

REQUEST FOR PROPOSALS

ATLANTIC EDGE CREDIT UNION LIMITED

EXTERNAL AUDIT SERVICES

CLOSING DATE: AUGUST 29, 2022

CONTACT: auditRFP@aecu.ca

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A. INTRODUCTION

1. General Information

Atlantic Edge Credit Union Limited is seeking qualified accounting firms to submit proposals to conduct an examination and render an opinion on the annual financial statements.

Audits must be planned and executed in accordance with Canadian generally accepted auditing standards and will result in an opinion to the Board of Directors of the Credit Union as to the fairness of the annual financial statements.

2. Definitions

Throughout this request for Proposal the following definitions apply:

“Audit Committee” means the committee of the Board of Directors with the mandate to ensure the integrity of the financial statements of the Credit Union

“Audit RFP Team” means the Management and Audit Committee representatives assigned the responsibility for the administration of this proposal

“Audit services” means the financial audit of and resulting opinion on the annual financial statements of Atlantic Edge Credit Union Limited

“Auditor” means the successful Proponent to this Request for Proposal

“Board” means the Board of Directors of Atlantic Edge Credit Union Limited

“Credit Union” mean Atlantic Edge Credit Union Limited

“Finance” means the Finance Department of Atlantic Edge Credit Union Limited

“CUDGC” means the Credit Union Deposit Guarantee Corporation – the provincial regulator of Atlantic Edge Credit Union Limited

“Proponent” means an accounting firm that submits a proposal in response to this Request for Proposal

“Proposal” means a submission in response to this Request for Proposal

“RFP” means Request for Proposal

“Services” means the works requested to be performed as per this RFP

3. Terms of Engagement

It is the intention of the Credit Union to enter into a five-year agreement with the successful firm to provide external audit services beginning with the annual audit for the fiscal year ending December 31, 2022 to the fiscal year ending December 31, 2026 inclusive. Notwithstanding the intended term, the appointment of auditors is subject to annual approval by the Members of Atlantic Edge Credit Union Limited.

4. Proposal Calendar

RFP issued	On or before July 8, 2022
Closing Date for submission of proposals	August 29, 2022
Presentation by firms (if required)	September 15, 2022
Recommendation of appointment by Board	September, 2022
Interim Appointment of Auditors	September, 2022
Audit Engagement and Audit Planning	October / November 2022
Field Work	December to February 2022
Audit completion and presentation to Audit Committee (including attendance at Audit Committee meetings)	March
AGM (Auditor attendance)	April
Shareholder ratification of appointment	March / April 2023

Note: refer to Section E: Time requirements

5. Acceptance of Proposals

The Credit Union reserves the right to reject any and all Proposals for any reason or to accept any Proposal on the basis of Proposals received which the Credit Union, in its sole unrestricted discretion, deems most advantageous to itself. The lowest or any Proposal may not necessarily be accepted.

6. Disclaimer

The information contained in this RFP is supplied solely as a guideline for Proponents and is not guaranteed or warranted by the Credit Union to be accurate, nor is it necessarily comprehensive or exhaustive.

Each Proponent is responsible to review and understand the terms and conditions of this RFP, and the scope of services to be provided. The Credit Union will not be responsible for any loss, damage or expense incurred by a Proponent as a result of any inaccuracy or incompleteness in

this RFP, or as a result of any misunderstanding or misinterpretation of the terms of this RFP on the part of the Proponent.

Further, the Credit Union is not liable for any costs incurred in the preparation of the proposals.

7. Awarding of Contract

Notice to the successful Proponent of the approval of its Proposal; the recommendation of the appointment of auditors by the Board of Directors; and the approval by the Shareholders at a general meeting of the Credit Union, and the subsequent execution of an engagement letter shall constitute the making of the Contract for Services.

B. DESCRIPTION OF THE CREDIT UNION

Effective January 1, 2022 Leading Edge Credit Union Limited and Eagle River Credit Union Limited amalgamated to form **Atlantic Edge Credit Union Limited (AECU)**. AECU is incorporated provincially under the The Credit Union Act, 2009 and provides financial services to residents of the Province of Newfoundland and Labrador (NL). Membership in the Credit Union is open to residents of NL. The registered head office of the Credit Union is located in L'anse Au Loup, Newfoundland and Labrador and the CEO's office is located at our Port Aux Basques Office location.

