

TOWN OF RICHMOND, VERMONT MUNICIPAL AUDIT SERVICES REQUEST FOR PROPOSAL

Project Name: MUNICIPAL AUDIT SERVICES for RICHMOND, VERMONT
RFP Due By: May 27, 2014

REQUEST FOR PROPOSAL (RFP) ADVERTISEMENT FOR MUNICIPAL AUDIT SERVICES

NOTICE IS HEREBY GIVEN that proposals and qualifications are being solicited by the Town of Richmond to obtain "MUNICIPAL AUDIT SERVICES" as described herein. Individuals responding to this Request for Proposal (RFP) should have a knowledgeable background in municipal and governmental accounting and have extensive experience in providing auditing services for municipalities in Vermont.

The RFP package for this service is available in the Office of the Town Manager, 203 Bridge Street, Richmond, during regular business hours (8:00 am to 4:00 pm). Interested respondents shall submit four (4) copies of their proposal. The response to the RFP shall be submitted by May 27, 2014 prior to 12 noon in the Office of the Town Manager.

Geoffrey Urbanik, Town Manager

MUNICIPAL AUDIT SERVICES for RICHMOND

Section 1 - GENERAL CRITERIA:

The Town of Richmond is in need of an Accounting Firm to provide Municipal Audit Services. Applicants shall demonstrate knowledge with governmental auditing standards and regulations as well as experience verifying compliance with GAAP.

Section 2 - SCOPE OF WORK (Services to be Provided):

This contract is exclusive of consulting accountant services to assist with general accounting, financial statement preparation or budget. These services will be the subject of a separate competitive contract. Audit fieldwork will be designed to provide reasonable assurance that the financial statements are free from material misstatement. In performing the audit the auditor shall follow governmental auditing standards as set forth by the US Comptroller General "Yellow Book" as well as any audit requirements identified as necessary under any present or future laws.

1. Conduct an annual audit of the books and records for the Town for the Calendar Year ending June 30, 2014.
 - a. Audit field work shall begin no later than September 1, 2014.
 - b. The audit shall be completed within six months after the close of the fiscal year.
2. Meet with Town staff to evaluate internal controls and technical competencies. All employees will be directed to assist the chosen auditor in any and every way possible. It is expected that Town employees will retrieve all documents selected by the auditor for evaluation. Employees will also work with the auditor, as necessary, to analyze all account balances and account activity.
3. The Auditor shall meet with the Audit Committee at least three times to discuss audit plans, expectations and progress; prior to audit field work, mid-way through audit field work and upon completing audit field work (exit conference).
 - a. The Audit Committee shall be comprised of the Town Manager, the Financial Assistant, one (or two) representative(s) from the Selectboard and the town's CPA.
 - b. Additional meetings may be called at the discretion of either the auditor or the Town.
4. Provide comments and recommendations relating to any and all audit findings.
5. Perform an audit of State and Federal Grants as per the "Single Audit" circular OMB-A133 as required.

Section 3 - SERVICES NOT INCLUDED IN THIS RFP:

The following list of items is considered non-attest services and, as such, is NOT a part of this RFP. The Town will at some future time solicit proposals for these non-attest services:

“MANAGEMENT ADVISORY SERVICES– ACCOUNTING, FINANCIAL STATEMENT AND BUDGET.”

Any person or firm selected to perform audit services shall be considered ineligible to perform these non-audit services and will be precluded from submitting proposal(s).

1. Will not prepare or assist in preparing the Financial Statements.
 - a. The auditor will be presented with a complete set of Financial Statements supported by a balanced General Ledger; to which an opinion will be rendered.
 - b. Audit adjustments shall be presented to the Financial Assistant for approval and posting into the General Ledger.
2. Will not assist or provide advice with regard to the Annual Budget.
3. Will not prepare or assist in preparing Offering Statement(s) for debt issuance; other than proving permission to use the audit opinion in the Offering Statement.
4. Will not consult or provide advice on any accounting or financial issues; other than recommending General Ledger adjusting entries for items detected during the audit.

