

Request For Proposals Audit Services

The City of Escanaba is soliciting proposals for audit services.

The RFP will be for a 3 year contract.

Bid specifications can be seen below. For more information, financial documents, and/or past audits, please contact the City Controller.

Melissa Becotte, City Controller
410 Ludington Street
P.O. Box 948
Escanaba, MI 49829
906-786-0605 mbecotte@escanaba.org

Completed proposals must be received by 2:00 pm, Tuesday, January 29th, 2019.
Council action to award bids is expected no later than Thursday, February 21st, 2019.

The proposal shall be labeled clearly with:
Request for Auditing Proposals and addressed to:

City of Escanaba
Attn: City Clerk
P.O. Box 948
Escanaba, MI 49829

City of Escanaba

County of Delta, State of Michigan

Request for Proposal Auditing Services

For the Fiscal Years
2019 to 2021

INTRODUCTION

General Information

The City of Escanaba is requesting proposals from qualified firms of Certified Public Accountants to audit its financial statement for the fiscal years ending June 30, 2019 through June 30, 2021.

There is no expressed or implied obligation for the City of Escanaba to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

During the evaluation process, the City reserves the right to retain all proposals submitted and to use any ideas in the proposals regardless of whether the proposal is selected. Submission of a proposal indicates the acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted by the firm selected.

Term of Engagement

If a contract results from this request for qualifications, it is anticipated to be a two-party purchase of service contract for a three (3) year time period. The time period will be for the City of Escanaba fiscal years ending June 30, 2019 through June 30, 2021.

In the event of a merger of the audit firm with another firm of certified public accountants or the change of partners to the audit firm, this contract will be transferable to the successor firm with the approval of the City.

This retainer agreement shall not be assigned or transferred without the written approval of the City of Escanaba.

DESCRIPTION OF THE GOVERNMENT

Principal Contact

The auditor's principal contacts with the City of Escanaba will be:

Melissa Becotte, City Controller, (906) 786-0605, mbecotte@escanaba.org
Alaina Kreis, Asst. Controller, (906) 786-0605, akreis@escanaba.org

Background Information

The City of Escanaba has a population of 12,413. The City has 113 full-time employees, 20 part-time employees and many on a seasonal basis. It maintains a full-time Public Safety Department that also functions as our Fire Department. The City also provides essential municipal services, such as maintenance of public roadways, water, sewer and electrical services and general administration.

The City of Escanaba Controller's Department provides the budgetary, accounting, payroll, risk management, accounts payable and account receivable functions. The department has 3 full-time staff.

The City's most recent audit can be found on our web page at www.escanaba.org or can be sent via e-mail upon request. A copy of the current budget document can also be found our web page. A review of these documents may answer many questions regarding the City's finances.

Existing Funds:

General Fund
Special Revenue Funds (15)
Permanent Fund (1)
Enterprise Funds (4)
Internal Service Funds (7)
Fiduciary Funds (4)

Other:

Blended Component Units (3)
Discretely Presented Component Units (1)
Joint Venture (1)

SCOPE OF WORK TO BE PERFORMED

Auditing Standards

The examination shall be made in accordance with current generally accepted auditing standards (GAAS) as adopted by the membership of the American Institute of Certified Public Accountants (AICPA), in the statement of Auditing Standards No. 1, "Codification of Auditing Standards and Procedures", as amended, and the Bulletin for Audit of Local Units of Government in the State of Michigan, Michigan Department of Treasury, as amended. The auditor will perform audits in order to express an opinion on whether the basic financial statements are presented fairly in conformity with generally accepted account principles (GAAP) in the United States of America and the standards applicable to the financial audits contained in the Government Auditing Standards as issued by the Comptroller General of the United States.

Every year the auditors should review with the City compliance with all updated laws, regulations, pronouncements, internal controls, and all changes in Governmental Accounting Standards.

Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue a report on the fair presentation of the general-purpose financial statements in conformity with generally accepted accounting principles.

The auditor shall prepare the following reports at the completion of the audit:

1. A Financial Report of the City of Escanaba's funds and account groups financial statements. The auditor will prepare all financial statements and notes to the financial statements.
2. A Financial Report of the City of Escanaba's Public Safety Defined Benefit Pension Plan.
3. If a Single Audit is required, a report on the financial statements, internal control and compliance in accordance with the audit guide and standards for compliance with the Single Audit Act.
4. Any supplemental reports, schedules or other requirements by the State of Michigan, the Federal Government, GASB or GAAP.