Atlantic Edge Credit Union is full-service credit union offering banking and financial services to over 17,500 members out of 11 branch locations spanning from Happy Valley-Goose Bay to L'Anse au Loup in Labrador, and St. Anthony to Port Aux Basques in Newfoundland. AECU operates in a decentralized model, whereby corporate staff work out of 6 branch locations, as well as home offices.

8. Basis of Accounting

As publically accountable entities, Atlantic Edge Credit Union is required to prepared financial statements in accordance with International Financial Reporting Standards (IFRS).

9. Financial Systems

The financial records for the Credit Union is primarily in electronic form, with some hard copy records located at our Port Aux Basques Office location (27 Grand Bay Road, 2nd Floor, Grand Bay East, NL A0N 1K0) and our L'Anse Au Loup office location (8 Branch Road, L'Anse au Loup, A0K 3L0).

Atlantic Edge Credit Union utilizes Fiserv Financial Accounting Suite for GL system and to prepare financial statements and Horizon Financial Suite – the banking platform provided by League Data.

Key services in use include: Horizon Banking/Loans, to process loans and deposits and daily transaction to Member's accounts; Horizon IQ, for data extraction; and Datawatch, for automatic report generation and electronic storage. Other transaction related systems in use include: Automated Funds Transfer (AFT), Customer Automated Funds Transfer (CAFT), Inter Credit Union Branch Service (ICU), and Member Direct. Payroll is currently processed by accounting staff through the Atlantic Central HR Shared Service Centre using the UKG HRIS Platform.

For general purposes the software is primarily Microsoft Office applications using the Windows 10 operating system. In particular, Microsoft Excel is used for; financial statements presentation, GL account reconciliations, and is also utilized in the monthly reporting processes.

10. Other Organizational Information

The Organizational Chart for the Credit Union is included in Appendix 3, and 2021 Annual Reports for each the legacy Credit Unions are included in Appendix 4.

Legal services for the Credit Union is provided by Thomas W. Fraize, Q.C. of Fraize Law Offices.

C. NATURE OF SERVICES REQUIRED

11. General

The Credit Union are soliciting the services of qualified firms to audit the financial statements of the Credit Union for the fiscal years ending December 31, 2022 through December 31, 2026, subject to annual reappointment by Shareholders. These audits are to be performed in accordance with the provisions contained in this RFP.

12. Scope of Services to be Performed

The Auditor will be required to examine the financial records, systems and controls of the Credit Union in accordance with Canadian generally accepted auditing standards, and to then provide written audit reports with an audit opinion on the consolidated financial statements of Atlantic Edge Credit Union for the fiscal years ending on December 31.

The Auditor's report should be suitable for inclusion within the financial statements and be addressed to the shareholders of Atlantic Edge Credit Union. The Auditor will be required to attend a meeting of the Audit Committee of the Credit Union to present and explain as necessary the audit reports.

In addition, the management letter addressed to the Audit Committee of the Credit Union is required every year outlining the results of the audit and identifying any significant matters relating to the adequacy of the internal control environment, or other areas of concern encountered in the examination of the financial statements. Non-reportable conditions discovered by the auditor shall be reported in a separate letter to management. The Auditor will report audit findings to the Chief Financial Officer, Chief Executive Officer and/or the Senior Accounting Officer of Atlantic Edge Credit Union during the course of the audit engagement.

The Auditor shall be required to provide a written report of all irregularities and illegal acts of which they become aware to the Chief Financial Officer, Chief Executive Officer and to the Audit Committee.

The Auditors shall immediately upon discovery of information or conditions which would otherwise lead to the inclusion of qualification with respect to the financial statements, inform and fully discuss such matters with the Chief Financial Officer and/or the Senior Accounting Officer of Atlantic Edge Credit Union. In addition, the auditors shall as far as possible, allow a reasonable period of time for the Credit Union to make an investigation, analyze, report and take such corrective action to avoid the inclusion of such qualification.

The Auditor will ensure all new or changed reporting requirements and auditing standards are communicated to the Credit Union, in a timely manner, to ensure that the financial statements and notes prepared by management are in compliance with current reporting requirements and auditing standards.

The Auditor will respond to and discuss with Finance various accounting, auditing, tax and other issues arising throughout the year. Inquiries, if any, are infrequent, usually brief and specific in nature, and may require a written confirmation. It is expected that such inquiries would be included in the fee schedule provided and would not incur additional billing or that Finance would be advised of any additional charges prior to services being provided.

