this RFP process.

**CMHC intends to conduct the RFP process such that the proposal that represents the best value to CMHC, based on its operational requirements, is selected. The lowest cost proposal will not necessarily be selected. CMHC reserves the right to reject any or all proposals in whole or in part on the basis of this principle.**

**As noted, the selected proponent will be a preferred service provider only, with the CMHC Board of Directors retaining full discretion with respect to the external audit firm to be recommended on an annual basis to the Minister. The ultimate discretion and decision to appoint rests on an annual basis under the FAA with the Governor in Council.**

### 5.2 Limitation of Damages

The proponent, by submitting a proposal and subject to sections 2.11 and 5.1, agrees that under no circumstances will it claim damages in excess of the reasonable costs incurred by the proponent in preparing its proposal. The proponent waives any claim for loss of profits or other indirect or special damages.

### 5.3 Evaluation Table

The Evaluation Table as provided in Appendix "B" lists the criteria upon which each proposal will be evaluated. The criteria are based on the requirements as provided in this RFP.

### 5.4 Evaluation Methodology

Each proposal will be examined to determine compliance with each mandatory requirement identified in this RFP. A proposal must comply with all of the mandatory requirements in order to proceed in the evaluation process. A proposal which is deemed by CMHC to be non-compliant in one or more mandatory requirements will be eliminated from further

consideration. A proposal which meets all the mandatory requirements will be deemed compliant and will proceed in the evaluation process.

Each compliant proposal will first be individually evaluated by each member of the Evaluation Committee that is formed by CMHC for this purpose. Evaluators will evaluate each proposal in accordance with the evaluation criteria as shown in the Evaluation Table, Appendix "B". Once individual evaluations are complete, the Evaluation Committee members will discuss their scores and agree upon a final score for each proposal.

Each compliant proposal that meets the minimum upset scores in each category shall then be evaluated using the "greatest score" evaluation process where the proponent with the highest overall score is deemed the lead proponent.

Once identified, the lead proponent may be requested to provide CMHC the following information, within 72 hours of CMHC's request to permit an analysis of the financial capacity of the lead proponent(s):

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

Proponents must provide a complete set of signed, detailed, audited financial statements for each of the last three (3) years, and any other relevant financial information that CMHC may subsequently request. The auditor's report accompanying the financial statements must be signed by an appropriate officer of the audit firm.

In the event that the financial statements are not audited, they must be accompanied by a signed review engagement report for each set of annual statements.

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 required information. Partnerships of individuals (as opposed to partnerships of corporations), must provide written permission from each partner allowing CMHC to perform a credit check on them.

**Sole Proprietorships**

Proponents that are organized as sole proprietorships must provide a statement contained within their proposal giving written permission for CMHC to perform a credit check as required. Where financial statements are available, they should accompany the foregoing statement.

## **5.5 Proponent Selection**

Once a lead proponent has passed the financial evaluation, CMHC has the option of entering into negotiations with that proponent to incorporate some or all of its proposal into a preferred service provider arrangement.

If at any time CMHC decides that the lead proponent cannot satisfy CMHC's requirements, CMHC may terminate negotiations. If at this time CMHC feels that the secondary proponent may meet the requirements, CMHC will continue the process with the secondary proponent and so on.

By submitting a proposal, proponents agree that if they are selected as lead proponent, they will enter into negotiations in a timely manner and in good faith, and within the framework of the RFP and the proponent's response to the RFP. Proponents agree that being selected as lead proponent, and entering into a preferred service provider arrangement with CMHC, is not a guarantee that the lead proponent and preferred service provider will be recommended to the Minister, or ultimately selected by the Governor in Council, to perform financial audit services for CMHC in any given year. The Governor in Council retains its discretion to appoint any audit firm of its choosing at any time.

Announcement of the successful proponent will be made to all proponents following the finalization of the preferred service provider arrangement.

## **6 SECTION 6 TERMS AND CONDITIONS FOR AUDIT ENGAGEMENT**

### **6.1 Preferred Servicer Provider Arrangement**

The purpose of the RFP is to identify a lead proponent to enter into a preferred service provider arrangement with CMHC. As noted, there is no assurance or guarantee that the lead proponent, as the preferred service provider, will be appointed as the CMHC external auditor with respect to any year falling within the initial or any renewal term of the preferred service provider arrangement. The Governor in Council retains its discretion to appoint any audit firm of its choosing at any time.

Attached in Section 6.2 is a draft agreement containing terms and conditions that would be included in an annual engagement letter for audit services. CMHC reserves the right to add, delete or revise terms and conditions during negotiations.

**Submission of a proposal constitutes acknowledgement that the proponent has read and, unless otherwise stated in the proponent's proposal, agrees to be bound by the terms and conditions in the draft agreement in the event the proponent is appointed in any given year by the Governor in Council as the joint external auditor for CMHC.**

For the purposes of this section the term "Service Provider" refers to the proponent (i) with whom CMHC has entered into a preferred service provider arrangement, and (ii) which has been appointed in any given year during the initial or a renewal term as the joint external auditor for CMHC.