The scope of this engagement is strictly limited to performing the annual audit. Management advisory services, consulting on budget or other financial issues, and accounting or bookkeeping services are expressly excluded.

Section 4 - MANDATORY MINIMUM REQUIREMENTS:

The purpose of this technical proposal is to demonstrate the qualifications, competence and capabilities of the firms seeking to provide municipal audit services in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to the engagement. It should also specify an audit approach that will meet the request for proposal requirements. The proposal must meet or exceed the professional, administrative and financial qualifications and requirements as set forth in this RFP and shall incorporate the information requested below. In addition to the information required as described below supplemental information may be included if the respondent considers it useful in evaluating its proposal. The proposal should be prepared simply and economically, providing a clear, straight forward, concise and factual description of the proposer's capabilities to satisfy the requirements of the request for proposals.

1. Office Address and contact information.
2. Partner Presenting Proposal: Evidence of license to practice as a Certified Professional Accountant. An affirmative statement shall be included indicating that the firm and all assigned key professional staff are properly registered/licensed to practice in Vermont. The engagement Partner may not be changed without express permission of the Town.
3. Staff Assigned- Resumes/Biographies of partner and key professional staff (managers, supervisors and specialists) assigned to this engagement. Provide a full list of employees with job titles (full-time and part-time) who will be assigned to this engagement. The firm should

provide as much information as possible regarding the number, qualifications, experience and training of the specific staff to be assigned to this engagement. Also indicate how the quality of staff over the term of the agreement will be assured. Audit personnel, other than the Engagement Partner, may be changed at the discretion of the firm provided that the replacements have substantially the same or better qualifications and experience.

4. Total employees- governmental auditing staff
 - a. Numbers employed in each category (partner, manager, and staff auditors)
5. Current Client List- where Vermont municipal audit services are provided
 - a. Provide principal client contact name with job title and phone number.
 - b. Indicate total staff hours for each audit.
 - c. Indicate the date of first engagement.
 - d. Separately identify clients of similar size and complexity as this proposal. If there are no current audit clients comparable with this proposal then list any comparable Vermont municipal audit engagements over the last 10 years.
6. Experience- Minimum of ten (10) years' in providing auditing services to municipalities within the State of Vermont.
7. Specific Audit Approach- Set forth a general work plan to perform the services required by this request for proposals, include the methodology to be followed such as risk assessment, internal control evaluation, analytical procedures and statistical sampling. Reference such sources of information as audit manuals/guides/programs, budget, general ledger, tax ledgers, source documents, organization charts and financial information systems.
8. Potential Audit Problems- Identify and describe any anticipated potential audit problems and the firm's approach to resolving these problems.
9. Peer Review- Submit a copy of the report on the firm's most recent external quality control review "Peer Review" with a statement whether that quality control review included a review of specific government engagements.
10. Single Audit - Experience with Federal and State single audits as it relates to this proposal.
11. Insurance - Amount of Professional Liability Insurance coverage maintained.
12. Describe any other factors that you believe is relevant to your ability to provide audit services. The firm shall provide an affirmative statement that it is independent of the Town as defined by generally accepted governmental auditing standards "the Yellow Book." The firm shall also list and describe the firm's professional relationships involving the Town for the past three years with a statement explaining why such relationships do not constitute a conflict of interest relative to performing this audit. In addition, the firm shall provide written notice of any professional relationships entered into during the period of this engagement.
7. The Town reserves the right to hold oral discussions with individuals and/or firms of their choice to clarify their proposal and to request additional information.

Section 5 - COST PROPOSAL:

Respondent proposal must include the following:

A list of applicable hourly rates associated with personnel who will provide the work listed in "Section 2 – Services to be Provided" portion of this RFP.

Total cost calculation "not to exceed" for audit services relating to the Financial Statement Audit applying the above listed hourly rates to budgeted man-hours by

position. Include total man-hour budget (hours and rates) with proposal.