13. Additional Reports to be Issued

In addition to the reports to be issued in accordance with generally accepted auditing standards, certain additional reports will be required as a result of regulatory and other requirements.

a. Income Tax and GST/HST

The Auditor will be required to prepare and electronically file annual corporate tax returns on behalf of the Credit Union, based on information to be provided by the Credit Union. The Auditor will provide guidance and advice on matters of income tax and GST/HST requirements.

14. Auditor Attendance at Audit Committee and AGM

The Auditor will be required to attend at least two meetings of the Audit Committee to present and discuss the annual audit plan, and the final report on the audit results. The Auditor will also be required to attend the annual general meeting of the Credit Union at which the annual financial statements are placed before the members/shareholders of the Credit Union.

15. Privacy and Confidentiality

This document, or any portion thereof, may not be used for any purpose other than the submission of proposals. Information pertaining to the Credit Union obtained by a Proponent as a result of participation in this RFP process is confidential and must not be disclosed by the Auditor except as required to fulfill its obligation during the course of the engagement.

In the conduct of the engagement the Auditor may require access to confidential or private information. The Auditors shall not disclose to third parties any private or confidential information obtained during the course of the engagement, unless there is a requirement by law or statute, or professional right or duty to disclose, nor use the information for their personal advantage or the advantage of third parties.

16. Implied Requirements

All services not specifically mentioned in this request for proposals that are necessary to provide the functional capabilities described by the Auditor shall be included in the Scope of Services.

D. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

17. Statements and Schedules to be prepared by the Credit Union

Finance staff will be responsible for the year-end close and financial statement preparation. Staff will assist the external auditors by preparing a full set of working papers, schedules, and supporting documentation on a timely basis. The Credit Union will create the final statements and will take responsibility for the production of the audit report for distribution to stakeholders. Specific reports / schedules to be prepared by Finance staff include the following:

- Detailed schedules for revenue and expense accounts
- Bank reconciliations
- Account analysis and variance explanations as requested

- Investment activity schedules
- Fixed assets schedules
- Payroll records
- Trial Balances
- Draft Financial Statements and Note Disclosures

18. General

Work-space will be provided in close proximity to the financial records. E-files will be transmitted in an encrypted secure email. Telephones and internet access will be made available as well as during the engagement. The Auditors can be provided with a computer with read only access to the accounting systems for analysis and for the examination of documentation. The Auditor will be required to provide additional computer equipment and other office materials as needed.

E. TIME REQUIREMENTS

19. Schedules for the Annual Audit

Specific to fiscal year 2022:

Task	Dates
Planning work	October / November
Initial communication to Audit Committee of Detailed Audit Plan	Late November/ December
Interim field work	December / January
Year-end field work	January / February
Preliminary clearance on draft financial statements	February 28
Audit completion and presentation to Audit Committee (including attendance at Audit Committee meetings)	March
AGM (Auditor attendance)	April

From 2023 onwards, the following is a list of typical key dates for the annual audit process:

Task	Dates
Planning work	September / October
Initial communication to Audit Committee of Detailed Audit Plan	Late October / Early November
Interim field work	November / December
Year-end field work	January (typically starts second full week of the month)
Preliminary clearance on draft financial statements	February
Audit completion and presentation to Audit Committee (including attendance at Audit Committee meetings)	March
AGM (Auditor attendance)	April

F. PROPOSAL REQUIREMENTS

20. Inquiries

All Inquiries concerning the request for proposals must be made to:

Audit RFP Team – auditRFP@aecu.ca

Inquiries must be communicated at least five days prior to the closing date for submission of proposals. Information obtained from any other sources is not official and should not be relied upon. The Audit RFP Team will exercise its own discretion in responding to inquiries and may circulate questions and their answers to all other Proponents without disclosing the source of the questions or revealing the substance of a proposal or other confidential information.

21. Submission of Proposals

Firms should send completed proposals, with the subject line “Proposal for Audit Services”, to:

Audit RFP Team - auditRFP@aecu.ca

Proposals must be received by **5:00 pm on the closing date** for a proposing firm to be considered. Proposals received after this date will not be accepted. The proposal should include a cover letter signed by a person authorised to bind the Firm to the statements made in the proposal.

A firm may withdraw its proposal prior to the closing date provided it has first notified the Audit RFP Team in writing of its intention to do so. A firm that has so withdrawn a proposal may submit a new proposal prior to the closing date, providing that the new proposal meets the proposal requirements.

