

# CITY OF EATON RAPIDS

## REQUEST FOR PROPOSALS FOR FINANCIAL AUDIT SERVICES

RFP ISSUANCE DATE: June 15, 2022

DUE DATE OF PROPOSAL: July 15, 2022 AT 4:00 PM

REQUESTING PROPOSAL FOR FISCAL YEARS ENDING: June 30, 2022, 2023, and 2024

The City of Eaton Rapids (the City) is issuing a Request for Proposals (RFP) to solicit proposals from qualified, licensed and insured Certified Public Accounting Firms for the provision of specific financial audit services.

The selected independent auditor will be required to perform an audit of all funds of the City in accordance with auditing standards generally accepted in the United States as well as *Government Auditing Standards*. The City's Annual Report will be in full compliance with all current GASB pronouncements. The audit firm will render its auditors' report on the financial statements which will include both government-wide financial statements and fund financial statements. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund, each major fund, and any other applicable opinion unit of the City as required by GASB and the Michigan Department of Treasury.

The City intends to enter a three-year contract with the chosen firm. A Single Audit engagement is not currently expected to be necessary in any of the three years under consideration. The City was awarded approximately \$549,000 in American Rescue Plan Act (ARPA) funding as a non-entitlement unit.

Proposals must be received by 4:00 p.m. on Friday, July 15, 2022. Proposals must be submitted electronically to [mcarr@cityofeatonrapids.com](mailto:mcarr@cityofeatonrapids.com).

All questions regarding the development of a proposal should be directed to Marrie Jo Carr, City Treasurer, by email at [mcarr@cityofeatonrapids.com](mailto:mcarr@cityofeatonrapids.com).

### **I. BACKGROUND**

The City of Eaton Rapids was incorporated in 1937, serves a population of approximately 5,200 and occupies a land area of 3.4 square miles. The City operates on a July 1 through June 30 fiscal year and has approved a budget of approximately \$16.7 million for all funds for the 2022 fiscal year.

The City operates under an elected Mayor - Council (five members) form of government and provides the following services: public safety, highways and streets, water, electricity, sanitation, recreation, public improvements, planning, zoning, and general administrative services.

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The City offers a full range of services to residents, including assessing, parks and recreation, property tax administration, public safety, public works, zoning and permitting, general administration and services of the City Clerk. The City employs approximately 35 full-time individuals.

The most recently issued financial statements can be found on the Department of Treasury's website at <https://treas-secure.state.mi.us/DocumentSearch>.

The City prepares its budget on a basis consistent with Generally Accepted Accounting Principles and the budget is available on the City's website.

During the most recently audited fiscal year, the City used the following fund types in its financial reporting:

- 1 General Fund
- 9 Special Revenue Funds
- 1 Debt Service Funds
- 1 Capital Project Fund
- 2 Permanent Funds
- 1 Enterprise Fund
- 2 Fiduciary Funds
- 2 Internal Service Funds
- 2 Component Units

The City uses BS&A's .net financial management software with Accounts Payable, Assessing, Cash Receipts, General Ledger/Budget, Payroll, Property Tax, Timesheets, and Utility Billing modules.

Financial data, including a full trial balance, will be available for auditor use. Workpapers that are prepared by the City will typically be in Excel or PDF format, with either electronic or paper supporting documentation.

Auditor assistance is not needed for the State of Michigan F-65, Act 51 reporting, any Continuing Disclosure Filing via EMMA, or Municipal Finance Qualifying Statement filings.

Appropriate workspace for up to five audit personnel will be made available for on-site field work. The financial statements are expected to be issued prior to December 1 each year with a presentation to the City Council at the first meeting in December. The City understands that the first year of an audit engagement may require additional time.

The City has contracted with a local CPA firm to help with the preparation of the City's records with the intent of having the general ledger ready for audit around mid-September each year. The City intends to publish the audited financial statements on its website.

It is expected that the Auditor will perform their duties in accordance with the directives given by the American Institute of Certified Public Accountants, the U.S. GAO *Governmental Auditing Standards*, the Governmental Accounting Standards Board, and the State of Michigan Department of Treasury, among others. Failure of the City to list a task that should have been known to the auditor will not excuse the auditor from performing that task.

## **II. SCOPE OF SERVICES**

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The selected auditor is being asked to perform the following:

- a. Prepare audited financial statements in conformity with Generally Accepted Accounting Principles.
- b. Express an opinion on the fair presentation of the City's basic financial statements in conformity with auditing standards generally accepted in the United States.
- c. Prepare a report on compliance and internal control over financial reporting, based on an audit of the financial statements and in accordance with *Government Auditing Standards*.
- d. Express an opinion and prepare a report on internal controls over financial reporting and on compliance and other matters.
- e. At the end of the audit engagement, meet with City Council to present and discuss the results of the audit and the financial statements.
- f. Submit the financial statements to the Michigan Department of Treasury as required.

