



City of Barre, Vermont

“Granite Center of the World”

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REQUEST FOR PROPOSAL ANNUAL MUNICIPAL AUDITING SERVICES FISCAL YEARS 2017, 2018 and 2019

Issue Date: May 1, 2017

Response Date: May 22, 2017

The City of Barre, Vermont invites qualified, independent Certified Public Accountants, licensed to practice in the State of Vermont, to submit proposals to conduct annual audits of its financial accounts and records for the years ending June 30, 2017 (FY17) and the two years following. All proposals must conform to the specifications listed below.

I. Information Provided to Proposer

A. General Information

The City of Barre has a population of 9,100 and a total operating budget of 16 million dollars for Fiscal Year 2017 (excluding Trust Funds and Capital Project Funds). This budget is made up of expenditures for the City General Fund, Water Fund, Sewer Fund, Community Development Fund, Capital Improvement Funds and Special Revenue Funds. The current work force of the city is approximately 100 +/- full and part-time employees.

The City of Barre has a Tax Increment Finance (TIF) District.

The most recent completed audit of the City is for the fiscal year ended June 30, 2016. A copy of this audit report is available on the City website (www.barrecity.org) or upon request (call 802-476-0241).

B. Description of Records

1. The city's books are kept on a cash basis and are adjusted to a modified accrual basis at the end of the year. The books will not be closed or year-end adjustments posted until after review by the auditors.
2. Most of the city's records are kept on the New England Municipal Resource Center (NEMRC) financial software system.

3. Interdepartmental and cash reconciliation will be made by the city at year end.

C. Nature of Service Required

1. Required services consist of an examination of the city's financial position, results of operations, and changes in financial position for all activities (including delinquent tax collector accounts and records) in accordance with generally accepted auditing standards. This will include those procedures which are necessary to express an opinion as to the fairness of presentation of the financial statements in conformity with generally accepted accounting principles applied on a basis consistent with the preceding year.
2. In addition to the financial audit, a compliance audit must be conducted in accordance with the Single Audit Act 1984.
3. Reporting will include completing the Vermont Economic Progress Council (VEPC) Agreed-Upon-Procedures related to the Barre City TIF district.
3. Ongoing assistance throughout the FY 17 has been provided by Corrette & Associates, 270 Summer St. #1, St. Johnsbury, VT 05819.
4. At the conclusion of each annual audit, a representative of the accounting firm will be expected to provide a debriefing and review with the City Manager and Clerk/Treasurer, and appear before the City Council to discuss the findings resulting from the audit.

D. Report Requirements

1. The following auditor's reports are required at the completion of the audit.
 - a. Combined financial statements of all funds presenting expenditures at the activity level.
 - b. Separate statements, for each fund of revenues, expenditures and changes in Fund Balances/Retained Earnings (by line item, budget and actual).
 - c. Separate balance sheets for each fund.
 - d. Statement of changes in financial position – all propriety fund types.
 - e. An auditor's opinion whether the general purpose financial statements fairly present the financial position of the city and results of its financial operations in accordance with generally accepted accounting principles. In addition, the audit must contain an auditor's opinion whether the supplemental statements of federal assistance present fairly the actual grant date in relation to the general purpose financial statements. The supplemental statement of federal assistance must show the total expenditures for each federal assistance program.
 - f. An auditor's statement whether an internal control system exists to provide reasonable assurance that federal funds are managed in

compliance with applicable laws and regulations. Further, the auditor's report must identify the city's significant internal accounting controls designed to provide for compliance. The auditor shall report the controls that were evaluated, the controls that were not evaluated and the material weaknesses identified as a result of the evaluation.

- g. An auditor's statement on compliance with grant requirements. The statement shall include:
 - a statement of positive assurance with respect to those items tested for compliance with law and regulations pertaining to financial reports and claims for advances and reimbursements;
 - negative assurance on those items not tested;
 - a summary of all instances of noncompliance, and
 - an identification of total amounts questioned, if any, for each federal assistance award, as a result of noncompliance.
 - h. A management letter of comments and recommendations.
2. The accounting firm will print, bind and submit 15 copies of the aforementioned report(s), along with one unbound copy, and 1 electronic (PDF) version to the City Clerk/Treasurer.
 3. The accounting firm will hold an exit conference with the City Clerk/Treasurer and the City Manager to review draft copies of the aforementioned report before such reports are issued.

E. Timing Considerations

- 1) Two copies of the proposal in sealed envelopes will be accepted by:
Steven E. Mackenzie, PE, City Manager
City of Barre
City Hall, 6 N. Main St., Suite 2
Barre, VT 05641
until 1:30 p.m., Monday, May 22, 2017 . Proposals should be sent certified mail/return receipt. **No electronic submissions** will be accepted. Hand-delivered proposal envelopes will be date stamped upon delivery. This date stamp shall be the sole evidence considered in determination of timely delivery.
- 2) It is anticipated that the audit contract will be awarded by the City Council at a regular City Council meeting within two weeks of submission, but is subject to change.
- 3) Audit fieldwork is to be scheduled and completed in one contiguous block of time. All city records will remain on premises.
- 4) The final audit report will be completed by the first week of December and a presentation of such report will be made to city at a mutually agreed upon time.