### **6.2 Draft Agreement**

## EXTERNAL AUDIT SERVICE PROVIDER AGREEMENT

CMHC FILE No. 201602507

### THIS EXTERNAL AUDIT SERVICES AGREEMENT (the “Agreement”)

**BETWEEN CANADA MORTGAGE AND HOUSING CORPORATION**

National Office  
700 Montreal Road  
Ottawa, Ontario, Canada  
K1A 0P7  
(hereinafter referred to as "CMHC")

**AND** [Click here to enter text.](#)

(hereinafter referred to as "the Service Provider")  
(individually a “Party”, collectively the “Parties”)

**NOW THEREFORE**, in consideration of the respective covenants and agreements of the parties, CMHC and the Service Provider mutually covenant and agree as follows:

#### Article 1.0 – Preferred Service Provider Arrangement

- 1.1 Subject to the annual appointment requirement set out in Article 1.1, the Service Provider covenants and agrees to provide external audit services in accordance with the Statement of Work attached as Appendix “A” (the “Services”).
- 1.2 The Service Provider represents that it possesses the requisite skills and experience to perform the Services in accordance with the terms and conditions of the Agreement. The Service Provider warrants that the Services will be performed in a professional manner and in accordance with accepted industry standards.

#### Article 2.0 - Term of the Agreement

- 2.1 The term of the Agreement shall be for a one-year period commencing on [Click here to enter text.](#) and terminating on [Click here to enter text.](#)(the “Term”)

#### 2.2 Termination

***No fault termination***

Notwithstanding article 2.1 above, CMHC may terminate the Agreement for any reason with no penalty or charge by giving thirty (30) days written notice at any time during the Term.

***Termination for Default of Service Provider***

CMHC may, by giving 10 days prior written notice to the Service Provider, terminate this Agreement without penalty or charge for any of the following reasons:

1. The Service Provider commits a material breach of its duties under this Agreement, unless the Service Provider cures such breach and indemnifies CMHC for any resulting damage or loss, both in a manner satisfactory to CMHC in its sole, absolute and non-reviewable discretion, within twenty (20) calendar days of receipt of written notice of breach from CMHC;
2. The Service Provider commits numerous breaches of its duties under this Agreement that collectively constitute a material breach;
3. There is a change in control of the Service Provider where such control is acquired, directly or indirectly, in a single transaction or series of related transactions, or all or substantially all of the assets of the Service Provider are acquired by any entity, or the Service Provider is merged with or into another entity to form a new entity, unless the Service Provider demonstrates to the satisfaction of CMHC that such event will not adversely affect its ability to perform the services under this Agreement; or
4. 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.

CMHC may terminate this Agreement without notice if the Service Provider commits gross misconduct, fraud or other unlawful acts.

***CMHC's Obligations upon Termination***

In the event that a notice of termination is given, and subject to the deduction of any claim which CMHC may have against the Contractor arising out of the Agreement or its termination, CMHC will be obliged to make payment for the value of all Services performed to the date of the notice, such value to be determined in accordance with the rate(s) specified in the Agreement. CMHC will make payment within thirty (30) days of the date of the notice or receipt of an invoice submitted by the Contractor, whichever is later. Upon such payment, it shall have no further obligation or liability of any kind to the Service Provider.

***Service Provider's Obligations upon Termination***



Upon termination of this Agreement or upon delivery of notice of intent to terminate this Agreement, the Service Provider shall promptly review all work in progress and forward it to CMHC. The Service Provider shall provide CMHC with reasonable transitional assistance at the rates specified in the Agreement, or if no rates are specified at the Service Provider's standard rates.

## **2.4 Termination Assistance**

Commencing six (6) months prior to expiration of the Term or on such earlier date as CMHC may request, or commencing upon any notice of termination or non-renewal of this Agreement, the Service Provider shall provide CMHC with reasonable termination assistance as requested by CMHC to allow the services to continue without interruption or adverse effect and to facilitate the orderly transfer of the services to CMHC or its designee.

## **Article 3.0 – Financial**

**3.1** In consideration of the performance of the services, as described in Article 1.0, CMHC agrees to pay the Service Provider an amount based on the Service Provider's rates attached as Schedule B. Notwithstanding the foregoing, under no circumstances shall CMHC's total financial liability under the Agreement exceed \$ [Click here to enter text.](#) for Services provided during the initial term of the Agreement. Pricing increases may be negotiated for each successive renewal term where applicable.

**3.2** The amount payable to the Service Provider by CMHC pursuant to article 3.1 is inclusive of all taxes, assessments, duties or other levies that may be payable, including any goods and services tax/harmonized sales tax (GST/HST) or retail sales tax (RST). No other taxes, assessments, duties or other levies shall be payable to the Service Provider unless specifically agreed in writing by the Service Provider and CMHC.

**3.3** Notwithstanding article 3.2 above, GST/HST or RST, to the extent applicable and required to be collected, shall be collected by the Service Provider and shown as a separate item on each invoice. Where the Service Provider is required to collect the GST/HST, the invoice issued by the Service Provider shall show the Service Provider's GST/HST number. Where the Service Provider is also required to collect the Quebec Sales Tax (QST), the invoice shall show the QST number. The Service Provider shall duly remit to the Canada Revenue Agency or the appropriate provincial taxing authorities all taxes payable on the Services.

## **3.4 Invoicing**

The Service Provider shall submit detailed invoices to CMHC at regular intervals during the Term, and at least on a quarterly basis, describing the Services provided during the period covered by the invoice. The Service Provider must allow 30 days from delivery of invoice for payment without interest charges. The Service Provider cannot invoice prior to performance of the Service.

All invoices must make reference to this Agreement by quoting CMHC file number 201602507 .

Before advancing any amount to the Service Provider, CMHC reserves the right to determine, in its sole and absolute discretion, whether the Services were performed in accordance with the terms and conditions of the Agreement. In the event that the Services do not meet the standards set out in the Agreement, CMHC may take such action as reasonably necessary to correct the Service Provider's default, including, without limitation, the following:

- a) directing the Service Provider to redo the work that was not completed in accordance with the Agreement;
- b) withholding payment;
- c) setting off any expenses incurred by CMHC in remedying the default of Service Provider against payment for payment due to the Service Provider;
- d) terminating the Agreement for default.

