CITY OF WALKER

REQUEST FOR PROPOSAL
AUDITING SERVICES
3/17/2014

The City of Walker is requesting proposals from qualified firms of Certified Public Accountants to audit its financial statements for the fiscal years ending June 30, 2014, June 30, 2015, and June 30, 2016.

DESCRIPTION OF THE GOVERNMENT

The City of Walker is a community of approximately 25,000 residents with a diverse variety of land uses. We are a full service city that has approximately 90 full time employees and about 150 part-time and/or paid on call employees. There are 13 departments within the city including a shared 59th District Court with the City of Grandville. The City owns and operates the Walker Ice and Fitness Center and has a local income tax. Additional information, including a copy of our most recent audit and operating budget, can be found on the City's website at www.ci.walker.mi.us. under Finance Dept.

The City currently utilizes BS&A accounting/financial software.

The contact person regarding this RFP is Cindy Lewis, Finance Director, who can be reached at (616) 791-6799. E-mail cindy.lewis@ci.walker.mi.us.

SCOPE OF WORK TO BE PERFORMED

General

Your examination must be conducted in accordance with the standards for financial audits contained in *Audits of State and Local Governments*; and, if necessary, compliance with audit standards contained in the *Government Auditing Standards*, issued by the U.S. General Accounting Office, the Federal Single Audit Act, and the provisions of the Office of Management and Budget's (OMB) Circular A – 133. The audit will include any other tests of the accounting records and such other auditing procedures you consider necessary in the circumstances, including the requirements of Michigan Act #2, of the Uniform Budgeting and Accounting Act of 1968 as amended.

These audits will need to address the requirements of and be in compliance with all of the following:

State of Michigan requirements

Federal Requirements
Requirements under GAAP & GASB
Any other applicable requirements

The City may also have the necessity for a Single Audit(s), dependent upon the amount of Federal Grants awarded and also applicable work on Discrete Component Units.

The auditors shall be responsible for preparing the supplementary information required by the Government Accounting Standards Board as mandated by generally accepted auditing standards. Additionally, the auditor will be responsible for preparing other supplementary schedules as required or requested by the Finance Director.

The auditor shall provide to the City all audit adjustments including appropriate backup documents. These adjustments will be communicated to the Finance Director as they occur.

The auditors will be available to answer reasonable questions that may arise on financial matters without additional cost to the City during the course of the year.

The auditor shall include all costs associated with implementing and assisting the City with any new accounting principles required by GASB, GAAD, or SAS.

The auditor shall prepare and submit to the State our Local Unit Fiscal Report F-65.

Irregularities and Illegal Acts

Auditors shall be required to make an immediate written report of all irregularities and illegal acts or indications of illegal acts to the Finance Director and City Manager.

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 principals.

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

1. A Comprehensive Annual Financial Report on the examination of financial statements of the City including all funds and account groups. The auditor will put into appropriate format all financial statements and notes to the financial statements.

2. A report on the financial statements, internal control and compliance in accordance with audit guide and standards for compliance with the Single Audit Act, as may be required.

3. Any supplemental reports, schedules or other required by the State of Michigan, Federal Government, GASB or GAAP.

4. A management report containing comments and recommendations regarding the municipality's system of internal controls: that is, its methods of safeguarding its assets, insuring the accuracy of its financial information, promoting efficiency and adhering to municipal policies. This letter should contain comments and recommendations for controlling any internal weaknesses discovered and shall be reviewed by the City Manager, Finance Director, Treasurer, and Income Tax Director before finalizing.

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 three years. The working papers will be available for examination by authorized representatives of the State of Michigan, and if required the cognizant federal audit agency and the General Accounting Office.

AUDIT CALENDAR AND REPORT REQUIREMENTS

Audit Calendar

The following time line is requested for the audit.

Testing of internal controls and a pre-audit meeting with City by mid-June.
Preliminary and field work completed by the end of September.
Draft reports completed and discussed with City officials by early October.
Final printed and electronic reports by mid-October.
Presentation of audit to City Commission on fourth Monday of October.

If the auditing firm has concerns with this meeting schedule, it should be noted in the proposal with an alternate schedule.

Report and Other Requirements

1. 12 copies of the CAFR and/or single audit if required.
2. Submission of CAFR with the State of Michigan as required.
3. Management Letter to City Management and the City Commission.

4. Other required reports.
5. PDF file of the CAFR.

ASSISTANCE PROVIDED BY THE CITY'S FINANCIAL STAFF

The city staff will provide the auditor with balanced statements and supporting information as agreed to with the auditor in a pre-audit planning conference. It is expected, however, that the auditor will be primarily responsible for the audit of the financial statements, including the footnotes, and financial information contained in the Management's Discussion and Analysis as required by all GASB pronouncements and in compliance with generally accepted accounting principals and the State of Michigan's Uniform Reporting Format.

It is expected that it will be necessary for the auditor to provide some final year-end adjustments during the audit.

Additionally, the city staff will assist the auditors with clerical tasks including the pulling of invoices needed during the audit, typing of third party confirmation requests and other items as needed.

The audit staff will be provided with workspace and reasonable access to telephones, copy machines, the internet and other items as agreed to by the City and the auditors at the preaudit conference.

EVALUATION CRITERIA

The City will review the proposals based upon the following criteria:

1. The auditing firm is properly licensed for public practice in the State of Michigan as a certified public accountant.

2. The firm meets the independence requirements of the Governmental Auditing Standards published by the U.S. General Accounting Office.

