

Town of Windsor

REQUEST FOR PROPOSALS

for

PROFESSIONAL AUDITING SERVICES

August 11, 2017

Town of Windsor Annual Audit REQUEST FOR PROPOSALS

SPECIFICATIONS

- A. GENERAL INFORMATION:** The Town of Windsor's Home Rule Charter requires an independent annual audit of all Town accounts by a Certified Public Accountant selected by the Town Board. After many years of excellent service from our current auditors, management has decided to seek a new audit firm to complete the Town's annual audit. Therefore, the Town of Windsor is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending December 31, 2017, 2018, 2019, 2020 and 2021. If the engagement is not renewed at the end of the 2021, the Town will automatically proceed with the RFP process. These audits are to be performed in accordance with applicable standards, as outlined in Section 11.12.B of the Home Rule Charter.

There is no express or implied obligation for the Town of Windsor to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

During the evaluation process the Town of Windsor reserves the right, where it may serve the Town of Windsor's best interest, to request additional information or clarifications from the firms, or to allow corrections of errors or omissions. At the discretion of the Town of Windsor, firms submitting proposals may be requested to make oral presentations as part of the evaluation process. Firms submitting proposals acknowledge that the Town is subject to the Colorado Open Records Act, Title 24, Article 72, Part 2, C.R.S., and applicable exceptions contained therein.

The Town of Windsor reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Town of Windsor and the firm selected.

To be considered, three copies of a proposal must be received by Dean Moyer at 301 Walnut St. Windsor CO 80550 by 5:00 p.m. on September 15, 2017. The Town of Windsor reserves the right to reject any or all proposals submitted.

Proposals submitted will be evaluated by the Director of Finance, the Town Manager and the Accounting Manager. The recommended firm selection will then be approved by the Windsor Town Board.

It is anticipated that the selection of a firm will be completed by September 30, 2017. Following the notification of the selected firm, it is expected a contract will be executed between both parties by October 31, 2017.

II. NATURE OF SERVICES REQUIRED

- A. SCOPE OF WORK TO BE PERFORMED:** The Town of Windsor desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles.

The audit shall be performed in accordance with generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants and applicable state and federal regulations. In addition, the audit must conform to federal single audit requirements and be in accordance with government auditing standards and procedures issued by the Comptroller General of the United States. In connection with the audit of financial statements, a Single Audit will be performed, if applicable, and a report of findings issued as required by the Office of Management and Budget Circular A-133. If a Single Audit is required, the selected firm will be required to complete the submission form that accompanies the Single Audit (Form SF-SAC – Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations) as required by OMB A-133.

It is contemplated that the selected firm will express an unmodified opinion on the financial statements. If during the performance of the audit, it appears probable that an unmodified opinion cannot be issued, the

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selected auditing firm must promptly notify the Finance Director in writing, stating all matters which preclude the issuance of an unmodified opinion.

The auditor shall be responsible to directly contact the Town Manager, or appear before Town Board, should concerns raised during the Town audit warrant such contact.

B. AUDITING STANDARDS TO BE FOLLOWED: To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted audit standards.

C. REPORTING REQUIREMENTS: Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report of examination of the financial statements stating the scope of the examination and that the audit was performed in accordance with generally accepted auditing standards. It must include an opinion as to whether the statements conform to generally accepted accounting principles.
2. A letter to management containing comments on compliance, recommendations for improvements, and any other comments deemed pertinent by the auditors and recommendations affecting the financial statements, internal control, accounting, accounting systems, legality of actions, other instances of noncompliance with laws and regulations, and any other material matters. An agreed upon number of copies of the management letter will be provided to the Town, in addition to an electronic copy.
3. A report on internal control and compliance in accordance with the standards for financial and compliance audits contained in the Standards of Audits of Government Organizations, Programs, Activities, and Functions issued by the U.S. General Accounting Office; the Single Audit Act of 1984 (as amended in 1996) and the provisions of OMB circular A-133 (as revised). Findings of ineligible expenditures must be represented in enough detail for management to be able to clearly understand them. An agreed upon number of copies of the Single Audit report will be provided to the Town, in addition to an electronic copy.