22. Detailed Proposal

The purpose of the detailed proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to perform the audit services required by the Credit Union. As such, the substance of the proposals will carry more weight than their form or manner of presentation. The detailed proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement.

The Audit RFP Team is not obligated to seek clarification of vague or incomplete information. Proposal, as a minimum, should include the following details:

- Company Profile – a brief profile of the firm (1 to 2 pages) indicating the scope of its practice and the range of services provided.
- Contact information for the person signing the proposal cover letter.
- A statement confirming that the firm is registered / licensed as a public accounting firm in Newfoundland and Labrador and that all key engagement staff are properly qualified to practice in Newfoundland and Labrador.
- A statement confirming that the engagement will be conducted in accordance with Canadian Auditing Standards.
- A statement of the Firm's policy with respect to Limitation of Liability
- Whether the firm is subject to any current litigation.
- Whether the firm or staff is involved with discipline complaints or has a discipline history.
- A statement on independence of the firm with the Credit Union and that it has no conflict of interest that would preclude it from the provision of audit services to the Credit Union.
- Similar engagements with other similar entities - including references with respect to a minimum of three of these relevant engagements (see Appendix 1).
- Experience and expertise of resources:

- Relevant firm experience and specialized subject matter expertise, and how this can be accessed and leveraged by local engagement staff.
- The qualifications and experience of the Partner and other senior engagement personnel and expert resources, and how the firm will ensure the availability / continuity of the resources required over the term of the engagement to maintain the quality of the services provided.
- Audit Approach – the proposal should demonstrate the firm’s understanding of the audit objectives and overall scope of work to be performed, including the approach to be used to identify and evaluate the Credit Union business risks and internal controls and systems.
- Identification of Anticipated Potential Audit Problems
- Other Services – a description of any value-added services that would be made available, their potential benefit to the Credit Union, and any applicable costs not included in the fee proposals for audit services.

23. Fee Proposal

- Total all-inclusive maximum fee for each of the five years of the term. Alternatively, Proponents can provide pricing for years 1 to 3 and indicate the factors that will influence pricing for the final two years of the five year term.
- Fees quoted should be exclusive of all applicable taxes.
- Fees should be detailed by category (see Appendix 2) – including time billings for engagement staff, any administrative charges or anticipated out-of-pocket costs to be recovered, and any other fees to be billed.
- Costs to prepare proposal are to be excluded.
- Rates for additional professional services – if it should become necessary for the Credit Union to request the Auditor to render any additional services beyond the scope of services to be provided under this RFP, then such additional services shall be performed at the same rates set forth in this fee proposal.
- Manner of Payment – progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the fee proposal. Interim billings shall cover a period not less than a calendar month.

G. EVALUATION PROCEDURES

24. Selection Personnel

Proposals submitted will be evaluated by the Audit RFP Team

25. Evaluation Criteria

The objective of the evaluation is to identify the firm that meets the Credit Union's requirements and represents the best value for money. The Audit RFP Team's decisions on the parameters and methodology for evaluation will be final.

Proposals will be evaluated based on four sets of criteria. Firms not meeting the mandatory criteria will be excluded from further consideration. Firms meeting the mandatory criteria will have their proposal evaluated and scored for both technical quality and price and other factors.

a. Mandatory Elements

- The firm is authorized to provide financial audit services in Newfoundland and Labrador.
- The firm has provided confirmation of its independence and that it has no conflict of interest that would preclude it from the provision of audit services to the Credit Union.
- The firm adheres to the instructions in this RFP with respect to preparing and submitting the proposal.

b. Technical Qualifications

- The quality of the firm's proposal with respect to: experience and expertise, understanding of the requirements of the engagement, and audit approach.

c. Price

- The firm's Fee Proposal.

d. Other Factors

- Demonstrated compatibility in values, and other unique benefits a firm may offer.

26. Presentations by Firms

During the evaluation process the Audit RFP Team may, at their discretion, request any one or all firms to make presentations. Such presentations will provide firms with an opportunity to

answer any questions the Audit RFP Team may have regarding a firm's proposal. Not all firms may be asked to make such presentations.

27. Final Selection

The Audit RFP Team will recommend a firm for approval by the Board of the Credit Union. If approved by the Board, the recommendation of the appointment will be ratified at the Annual General Meeting of the Credit Union for approval by Shareholders.