The City will provide any known adjusting entries needed, along with backup, at the beginning of the audit process. The City will strive prepare all materials in advance that are requested by the auditing firm. The auditors shall provide to the City all audit adjustments including appropriate backup documents and will, if requested, discuss final adjustments with staff.

The auditor shall provide consultation services to City personnel throughout the year regarding matter or developments affecting accounting and financial reporting of governmental entities, pursuant to prevalent and changing accounting and auditing standards. The City believes that this ongoing consultation results in greater efficiencies in audit preparation. This consultation shall be within the parameters of appropriate consultation under all laws, regulations and standards. The cost of this ongoing consultation shall be included in the cost of the audit unless specifically noted otherwise. If specifically noted, the cost per hour of such consulting services must be specifically defined.

Irregularities and Illegal Acts

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indication of illegal acts of which they become aware to the City Controller and City Manager.

Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of 5 calendar years after completion of the audit, unless the firm is notified in writing by the City of Escanaba of the need to extend the retention period. The auditor will be required to make any and all working papers available, upon request, to the City of Escanaba. The auditor agrees to make copies of the work papers for the City, upon request, or to allow the City to borrow the work papers for a reasonable period of time for the purpose of making copies.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers related to matters of continuing accounting significance.

AUDIT SCHEDULE AND REPORT REQUIREMENTS

Audit Calendar

The auditors must be able to substantially adhere to the following timeline for the audit:

Audit to begin on or after the first Monday following Labor Day

Field work completed by mid-October

Draft reports completed by mid-November

Final printed and bound reports by early December

If the proposing firm sees any problem with meeting this schedule, it should be noted in the proposal with an alternate schedule.

Report and Other Requirements

The independent auditor shall produce and assemble the following reports and submit as noted:

1. Twenty (15) copies of the Financial Report
2. Submission of Financial Report to the State of Michigan as required
3. Twenty (15) copies of the Single Audit Report
4. Management Letter
5. Other required reports
6. Adobe searchable PDF file of the Financial Report and the Single Audit Report

ASSISTANCE TO BE PROVIDED TO THE AUDITOR

Controller's Department

This department's staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the Auditor.

The City shall provide space deemed adequate by the City for the auditor to efficiently conduct the examination.

To ensure the quality of the audit, the City may request from time to time a report on the progress of the audit. In addition, prior to completion of the fieldwork, the results of the audit will be discussed with the Controller.

PROPOSAL REQUIREMENTS

Deadlines to Submit Proposal

Completed proposals must be received by 2:00 pm, Tuesday, January 29th, 2019. Council action to award bids will be no later than Thursday, February 21st, 2019.

The proposal shall be labeled clearly with: **Request for Auditing Proposals** and be addressed to:

City of Escanaba
Attn: City Clerk
P.O. Box 948
Escanaba, MI 49829

Independence

The firm should provide an affirmative statement that it is independent of the City of Escanaba defined by generally accepted auditing standards.

Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff, partners, managers, other supervisors and staff, who would be assigned to this audit, to the extent possible. The firm should also provide information on the government auditing experience or each person.

An affirmation in some form must be included concerning all personnel assigned to this project stating that none of the personnel involved has a record of substandard audit work.

Similar Engagements with Other Government Entities

The name, contact person and phone number of audited unites that are similar to the City of Escanaba and that have had experience with auditors assigned to the City should be included. Separately, a reference list may be included for the firm as a whole.

Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City.

Total All-Inclusive Maximum Price

Attachment A must be completed and signed. Attachment A's price should specify all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price is to include all direct and indirect costs including all out-of-pocket expenses.

Manner of Payment

The audit firm may choose to send progress billings. The first billing should include any preliminary work, the second includes field work and the final billing occurs after the engagement is completed and all reports have been issued. It is the firm's responsibility to invoice for these payments.

Any additional charges must be discussed in advance and agreed upon in writing by the City Manager.