### **3.5.1 Method of Payment**

All payments due under the Agreement will be made by means of Electronic Funds Transfer ("EFT"). The Service Provider is responsible for providing CMHC with all the information set out in section 3.5.2 to allow EFT to be effected and for keeping the information up to date. In the event that CMHC is unable to make payment by EFT, the Service Provider agrees to accept payment by cheque or another mutually agreeable method of payment.

### **3.5.2 Direct Deposit and Income Tax Reporting Requirement**

As a federal Crown Corporation, CMHC is obliged under the Income Tax Act and Regulations to report payments to suppliers of goods and/or services by using a T1204 supplementary slip. CMHC must therefore obtain the necessary information from suppliers, including the Service Provider's social insurance number and/or corporate identification number, in order to allow CMHC to make payment by EFT and to complete the T1204 supplementary slip. The Service Provider is required to complete and sign a Supplier - Direct Deposit and Tax Information Form (CMHC/SCHL 3085) prior to commencement of the Term. Throughout the Term, the Service Provider is required to ensure that the information provided remains accurate and up to date. The Service Provider assumes full responsibility for any errors in payments or tax reporting that arise because the information supplied is inaccurate or out of date.

## **3.6 Audit**

The Service Provider shall maintain proper and standard records and accounts during the Term and for a period of three (3) years following the end of the Term. 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 the 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 the 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 to preserve confidentiality of any proprietary information that is disclosed.

## **Article 4.0 - General Terms and Conditions**

### **4.1 Intellectual Property Rights**

All material, reports and other work product produced under the Agreement will become the sole property of CMHC upon coming into existence and CMHC will hold all intellectual property rights therein. The Service Provider warrants that it has sufficient rights to satisfy this term, and that any necessary waivers of moral rights have been obtained, as provided for in the law of copyright. Upon the material coming into existence, the Service Provider hereby assigns all rights in the material to CMHC and agrees to execute any document requested by CMHC acknowledging CMHC's ownership of the material and work product and the waiver of moral rights therein.

Nothing in this Agreement is intended to affect the pre-existing Intellectual Property Rights of the Parties, and all personal information, whether or not it is marked as confidential.

### **4.2. Confidentiality and Non-Disclosure of CMHC Information      MANDATORY**

In this section, "CMHC Information" refers to any and all information of a confidential nature, including all personal information, that is in the care or control of CMHC, and is managed, accessed, collected, used, disclosed, retained, received, created or disposed of in relation to the provision of the Services, however the information is obtained. Without limiting the generality of the foregoing, CMHC Information includes data in any format and information obtained directly or indirectly by the Service Provider.

**The Service Provider understands the sensitive nature of the CMHC Information and agrees to treat all CMHC Information as proprietary, confidential and sensitive during the Term and following termination of the Agreement, unless otherwise specifically agreed to in writing by CMHC. The Service Provider further agrees to restrict access to CMHC Information to those persons who have a need to know this information in order to perform**

**the Services and who are bound by an obligation of confidentiality that is as strict as that contained in this Agreement.**

**In the event that a breach of confidentiality occurs, the Service Provider will immediately notify CMHC and co-operate with CMHC to the extent required to remedy the breach.**

Where the Services are sensitive in nature, CMHC may require that the Service Provider provide an Oath of Secrecy for each of its employees or persons engaged in performing the Services.

The Service Provider further acknowledges and understands that CMHC considers all CMHC information to be under its custody and control at all times, and that all information in the care and control of CMHC is subject to federal laws on privacy and access to information.

Any documents provided to the Service Provider in the performance of the Services shall be returned, uncopied to CMHC or destroyed by the Service Provider immediately following the termination of this Agreement. For documents not returned to CMHC, the Service Provider shall provide specific proof under oath of their destruction.

The Service Provider shall ensure that CMHC Information shall remain in Canada and expressly agrees to segregate CMHC Information, whether in electronic format or in hard copy, from other information by physical or electronic means. Without limiting the generality of the foregoing, the Service Provider shall not and shall ensure that any subcontractor, reseller, agent or any other entity engaged to perform any portion of the Services does not release, share or otherwise divulge CMHC Information to any other entity including subsidiaries, branch offices, partners of the Service Provider or subcontractors 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 or warrant lawfully issued or lawfully made by a court, or other competent authority, 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 also agrees that in the event that disclosure of CMHC Information is required by a valid and applicable law, it shall, in co-operation with CMHC, take all reasonable steps to prevent access to CMHC Information including but not limited to taking appropriate legal action against disclosure, providing information and other assistance in order for CMHC to take appropriate legal action against disclosure and ensuring that disclosure is strictly limited to the information lawfully requested.

### **4.3. Service Provider's Indemnification**

The Service Provider agrees to indemnify, defend and hold harmless CMHC, its officers, employees and agents, for all loss, damages, costs, expenses, claims, demands, actions, suits or other proceedings of every nature and kind, including legal fees, arising from or in consequence of an act or omission of the Service Provider related to the performance of the Services. To the extent that CMHC's actions contribute to the loss or damages, CMHC shall be responsible for its proportionate share of the liability. The indemnification applies whether the actions, suits or proceedings are brought in the name of CMHC or in the name of the Service Provider. The Service Provider shall be fully responsible to CMHC for the acts and omissions (including negligence) of its subcontractors and of persons directly or indirectly engaged by such subcontractors as if such acts and omissions were those of the Service Provider.

CMHC shall have the right to assume control of its own defence at any time, provided that it assumes the costs of its defence.