28. Notification

All proponents will be notified in September 2022 of the decision by the Board. The successful firm will be notified by September 30th 2022 following the approval by Board of Directors.

H. Appendices

- 1. Reference Form**
- 2. Fee Proposal Schedule**
- 3. Organizational Chart**
- 4. Annual Report**

APPENDIX 1 – REFERENCES

Each Proponent is requested to provide a minimum of three references from relevant engagements from the last five years, preferably one should be from a credit union. Proponents are requested to provide a description of the services provided for each reference. Reference information should be provided in the following format:

Reference #1	
Entity / Credit Union Name	
Entity / Credit Union Address	
Contact Name	
Contact Telephone Number	
E-Mail Address	
Date of Engagement	
Nature of Engagement	

Reference #2	
Entity Name	
Entity Address	
Contact Name	
Contact Telephone Number	
E-Mail Address	
Date of Engagement	
Nature of Engagement	

Reference #3	
Entity Name	
Entity Address	
Contact Name	
Contact Telephone Number	
E-Mail Address	
Date of Engagement	
Nature of Engagement	

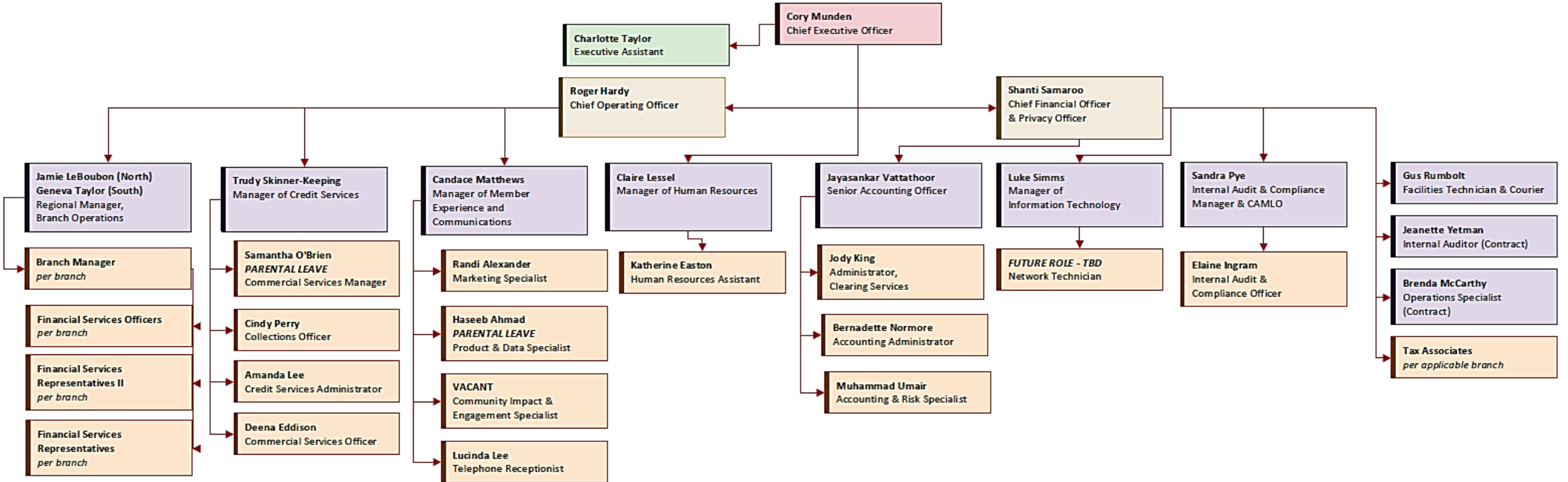
APPENDIX 2 – FEE PROPOSAL SCHEDULE

	Hours			
	Audit Planning	Audit Fieldwork	Review and Reporting	Total
Audit Partner				
Review Partner				
Audit Manager				
Audit Team – Professionals				
Audit Team – Students				
Industry Specialist				
Other Specialist (detail by category e.g. Tax, IT)				
Administrative and other Charges				
Other (specify)				
Totals				

APPENDIX 3 – ORGANIZATIONAL CHART



Atlantic Edge Credit Union Organizational Chart



APPENDIX 4 – ANNUAL REPORTS

[Legacy Eagle River Credit Union – 2021 Annual Report](#)

[Legacy Leading Edge Credit Union – 2021 Annual Report](#)