Within the required reports on internal controls and compliance, the auditor shall communicate any reportable conditions found during the audit. 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. In addition, the following conditions shall be considered reportable:

- Material weaknesses
- Instances of noncompliance
- Irregularities and illegal acts (auditors shall be required to make an immediate, written report of all irregularities and illegal acts or implications of illegal acts of which they become aware to the Town Manager)

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the reports on compliance and internal controls.

D. REPORTING TO TOWN BOARD: Auditors will present the final report at a regular meeting of the Town Board.

E. SPECIAL CONSIDERATIONS

1. The Town of Windsor will send its comprehensive annual financial report (CAFR) to the Government Finance Officers Association of the United States and Canada for review in their Certificate of

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In addition, the auditor shall provide written reports on the progress of the audit as determined during the entrance conference. Also, the auditor shall have representatives available on the night the Town Council accepts the audit report.

IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

- A. **FINANCE DEPARTMENT AND CLERICAL ASSISTANCE:** The Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations.
- B. **WORK AREA, COMPUTER, TELEPHONES, and PHOTOCOPYING AND FAX MACHINES:** The Town of Windsor will provide the auditor with reasonable workspace. The auditor will also be provided inquiry access to the Financial Management Software, at least one telephone line, photocopying facilities, fax machines and WIFI access.
- C. **REPORT PREPARATION:** The Auditor will be responsible for the preparation, editing and printing of financial statements, notes and all required supplementary schedules. Town staff will provide statistical data. The auditor shall provide all recommendations, revisions and suggestions for improvement to the Finance Director. A report, including a draft auditor's report(s) shall be delivered to the Finance Director by May 16 of each year.

The Finance Director and the Accounting Manager will complete their review of the draft report as expeditiously as possible. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to the Finance Director within five working days. It is anticipated that this process will be completed and the final report accepted by June 1 of each year.

V. PROPOSAL REQUIREMENTS

A. GENERAL REQUIREMENTS

- 1. **Submission of Technical Proposal:** A technical proposal shall be submitted in a separate sealed envelope, following the specifications outlined below. **There shall be no cost or monetary values included in the technical proposal.**
- 2. **Submission of Cost Proposal:** A cost proposal shall be submitted in a separate sealed envelope, marked as follows:

SEALED COST PROPOSAL
FOR TOWN OF WINDSOR
FOR PROFESSIONAL AUDITING SERVICES
SEPTEMBER 15, 2017

- 3. Both proposals should send be sent together to the following address:

AUDIT RFP
DEAN MOYER, FINANCE DIRECTOR
TOWN OF WINDSOR
301 WALNUT ST.
WINDSOR, CO 80550

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B. TECHNICAL PROPOSAL

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Town of Windsor 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 this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed cost proposal). The Proposal should be prepared simply and economically, providing a straightforward, concise description of the firm's capabilities to satisfy the requirements of the request for proposal. While additional data may be presented, the following items must be included, as they represent the criteria against which the proposal will be evaluated.

1. Independence

The firm should provide an affirmative statement that it is independent of the Town of Windsor as defined by applicable standards. The firm should provide an affirmative statement that it is independent of all of the entities included in this proposal. In addition, the firm shall give the Town of Windsor written notice of any professional relationships entered into during the period of their engagement.

2. License to Practice in Colorado

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in Colorado.

3. Firm Qualifications and Experience

The firm 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 the nature of professional staff to be employed on this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the firm uses subcontractors, the qualifications of each subcontractor should be separately identified and portion of the audit work that will be subcontracted should be identified, if applicable.

If the firm is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve, as the principal auditor should be noted, if applicable.

The firm is 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.

The firm shall provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years.