#### **4.4. Independent Contractor**

It is understood by the Parties that the Service Provider shall act as an independent contractor for the purposes of the Agreement. It and its employees, officers, agents and Service Providers are not engaged as employees of CMHC. The Service Provider agrees to so advise its employees, officers, agents and Service Providers.

Without limiting the generality of the foregoing, the Service Provider shall retain complete control of and accountability for its employees, agents and sub-contractors. The Service Provider shall prepare and process the payroll for its employees directly, and shall withhold and/or pay all applicable employment taxes and statutory payroll deductions required in respect of its employees. All personnel employed by the Service Provider at the beginning of the Term shall, at all times, and for all purposes, remain solely in the employment of the Service Provider.

#### **4.5. Service Provider's Authority**

The Service Provider agrees that it has no authority to give any guarantee or warranty whatsoever expressed or implied on behalf of CMHC and that it is in no way the legal representative or agent of CMHC and that it has no right or authority to create any obligation on behalf of CMHC or to bind CMHC in any way.

#### **4.6. Corporation Identification**

It is agreed that the Service Provider will make no use whatsoever of CMHC's name, logo or other official marks without the express written consent of CMHC.

#### **4.7. Conflict of Interest**

#### **MANDATORY**

The Service Provider and its principals, employees, agents and subcontractors shall avoid any real, potential or apparent conflict of interest during the Term and shall declare any real, potential or apparent conflict of interest to CMHC immediately upon becoming aware of the conflict. The Service Provider shall, upon direction of CMHC, take steps

to eliminate any conflict, potential conflict or perception that a conflict of interest exists.

The Service Provider must not provide any services to any third party in circumstances that might reasonably give rise to a conflict of interest between the Service Provider's duties to that third party and the Service Provider's duties to CMHC.

In the event that a conflict of interest, real, potential or perceived, cannot be resolved to the satisfaction of CMHC, CMHC shall have the right to immediately terminate the Agreement. All work product that has been 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.

Any public office holder or former public office holder must be in compliance with the provisions of the *Conflict of Interest Act* in order to derive a direct benefit from any Agreement which may arise from this request for proposal.

#### 4.8. Insurance

- a) The Service Provider will provide and maintain Commercial General Liability insurance with an insurer licensed to do business in Canada with 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
  - personal injury
  - blanket contractual liability
  - Canada Mortgage and Housing Corporation to be added as additional insured
  - broad form completed operations (required if Service Provider is doing physical work, e.g. painting, welding, flooring, etc.)
  - non-owned automobile liability
  - employer's liability (or confirmation that all employees including sub-contractors and independent contractors are covered by WSIB, or equivalent)
  - Service Provider's liability to include operations of independent contractors (if not provided then each subcontractor must provide a Certificate of Insurance confirming that they have liability insurance as detailed in the RFP)
  - 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 \$\_\_\_\_\_. The policy will provide 30 days prior written notice



- of cancellation to CMHC's Senior Advisor, Corporate Insurance, 700 Montreal Road, Ottawa, Ontario K1A 0P7. Coverage is to include Service Provider's employees and contract employees (if applicable) as named insured. The Service Provider shall ensure that the policy is renewed continuously for a period of five (5) years following the expiration or early termination of this Agreement.
- c) The Service Provider shall carry a fidelity bond/employee dishonesty insurance in the amount of \$50,000, evidencing a third party extension citing CMHC as beneficiary with respect to services performed under the contract. The bond is to provide thirty (30) days prior written notice of cancellation to CMHC's Senior Advisor, Corporate Insurance, 700 Montréal Road, Ottawa, Ontario K1A 0P7.
  - d) The Service Provider will provide and maintain Automobile Insurance with an insurer licensed to do business in Canada with limits of not less than \$2,000,000 Third Party Liability for all motor vehicles used by the Proponent in the performance of this Contract.
  - e) The Service Provider will provide and maintain Network Security Liability and Privacy Liability with an insurer licensed to do business in Canada with a limit of not less than \$ \_\_\_\_\_. The policy will provide 30 days prior written notice of cancellation to Senior Advisor, Corporate Insurance, 700 Montréal Road, Ottawa, Ontario K1A 0P7. Coverage is to include Service Provider's employees and Service Provider's contract employees (if applicable) as named insured. The Service Provider shall ensure that the policy is renewed continuously for a minimum period of five (5) years following the expiration or early termination of this Agreement.
  - c) The Service Provider will provide a Certificate of Insurance at least 5 days prior to the Agreement commencement date confirming the above insurance policies and evidencing that coverage has been placed with an Insurer licensed to do business in Canada. Upon receipt of the Certificate of Insurance CMHC reserves the right to request a Certified copy of the Service Provider's policy for review.

If there are material changes in the scope of Services provided under this Agreement, CMHC may request changes to the minimum insurance coverages set out above.

All insurance policies required to be maintained by the Service Provider pursuant to this Section shall be primary with respect to this Agreement and any valid and collectible insurance of CMHC shall be excess of the Service Provider's insurance and shall not contribute to it.

All Certificates of Insurance shall mention that insurers will provide CMHC with at least thirty (30) days' written notice prior to cancellation of any insurance referred to under this Section. In addition the Service Provider shall provide written notice to CMHC forthwith upon learning that an insurer described in this Section intends to cancel, or intends to make or has made a material change to, any insurance referred to in this Section.

A Certificate of Insurance meeting the above requirements shall be delivered to CMHC upon execution of this Agreement and for each renewal thereafter.

