

City of Ammon, Idaho

Request for Proposals (RFP) for Auditing Services



1.0 INTRODUCTION

The City of Ammon is requesting proposals from qualified firms of certified public accountants for audit services.

To qualify, firms must be able to perform audits in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-133, Audits of State and Local Governments and the provisions of the federal Single Audit Act of 1984.

1.1 DESCRIPTION OF REQUEST

The City of Ammon regularly reviews the services it uses to confirm what new services are available, the quality of services, and if they are competitively priced.

1.2 SUBMITTAL REQUIREMENTS

The City of Ammon will accept Ammon Auditing Services proposals via email sent to the office of the City Clerk (kbuchan@cityofammon.us) until 4:00 PM local time on Tuesday, September 27, 2022. Only electronic copies are accepted. Electronic copies shall be emailed to the City Clerk, Kristina Buchan, at kbuchan@cityofammon.us by the deadline listed in this paragraph. No submittals will be accepted after that time and date. Proposals are limited to a maximum length of ten (10) standard 8 ½" X 11" pages.

The City reserves the right to reject any or all proposals, or to accept any proposal, which in its judgment will best serve the City's interests. The City reserves the right to waive any and all informalities in the submittal process, or within any Statement of Qualifications. The City may require up to ninety days (90) days after opening the proposals to make a final decision.

Any questions or requests for clarification related to this Request for Proposals must be submitted in writing to kbuchan@cityofammon.us. Answers to the questions submitted shall be posted on the City's website. Firms interested in submitting Proposals shall be responsible to check the website for updated responses to questions.

Firms should include a cover letter with their Proposals, addressed to Mayor Sean Coletti and the Ammon City Council. All costs incurred by the firm in preparing a response to this Request for Proposals shall be at the submitting parties sole expense.

2.0 SCOPE OF WORK

Firms responding to this RFP must understand the scope of work requested by the City of Ammon. The Scope of Work is summarized below:

1. Introduction and Background Information

The Agreement is for the exclusive rights to carry out auditing services for the City of Ammon.

The fiscal year for City of Ammon begins on October 1 and ends on September 30.

The City of Ammon is soliciting the services of a qualified firm of certified public accountants (“Independent Auditor”) to audit the City’s financial statements for the fiscal year ending September 30, 2022, with the option, solely at the discretion of the City, to renew for subsequent years. The audits are to be performed in accordance with the provisions contained in this request for proposal.

The City of Ammon desires the Independent Auditor to express an opinion on the fair presentation of Ammon's basic financial statements in conformity with generally accepted accounting principles. The City of Ammon’s basic financial statements include the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the related notes to the financial statements.

The City is organized into seven (7) departments within the general fund, five (5) enterprise funds, one (1) internal service funds, one (1) other governmental fund, five (5) Fiber Local Improvement District funds (one more in the process of getting created), and ten (10) Lighting Districts funds. The accounting and financial reporting functions of the City are centralized.

More detailed information on the City and its finances can be found at:

<https://cityofammon.us/departments/administration/city-offices/>

2. Budgetary Basis of Accounting

Budgets for General, Building, Streets, Parks, and Technology funds are adopted on a basis consistent with generally accepted accounting principals (GAAP). Proprietary funds are budgeted on the cash basis. Annual budgets are not adopted for the Local improvement districts (LID) funds. The level of control (level at which expenditures may not exceed budget) is the fund.

3. Auditing Standards to be Followed

To meet the requirements of this request for proposal, the audit(s) shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth by the Comptroller General of the United States Government Auditing Standards, the provisions of the Single Audit Act of 1984 and the provisions of US Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments.

4. Reports to be Issued for City of Ammon audit:

1. An opinion letter on the basic financial statements, based on an audit, which has been conducted in accordance with generally accepted auditing standards.

2. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
3. A report on compliance with applicable laws and regulations.
4. A report on the schedule of federal financial awards.
5. A report on the compliance and internal controls related to the City's federal financial awards programs.
6. Notes to schedule of federal financial awards and schedules of findings and questioned costs (current year and status of prior-year).
7. Data collection for the Federal Audit Clearing house.