EVALUATION CRITERIA

Mandatory Elements

1. The audit firm is independent and licensed to practice in the State of Michigan.
2. The audit firm's professional personnel have received adequate continuing professional education within the preceding three years.
3. The firm has no conflicts of interest with regard to any other work performed by the firm for the City of Escanaba.
4. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
5. The firm adheres to the instructions in this request for proposal when preparing and submitting the proposal.
6. The firm has an understanding of the specific needs of the City of Escanaba as it related to the audit engagement.

7. The quoted price includes consultation services throughout the year to City personnel regarding matter or developments affecting accounting and financial reporting of governmental entities, pursuant to prevalent and changing account and auditing standards. The City believes that this ongoing consultation results in parameters of appropriate consultation under all laws, regulations and standards. The cost of this ongoing consultation shall be included in the cost of the audit unless specifically noted otherwise. If specifically noted, the cost per hour of such consulting services must be specifically defined.
8. Responses should be prepared simply and economically, providing a straightforward and concise description of the bidder's ability to meet the requirements of the RFP. Use of provided form is required. Emphasis should be on completeness and clarity of content.
9. Latest Peer Review Report should be included.

Technical Qualifications

1. The firm exhibits expertise based on past experience and performance on comparable government engagements.
2. The quality and experience of the firm's professional personnel to be assigned to the engagement.

Price Consideration

Cost will be an important, but not primary, factor in the selection of an audit firm.

Final Selection

The City of Escanaba will select a firm based upon its review of the proposals submitted. The City may request clarification of any items in the proposal.

Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Escanaba and the firm selected.

The City of Escanaba reserves the right without prejudices to accept or reject any or all responses received, in part, or in their entirety, for any reason whatsoever, to waive any informality or defect in any response as a result of the RFP, or to negotiate separately with any source whatsoever in any manner necessary to serve the best interest of the City.

CITY OF ESCANABA

ATTACHMENT A

REQUEST FOR PROPOSAL
AUDITING SERVICES

Firm Submitting Proposal:

Name _____

Address _____

Contact _____

Phone _____

Fax _____

Email _____

Year Firm Established: _____ Years in Business: _____

Type of Organization: (Circle One)

- a. Individual
- b. Partnership
- c. Corporation
- d. Other

Please Describe: _____

License to practice in the State of Michigan? Yes _____ No _____

Attach additional sheets to answer the following questions as necessary.

1. How many public sector (governmental) clients has your company served? Please provide a current listing indicating when services were provided for each agency, scope of work, engagement partners, total hours and the name and telephone numbers of the principle contact.
2. How many municipal clients does your organization currently serve with the type of services described? Explain the capacity of the services being provided.
3. How many employees does your company employ?

Full-time _____
Part-time _____
CPA's _____
Number of employees in governmental section _____

4. Describe any reviews or audits your firm has received in the past three years. Describe any disciplinary action take or pending against the firm during the past three years with state regulator bodies of professional organizations.
5. What level of staffing and how many hours do you intend to assign to this job?
6. What is your timeline of the audit process?
7. Attach a copy of your firm's most recent external quality control review report. If not attached, please state reason.

The undersigned hereby declared that he/she has carefully examined the general conditions and specifications and will provide professional financial and compliance auditing services for the price set forth in this proposal. Any changes to the specifications and its impact on the final cost will be discussed and mutually agreed upon before the deliver of the services.

It is understood that all proposed prices shall remain in effect for at least ninety (90) days from the date of the proposal opening to allow for the award and that, if this proposal is accepted by the City of Escanaba, the prices will remain firm.

The proposer affirms that he/she is duly authorized to execute this proposal, that this company, corporation, firm, partnership or individual has not prepared this proposal in collusion with any other proposer and that the contents on this proposal as to prices, term or conditions have not been communicated by the undersigned, nor by any employee or agent, to any competitor, and will not be, prior to the award and the proposer has full authority to execute any resulting contract awarded as a result of, or on the basis of the proposal.

The submission of a proposal hereunder shall be considered evidence that the proposer is satisfied with respect to the terms and conditions established in this document and the conditions to be encountered and the character, quantity and quality of the work to be performed.

Representative's Name: _____

Title: _____

Signature: _____

CITY OF ESCANABA

**REQUEST FOR PROPOSAL
AUDITING SERVICES**

Fiscal Year	Proposed Fee Not to Exceed:	Estimated Total Hours on Site:
2019		
2020		
2021		

Per hour fee for additional consulting services (if any): _____

Signature of Authorized Representative Date

Title