Without in any way restricting CMHC's direction to grant or withhold its consent to a request to subcontract under this Agreement, the Service Provider agrees that it shall contractually obligate any subcontractor or independent contractor retained in connection with this Agreement to maintain insurance against such risks and in such amounts that having regard to such subcontractor's or independent contractor's involvement in the provision of the Services could reasonably be expected to be carried by persons acting prudently and in a similar business to that of such subcontractor or independent contractor.

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.

#### **4.9. No Limitation**

No specific remedy expressed in the Agreement is to be interpreted as limiting the rights and remedies which CMHC may be entitled to under any Agreement or otherwise in law.

#### **4.10. Non-Compliance**

If the Service Provider fails to comply with a direction or decision of CMHC properly given under the terms of the Agreement, CMHC may take such actions and incur such costs that are reasonably required to implement its direction including, without limitation, the engagement of another Service Provider and withholding of payment due to the Service Provider for Services rendered, which moneys may be set off by CMHC against any expenses that it may incur in remedying a default or failures as described above.

#### **4.11. Force Majeure**

In the event that a Party is prevented from fulfilling its obligations under the terms of the Agreement by a force majeure or act of God (an event or effect that cannot be reasonably anticipated or controlled), the impacted Party shall notify the other Party in writing as soon as reasonably possible. The written notice shall be sent by registered mail and shall outline the circumstances that constitute a force majeure or an act of God, which may include, but are not limited to, war, serious public disturbances, impediments arising from orders or prohibitions of public authority, actions of public enemies, strikes, lockouts and other labour disputes, riots, flooding, hurricane, fire, explosion or any other natural disasters over which the Party has no reasonable control.



Where CMHC concludes, in its sole discretion, that the Service Provider will not be able to fulfill its obligations under the Agreement, CMHC may secure the services of other qualified Service Providers to perform the Services without further compensation or obligation to the Service Provider.

#### **4.12. Non-Waiver**

Failure by either party to assert any of its rights under the Agreement shall not be construed as a waiver thereof.

#### **4.13. Laws Governing Agreement**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada as applicable. The parties attorn to the jurisdiction of the Federal Court or the courts of the Province of Ontario as appropriate in the circumstances.

The Service Provider shall give all notices and obtain all licenses, permits and authorizations required to perform the Services. The Service Provider shall comply with all the laws applicable to the services or the performance of the Agreement.

#### **4.14. Official Languages**

#### **MANDATORY**

The Service Provider acknowledges and understands that CMHC is governed by the *Official Languages Act* and follows related Treasury Board Policies. The Service Provider agrees to take any measures necessary to ensure compliance with the *Act* and those policies. When providing services to or communicating with CMHC employees, in person, over the phone or in writing (including electronic correspondence), the Service Provider must actively offer bilingual services in and indicate clearly by verbal and/or visual means that employees can communicate with and obtain available services in either English or French. The Service Provider must also ensure that there is sufficient capacity to provide services that are comparable in terms of quality and timeliness in both official languages.

#### **4.15. Access to CMHC Property**

The Agreement does not provide automatic access to CMHC premises. Where specified in the Agreement CMHC agrees to permit access by the Service Provider's employees onto CMHC premises for the purpose of fulfilling its obligations as per the terms of this Agreement. However, CMHC reserves the right to refuse entry of Service Provider's personnel for operational reasons. CMHC also will have the right at any time to remove from and/or refuse entry to its premises any incompetent or intemperate employee, or any employee who violates CMHC Safety and/or Security regulations or interferes with CMHC operations at the site.

#### **4.16. Suspension of Services and Changes in Specifications**

CMHC may, at any time and from time to time, order a suspension of the Services in whole or in part, and make modifications of, changes in or additions to the specifications of the type of Services offered and methods of delivery. All directions given by CMHC in writing with respect to the foregoing shall be complied with by the Service Provider. If any such suspension, modification, change or addition results in an increase or decrease in the cost of the Services, the amount in Section 3.1 shall be adjusted accordingly, provided that the Service Provider shall in no event be entitled to compensation for any loss of anticipated profits and provided further that minor increases or decreases in cost shall be disregarded.

#### **4.17. Extras**

Except as otherwise provided in the Agreement, no payment for extras shall be made unless such extras and the price thereof have been authorized in writing by CMHC.

#### **4.18. 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, which may be withheld for any reason.

It is understood and agreed that the Service Provider may engage other entities to assist with the Service Provider in providing of the Services, provided that the Service Provider shall at all times retain full responsibility for the provision and quality of the Services and acts in a manner which fully recognizes and respects the confidential nature of the Services. No purported assignment of the Agreement shall relieve the Service Provider from any obligation under the Agreement or impose any liability upon CMHC.

#### **4.19. Closure of CMHC Offices or Suspension of Operations**

Where CMHC premises become inaccessible due to evacuation or closure because of events or circumstances beyond the control of CMHC, where the health or safety of persons on the premises may be reasonably determined by CMHC, in its sole judgment, to be at risk, or where CMHC operations are suspended, payment to the Service Provider may be suspended or modified. Where the Service Provider provides satisfactory evidence to CMHC that the Service Provider will continue to incur monetary obligations to others directly as a result of its undertakings under this Agreement and is unable to mitigate its losses due to such obligations, CMHC may continue payment in full, or at a reduced amount, or suspend payment completely.

#### **4.20. Severability**

If any part of the Agreement is determined to be unenforceable by a competent authority, it may be severed from the Agreement so as to preserve the intentions of the Parties to the extent possible.

#### 4.21. Scope of Agreement

This Agreement contains all of the agreements of the Parties and no other representations or warranties, verbal or otherwise, exist between the Parties except those set out herein or attached as Specifications, Conditions and Addendum and signed by both Parties. In case of conflicts between the Service Provider's documents and CMHC's documents, the latter shall govern.