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The firm shall provide proof of workers' compensation insurance as well as proof of professional liability (errors & omissions) insurance of at least one million dollars of coverage.

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.

4. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement.

Audit personnel may be changed at the discretion of the firm, provided that replacements have substantially the same or better qualifications or experience.

5. Prior Engagements with the Town of Windsor

List separately all engagements within the last five years with the Town of Windsor, ranked on the basis of total staff hours and type of engagement (audit, management advisory services, etc). Indicate the scope of work, date, engagement partners, total hours, office location for specific engagement, and the name and telephone number of the principal client contact.

6. Similar Engagements With Other Government Entities

List all engagements performed in the last five years that are similar to the engagement described in this request for proposal, based on the office that will be directly responsible for this project. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

7. Specific Audit Approach

The proposal shall include a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal. In developing the work plan, reference should be made to such sources of information as Town of Windsor's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Firms will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement (The Town's preference is for field work commencing in Mid-March)
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement
- c. Sample size and the extent to which statistical sampling is to be used in the engagement
- d. Extent of use of EDP software in the engagement
- e. Type and extent of analytical procedures to be used in the engagement
- f. Approach to be taken to gain and document an understanding of the Town of Windsor's internal control structure
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work

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h. Approach to be taken in drawing audit samples for purposes of tests of compliance

8. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the Town of Windsor.

C. Sealed Cost Proposal

1. Summary of Professional Fees and Expenses

The sealed cost proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The Town of Windsor will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed cost proposal. Such costs should not be included in the proposal.

The first page of the sealed cost proposal should include the following information:

- a. Name of firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the Town of Windsor
- c. Costs for the standard financial audit should be separate from the cost of the single audit (if needed) and should also include the total all-inclusive maximum price for each engagement for the years 2017, 2018, 2019, 2020 and 2021.
- d. Any charges for accounting/procedural inquiries throughout the year that are not part of the audit work for the current year.

2. Rates by staff member

Include the rate anticipated hours for each partner, specialist, supervisory and staff level expected to perform the necessary services. The second page of the proposal should include a schedule of professional fees and expenses.

3. Manner of payment

Include the requirement for progress payments.

VI. EVALUATION PROCEDURES

A. AUDIT COMMITTEE AND KEY STAFF

Proposals will be evaluated by the auditor selection committee, consisting of the Finance Director, Accounting Manager and Town Manager.

B. REVIEW OF PROPOSALS

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The auditor selection committee will use a point formula during the review process to score proposals. Each member of the committee will first score each technical proposal by each of the criteria described below under **EVALUATION CRITERIA**. The full committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the sealed cost proposal will be opened and additional points will be added to the technical score based on the cost proposal. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other firms.

The Town of Windsor reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

C. EVALUATION CRITERIA

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria that will be considered during the evaluation process.

1. Mandatory Elements
 - a. The audit firm is independent and licensed to practice in Colorado
 - b. The firm has no conflict of interest with regard to any other work performed by the firm for the Town of Windsor
 - c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal
 - d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work
2. Technical Quality:
 - a. Expertise and Experience
 - 1) The firm's past experience and performance on comparable government engagements
 - 2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
 - 3) Experience with similar Federal or State Financial Assistance Programs
 - 4) Experience with similar computer systems
 - b. Audit Approach
 - 1) Adequacy of proposed staffing plan for various segments of the engagement
 - 2) Adequacy of sampling techniques
 - 3) Adequacy of analytical procedures

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3. Price
4. Reference Check
5. Oral Presentation, if required. During the evaluation process, the auditor selection committee may, at its discretion, request the eligible firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

D. FINAL SELECTION

It is anticipated that a firm will be selected on September 30, 2017. Following notification of the firm selected, it is expected that a contract will be executed between both parties by October 31, 2017.

E. RIGHT TO REJECT PROPOSALS

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Town of Windsor and the firm selected.

The Town of Windsor reserves the right to reject any or all proposals.