



REQUEST FOR PROPOSALS

INTERNAL AUDIT SERVICES

1. Introduction

This request for proposals is to appoint an independent internal audit service provider that can maintain and support an effective internal audit function. The proposed services will be for three years, beginning April 1, 2015.

2. Organization

2.1. URCA was established on August 1, 2009, as a corporate body, under the Utilities Regulation and Competition Authority Act, 2009 (the Act). It is the successor to the Public Utilities Commission established under The Public Utilities Commission Act, 1993 which ceased to operate when URCA came into being.

2.2. URCA is the converged regulator for the electronic communications sector (ECS) covering radio and television broadcasting, radio spectrum, internet and data, pay-TV and voice telephony. URCA currently regulates the ECS through the Communications Act, 2009 (Comms Act), although URCA may regulate other sectors over time (such as energy and water) if given specific responsibilities to do so under other sector specific legislation.

2.3. The offices of the Authority are currently located at UBS Annex, East Bay Street, New Providence.

2.4. URCA currently employs 24 persons who are trained in the disciplines of Human Resources, Business Administration, Economics, Engineering, Accounting and Law.

2.5. URCA is governed by a Board consisting of five members: three non-executive members (including the Chairperson), the CEO and Director of Policy and Regulation. The Act also established an Audit Committee comprising the non executive members and chaired by an accounting professional who is not a member of the Board or a member of the

executive. The internal audit function will be under the control and direction of the Audit Committee.

2.6. URCA, in its effort to be an effective regulator, has ensured that the requisite finances are available to ensure that stakeholders are provided with the best possible service and value for money. Under the Act, URCA is mandated to annually calculate fees at a level necessary to recover the anticipated cost of operations. The operating and capital budgets for the current operating year (2014) are \$6,192,822 and \$46,500 respectively.

2.7. URCA currently uses Accpac version 5.5 software for its accounting. The active modules include the General Ledger, Accounts Receivables, Purchasing, Accounts Payable, Fixed Assets and Payroll.

3. Role and Objectives of Internal Audit

URCA desires to have an effective internal audit function which should also comply with best practices and standards of internal auditing. Some of these objectives/standards are:

3.1. To assist URCA in accomplishing its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

3.2. To review:

- 3.2.1. i) the reliability and integrity of information
- 3.2.2. ii) compliance with policies, regulations and contracts
- 3.2.3. iii) the safeguarding of assets
- 3.2.4. iv) the economical and efficient use of resources, and
- 3.2.5. v) established operational goals and objectives.

3.3. Primarily to assist the Board and management in the effective discharge of their responsibilities, furnishing them with analyses, appraisals, recommendations, counsel and information concerning the activities reviewed.

4. Scope of Internal Audit

In addition to establishing an internal audit function, URCA is also undertaking results-based management through collection of key performance indicators. Legislation also requires URCA to submit annual value for money audits. Toward this end, specific measures have

been identified and data will be collected. URCA's intent is to have all of these data collection and tracking processes inter-related to avoid duplication of effort. Similarly, the internal audit function should take full advantage of the data being collected under these other initiatives.

The scope of the Internal Audit function includes the following:

- 4.1. Reviewing and appraising the adequacy and effectiveness of the system of internal controls;
- 4.2. Improving management processes by highlighting risk areas that impact on performance.
- 4.3. Appraising the relevance, reliability and integrity of management, financial and operating data and reports;
- 4.4. Reviewing the systems established to ensure compliance with those policies, plans, procedures, statutory requirements and regulations which could have a significant impact on operations;
- 4.5. Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- 4.6. Appraising the economy, efficiency and effectiveness with which resources are employed;
- 4.7. Reviewing operations or programs to ascertain whether results are consistent with URCA's established objectives and goals, and whether the operations or programs are being carried out as planned;
- 4.8. Assessing the adequacy of established systems and procedures; and
- 4.9. Conducting special assignments and investigations on behalf of the Audit Committee into any matter or activity affecting the interests and operating efficiency of URCA.

5. The Proposal

The proposal should include amongst others:

- 5.1. A proposed plan of action to achieve the objectives of the internal audit function. Such a plan should cover short- and medium-term steps to manage the internal audit function;

- 5.2. A list of references of internal audit appointments;
- 5.3. The resume(s) of personnel who will be available for the duration of the work;
- 5.4. An undertaking to ensure continuity of staff on the project;
- 5.5. In so far as is possible, a comprehensive budget, showing the service activities proposed, with charge-out rates and budgeted hours per activity, detailing all assumptions made in arriving at a proposed budget, including all costs factors. Preference will be given to proposals which show ingenuity in conducting the work.

5.6. Note the following submission requirements:

5.6.1. Any contact with URCA during this proposal process should be with: Faith Johnson, Finance Manager (telephone 242-396-5223 and e-mail address fajohnson@urcabahamas.bs).

5.6.2. Proposals are to be submitted in sealed envelopes, marked "Proposal for Internal Audit Services" addressed to Mrs. Kathleen Riviere-Smith, CEO; UBS Annex, East Bay Street, Nassau.

5.6.3. Copies required: one original, and 3 hard copies. An electronic copy **may be** requested at a later date. All proposals, in hard copy, should be submitted no later than 4 p.m. on **December 30, 2014**.

6. Evaluation Criteria

6.1. Proposals will be evaluated by a committee selected from URCA's management team.

6.2. The Evaluation Committee will recommend to the Audit Committee who will make the final decision.

6.3. The proposals will be evaluated based on price (40%) and technical/functionality (60%)

6.4. Technical/functionality criteria consist of:

6.4.1. The relevant perceived strengths and weaknesses of the proposer in the field of internal audit including the ability to identify, evaluate and facilitate the minimization of URCA's exposure to risks associated with inadequate and ineffective internal controls.

6.4.2. Demonstrated ability to carry out specialized audits e.g. information system, fraud limitation and performance auditing.

6.4.3. A proposed plan of action to achieve the objectives of the outsourced internal audit function. This plan should cover short-, medium- and long-term objectives.

6.4.4. Public sector experience in the field of internal auditing.

6.4.5. The qualification and experience of the personnel proposed to provide the service.

6.5. URCA has the right to accept and reject any proposal.

7. Appointment, Commencement and Duration

7.1. The consultant is expected to be available for commencing the project from April 1, 2015 or by mutual agreement. The duration of the contract is for three (3) years from the date of appointment.

7.2. The parties shall, upon appointment of the consultant, sign a business agreement to govern their business relationship.

8. Appendices and Attachments

8.1. The following items are available:

8.1.1. Organization Chart.

8.1.2. 2013 Annual Report including the audited financial statements for year ended December 31, 2013.

8.1.3. Three Year Strategy & Annual Plan for 2014.

8.1.4. Unaudited management accounts for period ended August 31, 2014.

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