#### 4.22. Binding

This Agreement shall be binding upon the Parties, their heirs, executors, administrators, successors and assigns.

### Article 5.0 - Agreement Administration

#### 5.1 Contract Administrator

Each Party shall assign a contract administrator that will be responsible for overseeing the Agreement. The individuals named in section 5.2 are the initial agreement administrators.

The Parties shall notify the other in writing in the event that the contract administrator is changed. CMHC will notify the Service Provider in writing of the names of any CMHC representatives who are authorized to assign jobs and approve payments with respect to the work carried out under this Agreement.

#### 5.2 Notices

All invoices and notices issued under the Agreement shall be in writing and shall be forwarded via mail, courier or e-mail:

To CMHC at the following address:

#### **Canada Mortgage and Housing Corporation**

Name [Click here to enter text.](#)

Title [Click here to enter text.](#)

Room [Click here to enter text.](#)

700 Montreal Road

Ottawa, Ontario

K1A 0P7

Phone: [Click here to enter text.](#)

Fax: [Click here to enter text.](#)

Email: [Click here to enter text.](#)

To the Service Provider at the following address:

**Click here to enter text.**

Click here to enter text.

Click here to enter text.

Click here to enter text.

Phone: Click here to enter text.

Fax: Click here to enter text.

E-mail: Click here to enter text.

**IN WITNESS WHEREOF** this Agreement has been executed by duly authorized officers of the Parties as follows:

**THE SERVICE PROVIDER**

Click here to enter text.

\_\_\_\_\_  
Click here to enter text.

\_\_\_\_\_  
Click here to enter text.

**Date:** \_\_\_\_\_

**CANADA MORTGAGE AND HOUSING CORPORATION**

\_\_\_\_\_  
Click here to enter text.

\_\_\_\_\_  
Click here to enter text.

**Date:** \_\_\_\_\_

**SCHEDULE "A"**

**TERMS OF REFERENCE**

**To be added upon contract negotiation**

**SCHEDULE "B"**

**MANNER OF PAYMENT**

If the Service Provider is not in breach of any of its (his, her) obligations under this Agreement, the Service Provider will be paid in accordance with the following schedule:

To be added upon contract negotiation

## 7 SECTION 7 APPENDICES

### APPENDIX A

### MANDATORY

#### 7.1 Certificate of Submission

\_\_\_\_\_ hereby:  
Company Name Procurement Business Number (PBN)

- I. agrees and understands that submission of a proposal constitutes acknowledgement that the proponent has read and, unless otherwise stated in the proponent's proposal, agrees to be bound by the terms and conditions in the draft Agreement in the event that the proponent is selected by the Governor in Council as the external auditor for CMHC in any given year;
- II. agrees to comply with all of the draft Agreement MANDATORY clauses in an unaltered form as stated;
- III. offers to provide services and/or products to CMHC, as described in this proposal, on and if, as and when required basis, all in accordance with the Request for Proposal;
- IV. offers the terms as set out in this proposal, including any pricing proposal for a period of time as specified in section 2 of the RFP;
- V. certifies that, at the time of submitting this bid, is in full compliance with all tax statutes administered by all provincial, territorial and federal Ministries of Finance and that, in particular, all returns required to be filed under all provincial and federal tax statutes have been filed, and all taxes due and payable under those statutes have been paid or satisfactory arrangements for their payment have been made and maintained;
- VI. represents and warrants that in submitting the proposal or performing the Agreement, there is no actual or perceived conflict of interest;
- VII. represents and warrants that in preparing the proposal, there was no actual or perceived unfair advantage due to the receipt of information regarding the RFP that was not made available to other proponents;
- VIII. certifies that this proposal was independently arrived at, without collusion;
- IX. certifies that no gratuities or gifts in kind were offered to any CMHC employee, Board member or Governor-in-Council appointee; and intended, by the gratuity, to obtain a Agreement or favourable treatment under an Agreement;
- X. authorizes CMHC to conduct such investigation as it deems appropriate to verify the contents of the proposal;
- XI. certifies, unless explicitly outlined in the proposal, that all pricing information is based on service provision which, at a minimum, fully meets all of the existing service standards as outlined in the Statement of Work;
- XII. (for sole proprietorships and partnerships) provide permission herewith to CMHC to undertake credit checks on the individuals listed below (names, signatures and home addresses of each must be provided).
- XIII. agrees that, in the event of acceptance of this proposal, it will enter negotiations in accordance with the RFP, and upon entry into a preferred service provider arrangement with CMHC, it will commit to providing the full scope of services identified in this RFP response.
- XIV. agrees that all responses and related materials become the property of CMHC, will not be returned and CMHC will not reimburse the proponent for any work related to, travel or materials supplied in the preparation of the RFP response.
- XV. agrees that it and any other persons for which it is responsible, who are to perform the work as stated in this RFP, at the request of CMHC will comply with security screening as deemed appropriate;

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016 at \_\_\_\_\_, Canada.

**CMHC RFP:**  
201602507 Annual External Audit Services

**Submission Deadline:**  
2:00 pm EST November 18, 2016

***Corporations are not required to provide a corporate seal. The signature of one witness is required for the signature of each Owner/Signing Authority.***

**Corporation/Individual:**

\_\_\_\_\_  
Signature of Signing Authority

\_\_\_\_\_  
Name and Title of Signing Authority

Declaration: I have the authority to bind the company.