F. City Assistance Available to Auditor During the Audit

The city's assistance to the accounting firm will be specifically limited to:

1. preparation of an unadjusted trial balance
2. pulling and filing appropriate records
3. photocopying of documents (limited to one copy of each original)
4. completion of confirmations
5. meetings and conferences (by appointment, if necessary).

G. Billings

Progress payments may be billed monthly for services rendered in the prior month. The accounting firm will submit an invoice on its letterhead indicating the total number of hours of service and the composite billing rate. The accounting firm will maintain adequate records to substantiate these invoices by the number of hours of service rendered by individual members of the firm and each member's staff level. These records will be made available to the Clerk/Treasurer of the City of Barre upon request. The City of Barre will retain 10% (ten percent) of the final contract price until submission of the final audit report and acceptance by the City Council.

Invoices shall be broken into general audit, single audit and TIF AUP segments.

H. Other Proposal Information

1. The city reserves the right to accept or reject, in whole or in part, any and all proposals.
2. If it becomes necessary to revise any part of this R.F.P. or otherwise provide additional information, an addendum will be issued by the city and furnished to all firms that have received copies of the original R.F.P.
3. All proposals become the property of the City of Barre.
4. The city is not liable for any cost incurred by the prospective auditors in replying to this R.F.P.
5. Audit fees of prior years are available on request.
6. This proposal shall be for Fiscal Years 2017, 2018 and 2019.
7. The city requires an engagement letter to be delivered within 14 (fourteen) days of acceptance of a proposal. The engagement letter shall include:
 - a. Time for commencing the audit.
 - b. A provision for financial penalties for failure to adhere to the time commitments without reasonable justification.
 - c. A provision stating there will be no assignment or subletting of the work to be performed without the written consent of the city.

- d. Specific schedules and working papers to be prepared by city staff in each department and the dates needed.
- e. A provision specifying that if, for any reason, a professional assigned to work on the audit proves to be incompatible with the staff at City Hall, the city may request another person of equal qualifications be assigned.
- f. All specifications and services as provided for in the proposal and as agreed to in any negotiations between the parties and accepted by the city.
- g. The city will be provided with copies of all work papers and schedules pertaining to the audit including a summary of all audit adjustments.
- h. Any letters of representation to be signed by the Clerk/Treasurer are to be included in the engagement letter.

II. Information to be Required from Proposer

In order to simplify the evaluation process and obtain the maximum degree of comparison, the City is requiring prospective auditors to submit proposals in the format and manner prescribed by this section. Firms are cautioned that any deviation from this format may result in disqualification of their proposals.

A. Title Page

1. R.F.P. project title.
2. Name of proposer firm.
3. Address and telephone number of proposer firm.
4. Name of contact person.
5. Date of submission.

B. Letter of Transmittal – (limit to one or two pages)

1. Briefly state the proposer's understanding of the work to be done and make a positive commitment to perform the work within the required time frame.
2. State the all-inclusive fee for which the work will be done and state that the offer is effective for a least 60 days.
3. This letter should be signed by the individual authorized to negotiate for and contractually bind the firm.

C. Table of Contents

Include a clear identification of the materials by section and page number. Such sections will be those identified below.

D. Professional Experience

1. Describe the local and/or regional office's audit experience with local government in the past five years.
2. Identify the supervisors (e.g. partner, manager, auditor-in-charge) and the staff who are expected to work on the audit. Provide resumes (which may be included as appendices) showing relevant past experience, education, training, etc.
3. Describe the firm's participation, if any, in professionally sponsored control review or comparable programs.
4. List the names, addresses and telephone numbers of five clients who may be contacted for references.

E. Proposer's Approach to the Audit

1. State the proposer's understanding of the services to be performed and the work products to be provided as defined in Section I-C, "Nature of Services Required" and I-D, "Report Requirements" of this R.F.P.
2. Submit a work plan to accomplish the scope of services (within the required time frame). The work plan should include time estimates by staff level for each of the significant segments of the work and the staff assigned to each segment. Include a brief discussion of the audit procedures to be used in the audit process for each segment.

F. Compensation

1. State the total hours and hourly rate required by staff classification for each type of service requested in Section I-C, and the resulting all-inclusive maximum fee for each year of the contract. This fee shall include all costs for which the firm expects to bill the city, including staff travel, clerical and any other indirect costs. (See Appendix A.)

G. Additional Information

1. Give any additional information, not specifically requested previously, considered necessary for fair evaluation of the proposal.

Appendix A

AUDIT COST BREAKDOWN

| <u>Staff & Expenses</u> | <u>Name</u> | <u>Hours</u> | <u>City Rate</u> | <u>Total</u> |
|-----------------------------|-------------|--------------|------------------|--------------|
|-----------------------------|-------------|--------------|------------------|--------------|

Total at Standard Rates

| | | | | |
|--------------------|--------------------|--|----------|--|
| Proposed Fee ----- | 1st Year 2016/2017 | | \$ _____ | |
| | 2nd Year 2017/2018 | | \$ _____ | |
| | 3rd Year 2018/2019 | | \$ _____ | |

Rate for Bookkeeping Assistance During Audit \$ _____

Rate for Ongoing Accounting Assistance \$ _____