Other support for select GASB pronouncements may be requested before, during or subsequent to audit services. For these services we request an hourly rate proposal applicable to such services.

The independent auditor shall communicate in letter form to the Mayor and Council the results of the audit. Any reportable conditions found during the audit will also be communicated to the Mayor and Council. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

5. Project Timetable

Schedule for the fiscal year 2022 audit (A similar time schedule shall be developed for audits of future fiscal years if the City exercises its option for additional audits.):

1. Detailed Audit Plan. The Independent Auditor shall provide **The City of Ammon by October 15th**, of each audit cycle, both a detailed audit plan and a list of all schedules and their formats to be prepared by the City.
2. Prelim/Interim Work. The Independent Auditor shall complete prelim/interim work by **December 1st of each audit cycle**.
3. Fieldwork. The Independent Auditor shall complete on-site fieldwork by **December 15th of each audit cycle**.
4. Reports and Management Letter. The City of Ammon will prepare a draft report by February 1st of each audit cycle. The Independent Auditor will have completed review of the annual report and have a draft of the management report by **February 15th of each audit cycle**.

5. Final City audit reports (all) must be issued no later than **February 28th of each audit cycle.**

3.0 SUBMITTAL CONTENT:

In addition to the requirements of the Scope of Work, submittals are to include the following information: Firm name, address, telephone and fax numbers, e-mail address, certificate of authority to do business in the State of Idaho, and Name of Principal-in-Charge together with the name of the Project Manager and Organizational Structure assembled to accomplish the project goals.

Each Proposer shall submit, at a minimum, all of the following information in a format that corresponds with the order of the subheadings listed below:

1. **Independence:** The Independent Auditor should provide an affirmative statement that it is independent of The City of Ammon as defined by generally accepted auditing standards (Government Auditing Standards issued by the Comptroller General of the United States). The Independent Auditor should also list and describe the firm's professional relationships involving the City of Ammon for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.
2. **License to Practice in Idaho:** An affirmative statement should be included that the Independent Auditor and all assigned key professional staff are properly licensed to practice in Idaho. (Successful proposer will be required to provide evidence of current licensure.)
3. **List of Clients:** A list of other clients similar to the City of Ammon that the Proposer serves or has served in the past five (5) years. Please provide detailed information, e.g., name, address, and telephone number of the Client, contact name, length of time, and size of Client. Indicate what services are provided.
4. **Staffing Qualifications and Depth:** A list of full-time staff dedicated to the various activities of the firm. Please also include a list of the part-time staff involved.
 - a. Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Idaho.
 - b. Provide information on the government auditing experience of each person who will be involved in the audit, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.
 - c. Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Describe the firm's efforts at continuing education specific to the governmental sector.

- d. Indicate how the quality and the continuity of the staff over the term of the engagement (and subsequent optional engagements) will be assured. Continuity of staff assigned to this engagement will be a key factor in the City's decision. Indicate how proposer will transition replacement audit personnel, if necessary, over the term of the agreement, and whether such replacements will have the same or better qualifications or experience.
5. List of Corporate Officers: Provide a list of the Proposer's corporate officers and their experience in the industry.
6. Financial Statement: A current audited financial statement, for the two most recent fiscal years of the Proposer, including balance sheet and profit and loss statements, prepared and certified by an independent Certified Public Accountant. The statement should also indicate the source and amount of financing required to fulfill the terms and conditions of this Agreement or satisfactory evidence to perform the proposed services.
7. Quality Control: The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.
8. Disciplinary History: The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.
9. Specific Audit Approach: The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in this request for proposal. In developing the work plan, reference should be made to such sources of information as Ammon's budget and related materials, and financial and other management information systems.
10. Cost. Proposers will be required to provide the following information on their audit approach:
 - a. Proposed segmentation of the engagement, including time frames for each segment;
 - b. Level of staff and number of hours to be assigned to each proposed segment of the engagement;
 - c. Description of how issues will be resolved in a timely fashion so as to prevent last minute changes involving major revisions and staff commitment;
 - d. Sample size and the extent to which statistical sampling is to be used in the engagement;
 - e. Extent of use of electronic data processing software in the engagement;
 - f. Type and extent of analytical procedures to be used in the engagement;
 - g. Approach to be taken to gain and document an understanding of The City of Ammon's internal control structure;

- h. Approach to be taken in determining laws and regulations that will be subject to audit test work;
- i. Approach to be taken in drawing audit samples for purposes of tests of compliance.
- j. Will the audit be completed on-site, via Remote access or some combination of the two?