## APPENDIX B

### 7.2 Evaluation Table

EVALUATION CRITERIA	A	B	C	D
	WEIGHT 100 Total	POINTS 0 to 5	UPSET SCORE	SCORE AxB
Corporate Alignment (Refer to Appendix C): <ul style="list-style-type: none"> <li>○ Ability to meet independence requirements</li> <li>○ Size, scale and global presence</li> <li>○ Importance of CMHC as a client</li> </ul>	10		30	
Experience (Refer to Article 4.5 and Appendix C): <ul style="list-style-type: none"> <li>○ Track record of successful delivery of in-depth audit services to one or more of the largest six banks in Canada;</li> <li>○ Service tenure</li> <li>○ References</li> </ul>	25		75	
Audit Quality (Refer to Appendix C) <ul style="list-style-type: none"> <li>○ Audit skills and quality of people with deep and insurance and banking experience</li> <li>○ Firm's audit policies, procedures and controls</li> <li>○ Market / industry knowledge</li> <li>○ Approach to solution and ability to meet CMHC' requirements for transition and business as usual</li> <li>○ Commitment and sustainability of the approach</li> </ul>	40		120	

EVALUATION CRITERIA	A	B	C	D
	WEIGHT 100 Total	POINTS 0 to 5	UPSET SCORE	SCORE AxB
Cultural Alignment: (Refer to Appendix C) <ul style="list-style-type: none"> <li>○ Alignment of CMHC’s Strategic Direction and Values</li> <li>○ Lead Partner and the “top team”, including ability to interact with the Board Audit Committee. It is expected that the lead partner and engagement quality control reviewer will have deep experience in one of our two commercial service lines</li> <li>○ Demonstration of flexibility to meet the dynamic nature of CMHC</li> <li>○ Working “Chemistry” between CMHC and the proposed team and the OAG</li> </ul>	15		45	
*Pricing (Refer to Appendix C) <ul style="list-style-type: none"> <li>○ Confirmation that fees will be within range provided by CMHC during the term</li> <li>○ Transparency and ability to control costs and provide cost predictability during the term</li> </ul>	10			
<b>TOTALS</b>	100			

\*The proponent submitting the lowest price proposal will receive the maximum 5 points on the standard evaluation point scale of 1 to 5. Other proponents will receive a prorated score out of 5 based on the relative proportion of their price to the lowest price submitted

## APPENDIX C

## Mandatory

### 7.3 Proposal Questions

When responding to the following questions, proponent should limit any boilerplate or general responses. The response should be clear, concise and include an example where applicable. Suggested page lengths for the Proponents response have been provided below to guide the Proponent when responding and it is expected that the lengths will be adhered to.

#### **Corporate Alignment (5-6 pages)**

##### **Firm Profile**

1. Please provide your Corporate structure (including subsidiaries, parent companies, geographies, etc.) showing where the contracting entity fits into the overall group structure;
2. Please advise of any legal claims made against your Canadian firm or any other litigation you have been involved with over the last 5 years related to your assurance practice for financial institutions in Canada.
3. Please advise of any partner or customer contractual disputes your Canadian firm has been involved with over the last 5 years related to your assurance practice for financial institutions.

##### **Assurance Practice**

4. Please provide an organization chart for your assurance practice.
5. Please provide detail on your assurance geographic presence.
6. Please describe how you classify your assurance clients and which category would CMHC fall into (e.g. priority account, etc) and how this would impact the service provided to CMHC.

##### **Independence**

7. Please describe your process and approach for achieving independence in time to support the 2017 audit.
8. Please advise of any immediate concerns you have on achieving independence and how you plan to resolve.
9. Please describe your approach for ensuring and maintaining independence during the term of the relationship.

##### **Legal**

10. Please describe the contracting approach you propose for an annual external audit engagement if not consistent with the draft agreement found in Section 6.0.

11. Please identify the controls which will be applied to the audit services which will ensure our requirements are met and quality of service is maintained (i.e. service level regimes, etc.).

12. Please confirm what insurance policies and policy limits (per event and aggregate) you carry that will be relevant for the professional services being sought.

### **Experience (up to 10 pages)**

13. Please provide examples of current large and complex financial services clients, how long you have been their auditor, and a description of the services provided. Please ensure that the examples include in-depth audit services and experience in relation to at least one of the largest six banks in Canada.

14. Are you currently involved in any auditor transition activities for customers of similar size and scale to CMHC?

15. References – see section 4.5. Please note that at least one corporate reference must be from one of the largest six banks in Canada that is an audit client of the firm. References should include dates, timeslots, and numbers to be reached and all should incur between November 21-25, 2016. The references should be available for at least a 60 minute conversation.

### **Audit Quality (up to 20 pages)**

#### **General**

16. Please provide a high level description of your standard assurance processes, policies, methodology and tools and templates (including any internal quality review/assurance programmes)

17. Please provide the following details on issues raised by your internal Assurance Quality Review practice as it pertains to your Canadian firm:

- On average, how many issues are raised on the audits that you perform and what types of issues typically arise?
- Please advise of any actions taken in response to thematic issues which have been identified;
- Please identify issues related to your control environment and any compliance related issues.

18. How do you control audit quality of the teams in different offices/locations/regions and how to plan to ensure audit quality with the joint auditor (OAG?)

19. How will you coordinate the audit with the OAG and resolve different points of view on technical matters?

20. Please advise on how the Canadian firm, the office of the Lead Partner and engagement quality control reviewer has fared in the Audit Quality Review, CPAB and PCAOB exercises,

and the associated impact with respect to your Canadian firm. As part of your response, please address criticisms you have received, especially with respect to financial institution audits;

21. Excluding the transition to new accounting standards (IFRS 9, IFRS 4 etc.), please briefly advise on the top three issues you believe the financial services audit industry is currently facing and how your audit approach will manage/mitigate/minimize them. Please also provide the top three issues you believe that CMHC is currently facing and how your audit approach will manage/mitigate/minimize them.