3. The firm does not have a record of substandard audit work. Please disclose the controls your firm has in place to ensure quality standards have been met. Also, disclose whether your firm is subject to an external quality control review process. Is there in place a rating per peer review?

4. The audit firm's professional personnel have received adequate continuing education within the past three years.

5. The firm adheres to the instructions in this request on preparing and submitting the proposal.

6. Number of governmental entities audited by the firm.

7. Involvement in municipal activity and organizations.

8. Demonstrated knowledge of all GASB pronouncements and methods described related to assisting governmental units with its implementation.

9. Quality of staff included in assignment.

10. Reference responses.

After technical qualities have been evaluated, cost and other considerations will be evaluated.

RIGHT TO REJECT

The City reserves the right to accept or reject any or all bids, to waive informalities or errors in the bidding process, and to accept any bid deemed in the best interest of the City, including bids that are not the lowest amount.

CONTRACTUAL ARRANGEMENTS

Invoices for service will be paid within 30 days of receipt. The total amount to be invoiced shall not exceed the amount of the bid unless other arrangements have been negotiated with the City first. The cost of audits for services beyond this RFP will be negotiated as needed. The City reserves the right to terminate the contract for audit at any time.

PROPOSAL REQUIREMENTS

Deadline to Submit Proposal

The City will open all proposals at **3:00PM on Tuesday, April 15, 2014.** Any proposals received after this time and date will not be considered. Proposals will be reviewed and a recommendation will be made to the City Commission, where a decision to select a firm will be made on April 28, 2014. The successful bidder will be notified following that meeting.

Submittal Requirements

Please submit 4 copies of your proposal in a sealed envelope. The envelope should clearly indicate it is a proposal for audit services. Please enclose a sample audit if possible.

City of Walker
ATTN: City Clerk
4243 Remembrance Rd NW
Walker, MI 49534

Firm Qualifications and Experience of the Auditor

The following information must be affirmed in the proposal:

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and titles of the professional staff to be employed in the engagement. Please identify what management staff including partners, managers, and supervisors, along with regular audit staff personnel as experienced or trainees that will be performing the audit.

Independence

Please provide an affirmative statement that your firm is independent of the City of Walker as defined in generally accepted auditing standards.

Similar Engagements with Other Governmental Entities

For the firm's office and personnel that will be assigned responsibility for the audit, list the most significant engagements performed in the past three years that are similar to our proposal. Indicate the scope of work and the name and telephone number of the principal client contact.

FORMAT OF THE RFP RESPONSE

Profile of the Auditor

The respondents are requested to provide a profile of general background information including:

1. The organization and size of the respondent, whether it is local, regional, national or international in operations.

2. The location of the office from which the work is to be done and the number of professional staff by staff level employed at that office.
3. A description of the range of activities performed by the firm such as auditing, accounting, tax service or management services.
4. A statement of the respondent's staff capability to audit federal programs, including the number and classifications of personnel skilled in federal program auditing who will work in the audit, if required to.
5. A positive statement that the following mandatory criteria are satisfied:
    - An affirmation that the audit firm is properly licensed for practice as a certified public accountant.
    - An affirmation that the firm meets the independence requirements of Government Accounting Standards.
    - An affirmation that the firm does not have a record of substandard work.
    - An affirmation from the firm that they will follow the American Institute of Certified Public Accountants' "Interpretation 501-3, Failure to Follow Standards and/or Procedures or Other Requirements in Governmental Audits." Basically, if a member (of AICPA) accepts such an engagement and undertakes an obligation to follow specified government audit standards, guides, procedures, statutes, rules and regulations, in addition to generally accepted auditing standards, the auditor is obligated to follow such requirements. Otherwise, the auditor must disclose in the audit report the fact that such requirements were not followed and the reasons therefor.

Summary of Qualifications

1. Identify the audit management staff who will work on the audit, including staff from other than the local office. Resumes including relevant experience and continuing education for auditor in-charge up to the individual with final responsibility for the engagement should be included. (The resumes may be included as an appendix). Please identify on-site audit staff as experienced or trainees.
2. Describe recent local and regional office auditing experience similar to the type of audit requested and give the names and telephone numbers of client officials responsible for three of the audits listed.
3. Other auditors who are participating in the audit are also required to provide similar information.

Approach to the Examination

Submit a work plan to accomplish the scope of the audit. The work plan should include time estimates for each significant segment of the work and the staff level to be assigned. Where possible, individual staff members should be named and their titles provided. The planned use of specialists should be specified.

The audit work plan should completely cover what audit work will be accomplished to allow the auditor to render:

1. A report on the study and evaluation of internal control systems.
2. A report on the organization's control system to assure compliance and whether the organization has complied with laws and regulations that may have an effect on each major federal assistance program.

The audit work plan should demonstrate the auditor understands the audit requirements of a single audit as specified in OMB Circular A-133 and the audit tests and procedures to be applied in completing the audit plan.

Compensation

Provide a not-to-exceed cost of each of the services being offered for each year of the engagement. Additionally, provide current hourly rates by staff classification for additional services, which may be requested by the City.

Please provide your response in the following format. Failure to provide your total cost in this format may dismiss your bid from consideration.

SERVICE DESCRIPTION	2014	2015	2016
Financial audit			
Single audit, when required			
F-65			
Other			
Total			

STAFF CLASSIFICATION	HOURLY RATES
Partner	
Manager	
Supervisor In-charge	
Audit assistants	
Other (Clerical)	

Additional Data

Provide any additional data that may be helpful in the selection process.