Total cost calculation "not to exceed" for audit services relating to the State and Federal Single Audit applying the above listed hourly rates to budgeted man-hours by position. Include total man-hour budget (hours and rates) with proposal. Full itemization is required when submitting invoices.

There will be no payments outside of the scope of this RFP. Should the need arise to readdress the cost proposal based upon unforeseen conditions it shall be first reported to the Town Manager for approval before any additional work is performed. Said conditions shall be limited to issues concerning the condition of records or adequacy of supporting documentation and shall in no way amend the scope of services. Your proposal shall illustrate the Firm's track record of performance; provide examples of on-time and on-budget audit contract engagements.

Section 6 - NUMBER OF COPIES:

Respondent must provide one signed original and at least 4 copies of their Proposal one of which must be unbound (for photocopying).

Section 7 - SUBMISSION DEADLINE:

Proposals must be received in a sealed envelope designating "Municipal Audit Services RFP" no later than May 27, 2014 and must be mailed or hand-delivered to the Town Manager, Town of Richmond, 203 Bridge Street/P.O. Box 285, Richmond, VT 05477. All responses shall be opened and announced publicly by the Town Manager (or designee).

Section 8 - INSURANCE:

The Firm awarded the contract must assume all risks connected with this work. The Firm shall comply with all State Laws and Regulations concerning Worker's Compensation and shall maintain such insurance as will protect the Firm against all claims for damages for personal injury, including death, and property damage which may arise during or as a result of the work done under this Contract, either by the Firm awarded the contract or by any subcontractor or anyone directly or indirectly employed by either of them.

The Firm awarded the contract shall not commence work under this Contract until all insurance required by this section has been obtained and such insurance has been approved by the Town of Richmond. Insurance coverage shall remain in effect until all work under the Contract has been accepted and at all times thereafter when the Firm may be updating defective work. The Firm awarded the contract shall furnish proof of insurance by providing a Certificate of Insurance from the authorized agent. The Town of Richmond shall be named as the Certificate Holder. The Firm awarded the contract shall give the Town 30 days written notice of any material change in, cancellation of, or expiration of the policies. Any insurance company providing coverage must be authorized to do business in the State of Vermont. The following insurance is required:

Professional Liability – Minimum of \$1,000,000 errors and omissions per occurrence
General Liability – Minimum of \$1,000,000 per occurrence based upon the specific work and values involved. The Borough shall be named as additional insured with respect to general liability.

Section 9 - EVALUATION:

The Town objective in soliciting proposals is to select a respondent that will provide high quality and cost effective audit services. Proposals will be considered only from Firms that, in the Town's sole judgment and discretion, have demonstrated the capability and willingness to provide high quality audit services in the manner described in this Request for Proposals. Proposals will be evaluated using the below listed criteria by the Audit Committee on the basis of which is most advantageous; price and other factors considered. The Audit Committee shall be comprised of the Town Manager, the Financial Assistant, one (or two) representative(s) from the Selectboard and the town's CPA. Identification of competing proposals will be made available upon release of the report by the Audit Committee to the governing body.

As part of the evaluation process, the Audit Committee may require proposers to appear in person to explain questions the committee might have. If this is necessary, the proposer shall do so without compensation or reimbursement from the Town. The evaluation will consider:

1. Technical ability, experience and reputation in the field (comparable audit engagements and client references)
2. Management and staff (evaluation of staff assigned and available)
3. Cost Proposal
4. Other factors demonstrated to be in the best interest of the Town.

The following questions will be used to assist in the evaluation:

1. Technical Criteria:

- a. Does the Firm's proposal demonstrate a clear understanding of the scope of work and related objectives?
- b. Is the proposal complete and responsive to the specific RFP requirements?
- c. Did the Firm have a satisfactory Peer Review?
- d. How does this firm's proposal compare with other responses?

2. Management and Staff

- a. Are the firm's Management and Staff qualified and experienced in municipal accounting?
- b. Are there references?

3. Cost Proposal

- a. Is the proposal fair and adequate to meet the needs of the town, audit firm and contract?
- b. What are the variances between proposals?

4. Other factors as needed.