### III. TERMS AND CONDITIONS OF THE SERVICES

- a. **Schedule of the Services:** A mutually agreeable time schedule for completion of the services shall be as determined by the auditor and the City Treasurer, prior to commencement of the services by auditor. Subsequent changes will be considered and may be mutually agreed upon between the auditor and the City Treasurer. Historically the audit has been scheduled in late-September or early-October.
- b. **Contract Amount:** It is agreed between the City and the auditor that in consideration for auditor's full and complete performance hereunder, the City shall pay to auditor rates as detailed in auditor's proposal of audit services, as proposed by the auditor and accepted by the City. The final amount shall be based upon actual services performed as approved by the City Council.
- c. **Term:** This Agreement shall run for the length of the project(s) undertaken by the auditor unless otherwise terminated by the auditor and/or the City upon 30 days' written notice to the other party, provided, however, that the benefits to either party hereto afforded by the terms and conditions of this agreement shall inure to each party in perpetuity, including surviving any termination of this agreement by either party.
- d. **Performance Requirements:** Auditor will perform all services under this Agreement in a timely and professional manner, using the customary level of care suitable for the services performed and in compliance with all applicable laws, rules, and regulations. All services performed under this agreement are subject to the City's continuing rights of review, inspection, and approval.

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- e. **Severability:** It is the intent of the parties to this agreement that this agreement be enforceable to the fullest extent permitted by law. If, however, any provision or portion thereof of this agreement is held to be invalid or unenforceable by a court of competent jurisdiction, the balance of this agreement and/or the surviving portion(s) of any provisions hereof will remain binding and enforceable in accordance with its terms and conditions and any provision held invalid or unenforceable will immediately be revised and amended to the minimum extent necessary in order for it to be valid and legally enforceable, consistent with the original intent of this agreement.
- f. The City reserves the right, at its sole discretion, to include other relevant terms, conditions and specifications in any agreement resulting from this RFP.
- g. Submission of a proposal will be construed as a conclusive presumption that the auditor is thoroughly familiar with the qualification requirements and specifications of an audit of a governmental entity performed in the State of Michigan and understands and agrees to abide by each and all of the stipulations and requirements contained therein.
- h. The City reserves the right to alter, amend, or modify any provision of this RFP, or to withdraw the RFP at any time prior to the award of a contract pursuant thereto, if it is in the best interest of the City to do so.
- i. In the event the selected auditor does not enter into the required agreement to carry out the purposes described in this RFP, the City may commence negotiations with another auditor, with-out reopening the RFP process.

### IV. TERMS AND CONDITIONS OF THE PROPOSAL

Bidders are cautioned to comply with all of the following requirements in submitting a proposal in response to this RFP:

1. Proposals must be clearly marked, "Proposal for Financial Audit Services" and must also clearly state the name of the Bidder.
2. Proposals must be delivered to: Marrie Jo Carr, City Treasurer, by email at [mcarr@cityofeatonrapids.com](mailto:mcarr@cityofeatonrapids.com).
3. Proposals must reach Marrie Jo Carr, City Treasurer, not later than **Friday, July 15, 2022 at 4:00 PM**. Proposals received after that date and time may not be considered.
4. Bid packages must include:
  - a. A cover letter describing the auditor, including the name and address of the firm submitting the proposal, and the name, address, telephone number and email address of the person who will serve as the firm's principal contact with the City and who is authorized to make representations on behalf of the firm.
  - b. A brief description of the history of the firm, the size of the staff that is devoted to governmental engagements, and the location of the office that would serve the City.
  - c. Provide proof that the firm is licensed to conduct business in Michigan.

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- d. The firm should submit a copy of its most recent external quality control peer review report.
  - e. The firm should provide an affirmative statement that it is independent of the City of Eaton Rapids as defined by GAAS and Government Accounting Standards.
  - f. The proposal should provide the number of professional staff to be employed in this engagement. Identify the principal supervisory and management staff including engagement partners, managers, and other supervisors, who would be assigned to the audit. Provide information on the length and type government auditing experience of each person, relevant education, degrees, certifications, and status of current continuing professional education requirements.
  - g. Information on the results of any federal or state desk reviews or field reviews of audits during the past three years. Include information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years.
  - h. Provide a minimum of three (3) client references (names and contact information) who have utilized the firm for audits of similar scope and nature.
  - i. Discuss the auditor's specific audit approach.
  - j. Any other information believed to be pertinent.
5. A price should be clearly stated separately for each of the three years being requested, and the price should be broken down into two parts: 1. the financial audit and the preparation of the financial statements and 2. Single Audit, if necessary. The price(s) should be not-to-exceed and all-inclusive and include all direct and indirect costs including all out-of-pocket expenses and travel.

If there will be additional charges for upcoming standards or regulatory changes, those prices should also be identified separately. Changes to pricing for subsequent years should be clearly indicated.

Prices quoted by bidders must remain open to acceptance by the City without change for not less than 60 calendar days from the due date of the proposal.

Bidders are hereby notified that their proposal, once opened, becomes a public document that is the property of the City of Eaton Rapids and, as such, may be subject to public disclosure under the Freedom of Information Act.

The City reserves the right to accept or reject any or all proposals, and also the right to waive any formal defects in proposals when deemed in the best interest of the City. Further, the City reserves the right to accept a proposal higher in price than the lowest proposal, and to negotiate with any respondent concerning matters which the City determines require clarification or changes not in conformity with the specific requirements set forth herein.

## V. EVALUATION OF PROPOSALS

The auditor will be selected on the basis of qualifications such as technical competence, staff expertise and longevity, experience with similar projects, demonstrated timeliness in meeting deadlines, responsiveness to client needs, and competitiveness of proposed fees, as determined to be in the best interests of the City. The City's selection process will rely on evaluations of the written responses to this Request for Proposals and any subsequent supplemental evaluation processes, such as requests for additional information, as may be undertaken by the City at its sole discretion.