22. Please detail your firm's technical capabilities for provision of audit services to large and complex financial institutions and any investments you are making to further improve and innovate your capability.

### **Specific**

23. Please provide compliance/quality assurance metrics on the core team you have proposed for CMHC.

24. Please describe the structure and process of your quality control reviews, and how these will be co-ordinated with the OAG and also the auditor of Canada Housing Trust.

25. What audit tools and data analytics will you implement?

26. Please describe why you should be selected as CMHC' auditor and what differentiates you from your competitors.

27. Will you apply any type of innovation to the proposed solution for CMHC in terms of process, approach, tools, etc.? If so, please describe.

28. Please describe how you would involve your technical accounting experts in the audit and how you would be able to access them both nationally and internationally (if applicable). Please also describe how the proposed audit team will manage the process to ensure timely resolution and provide pragmatic responses.

29. Please describe the core team you propose to support the CMHC relationship including the Lead Partner:

Other ratio. For each resource, please provide:

- . CV for each individual (no longer than 1 page) including qualifications and experience providing similar services to similar clients;
- . How long they are committed to stay on the account;
- . % of time dedicated to servicing CMHC;
- . Qualifications and training completed/training that will need to be completed to serve CMHC
- . Number of years of insurance or banking and financial services experience;

. Participation in any industry/audit/accounting bodies;

#### C-iii) PROPOSED SOLUTION

- Assumptions you have made as part of your solution;
- List of all locations from where the services will be provided from;
- How the locations will interact with each other, CMHC and the OAG;
- Any dependencies on CMHC or other third parties (where there are third party dependencies please indicate which third parties you propose and why);
- Benefits and challenges with your proposed approach and any mitigating actions;
- How scalable the solution is;
- How you will embed quality into the audit engagement;
- How you will report your findings;
- Any other relevant details

30. Please provide a high level description of the approach you plan to implement to transition from the incumbent to your proposed solution. As part of your response, please include:

- High level timelines and key milestones;
- Dependencies on CMHC, the incumbent and any other third parties;
- How your proposed approach will minimise disruption;
- Key success factors related to your approach;
- Key risks, issues and challenges;
- Your experience with any recent transition of services (especially with the incumbent);
- Any other relevant details

31. Please advise on how your audit will add value both to the company and taxpayers.

32. Based on your review of our 2015 consolidated financial statements, please provide a minimum of five areas of improvement and/or comments that we should consider in order to improve our current financial reporting

#### **Cultural Alignment (7-8 pages)**

33. Please describe your proposed relationship management strategy for CMHC and provide a proposed governance structure for the ongoing relationship.

34. Please describe your proposed engagement and communication strategy for interactions with CMHC (including Audit Committee, management and any other areas). Please specify frequency, proposed attendees, etc.

35. How will you manage your responsibilities to the Audit Committee and taxpayers with the need to establish a good day to day working relationship with management?

36. How do you plan to manage ad hoc queries and requests made by CMHC and how will you ensure that the responses are provided timely given other priorities?

37. How do you propose to share knowledge and educate CMHC on emerging accounting practices, industry trends (risks and benefits) and market best practices? What thought leadership will you intend to share with CMHC and will this come at a cost to CMHC? Please focus the response to items that are not generally available on the firm's website.

38. Please describe how you believe you will be able to work with CMHC toward it achieving its Strategic Directions?

### **Pricing (3-4 pages)**

39. CMHC requires an approach which provides transparency and cost predictability across the full term, not necessarily the lowest cost. CMHC believes that a fair fee for each of the services should be within the following range for each year of the entire initial term of the agreement:

- Base Audit \$400,000-\$525,000 CAD
- Minimum Capital Test and Form 18K \$8,000 - \$12,000 CAD
- Quarterly Reviews \$35,000 - \$55,000 CAD

As part of your response, please confirm that your fees will be within the ranges above for the entire term of the initial agreement. Along with your confirmation related to the fees above, please provide a pricing proposal to accompany your proposed solution which includes:

- A clear and unambiguous description of what is included in the fee estimate and that includes all related dependencies and assumptions (i.e. ad-hoc questions, discussions, accounting issues that require further analysis and consultation etc.);
- Costs which will remain fixed for the term;
- Costs which will be variable for the term and at which point will this occur (this should include increases in fees, but also decreases that will arise as efficiencies are gained);
- Factors which impact the costs i.e. volume, time, etc.;
- How transparency will be provided during the relationship;
- How fees will be controlled and CMHC will have cost certainty;
- How the team will distinguish between internal inefficiencies and those caused by the joint auditor vs incremental fees that are due to changes in the business that could not be foreseen at the time of proposal, risks and benefits with adopting your proposed approach; costs associated with any supporting infrastructure;
- Proposed rate cards by role and region;
- Discount mechanisms;
- Process for agreeing costs during the term and any associated terms and conditions;

- Process for agreeing costs for any potential renewal terms and associated terms and conditions; and
- All other supporting information

## **APPENDIX D**

### **7.4 Mandatory Compliance Checklist**

<input type="checkbox"/> n Submission Deadline	Section 2.3.1
<input type="checkbox"/> Offering Period	Section 2.7
<input type="checkbox"/> Proponent's Qualifications	Section 4.5
<input type="checkbox"/> Response to Statement of Work	Section 4.6
<input type="checkbox"/> Pricing Proposal	Section 4.8
<input type="checkbox"/> 7.1 Certificate of Submission	(Section 7 Appendices, Appendix A)
<input type="checkbox"/> 7.3 Proposal Questions	(Section 7 Appendices, Appendix C)