11. The City shall consider as “irregular” or “non-responsive” and reject any Proposal not prepared and submitted in accordance with this RFP, or any Proposal lacking sufficient information to enable the City to make a reasonable determination of compliance to the minimum qualifications. Unauthorized conditions, limitations, or provisions shall be cause for rejection. Proposals may be deemed non-responsive any time during the evaluation process if, in the sole opinion of the City:

- a. The Proposer does not meet the minimum required skill, experience or requirements to perform or provide the Service.
- b. The proposer has a past record of failing to perform or fulfill contractual obligations.
- c. The proposer cannot demonstrate financial stability.
- d. Proposal contains false, inaccurate or misleading statements that, in the opinion of the City Administrator or authorized designee, is intended to mislead the City in its evaluation of the Proposal.

Failure to adhere to the submittal criteria shall result in the Proposal being considered non-responsive.

4.0 SELECTION CRITERIA

The City of Ammon Finance Department will review all Proposals submitted by the time and date specified according to the factors and criteria included within this Request for Proposals. The City will consider the following factors in its review of the Proposals received:

Factor	Weight Given
1. Proposal Approach and Schedule. Provide a description on how the firm will approach the audit and fulfill the objectives according to a provided schedule.	25 points
2. Qualifications of Audit Team. Provide firm experience and qualifications of personnel that will be directly involved with the audit.	25 points
3. Recent Audits. Provide brief descriptions of at least five governmental audits performed by the proposed audit team in the last five years.	25 points
4. References. Provide references that can speak to the firm's experience working on similar audits.	10 points
5. Location of Firm and Familiarity with Ammon and Cost. Discuss how the location and familiarity of your audit team will aid in successful completion of the audit, and how much the audit will cost.	15 points
	100 points total

The City may invite up to four top ranking firms to an interview with Department and City Officials. Interviews are expected to occur during the month of September.

The best qualified firm, all factors considered, will be selected for agreement discussions. The City will negotiate an agreement based upon fair and reasonable compensation for the services proposed and agreed upon. While price is one consideration in the evaluation, it is not the only factor to be considered.

5.0 CONTRACT CONSIDERATIONS

Upon selection, the City of Ammon, Idaho intends to negotiate terms of an audit with the firm deemed to serve the best interests of the City. If contract negotiations are unsuccessful, the City reserves the right to negotiate with the next highest-ranked firm. The City is not under any obligation to award a contract.

5.1 Term of Agreement

The term of the agreement will be limited to completion of the fiscal year 2022 audit, with the option to renew for subsequent years.

5.2 Insurance

The Proposer will indemnify and save harmless the City, its officers, and employees from and against any and all suits, actions, legal proceedings, claims, demands, damages, costs, expenses, and attorney's fees arising out of a willful or negligent act or omission of the Proposer in the performance of this contract. The City will not be responsible for the negligence of the Proposer, or any of its agents, employees, or customers.

The Proposer shall procure and maintain for the duration of the contract, insurance for all claims for injuries to persons or damages to property which may arise from or in conjunction with the performance of the work hereunder by the Proposer, his/her agents, representatives, employees, or sub-contractors. The cost of such insurance shall be borne by the Proposer and a Certificate of Insurance evidencing that such insurance has been procured and is in force will be forwarded to the City before commencement of work hereunder. Said insurance shall be maintained during the entirety of said contract term and shall name the City of Ammon as an additional insured on said policy.

The City may, at any time request proof of current insurance on any one or all of the coverage's required. The failure to maintain current insurance as required may result in the termination of the contract, save and except the Proposers obligations to indemnify the City from all claims.

5.3 Cancellation Clause

Either party may terminate for cause or breach of contract. Either party may terminate the agreement without cause by giving one hundred eighty (180) days' notice.