

CITY OF DEER LODGE

Request for Proposals

Audit Services

The City of Deer Lodge is seeking proposals from qualified firms or individuals to audit the financial statements for the City. These audits must be made in accordance with auditing standards and in accordance with federal regulations adopted by the Montana Department of Administration by rule. Auditors shall utilize the local government compliance supplement prepared by the Montana Department of Administration, in conjunction with government auditing standards, adopted by the Montana Department of Administration, to determine compliance testing to be performed during the audit. Please submit your proposal to City of Deer Lodge, 300 Main Street, Deer Lodge, MT, 59722. Proposals must be received no later than Monday, November 30, 2020. A more detailed scope can be provided by contacting us at 846-2238 or by e-mail to bbender@cityofdeerlodgemt.gov or jwhitney@cityofdeerlodgemt.gov.

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Audit Services

GENERAL TERMS AND CONDITIONS OF PROPOSALS

(These items apply to and become a part of the proposal. No exceptions to these terms & conditions will be considered.)

1. Proposals must include a signature of authorized agent. Be sure envelope is completely and properly identified and **sealed**.
2. No Proposer may withdraw his/her proposal for a period of thirty (30) days after the date and hour set for the opening of proposals.
3. The Proposer shall show in the proposal the total cost of the audit for each fiscal year, with a minimum of budgeted hours by type of staff, hourly rate proposed by type of staff and total "not-to-exceed fee", including expenses.
4. Any exceptions or deviations from written specifications shall be shown in writing and attached to the Proposal form.
5. **The City of Deer Lodge reserves the right to reject any and all Proposals and to waive any technicalities in the Proposal.**
6. Proposal price shall be valid for a period of thirty (30) days after the opening date.

AWARD OF PROPOSAL

This Proposal shall be awarded to the firm whose proposal is judged most responsive to the Proposal and is most advantageous to the City of Deer Lodge, considering the factors identified in the Proposal.

1. The Deer Lodge City Council shall have the authority to award the contract.
2. The contract shall be awarded to the lowest Proposer meeting specifications. In determining "lowest proposer", in addition to price, the following factors shall be considered:
 - The ability, capacity, skill and experience of the Proposer to fulfill the terms of the contract or provide the service required.
 - Whether the Proposer can fulfill the terms of the contract or provide the service promptly or within the time specified without delay or interference.
 - The character, integrity, reputation, judgment, experience and efficiency of the Proposer.
 - The quality of fulfillment of the terms of previous contracts or services.
 - The previous and present compliance of the Proposer with laws and ordinances relating to the contract or service.
 - The sufficiency of the financial resources and ability of the Proposer to fulfill the terms of the contract or provide the services required.
 - The quality, availability and adaptability of the contractual services to the particular use required.
 - The number and scope of the conditions attached to the Proposer.

SECTION I – GENERAL SPECIFICATIONS

The City of Deer Lodge is incorporated under the applicable laws of the State of Montana and operates under a Mayor/Council form of government. The City provides municipal services necessary for the health and well-being of its citizens, including police and fire protection, planning and zoning services, code enforcement, streets and drainage, parks, cemetery services, water, and wastewater services, and necessary administrative services to support these activities.

Based upon the criteria for determining the reporting entity, the City is considered to be an independent reporting entity and has no component units. The City maintains its internal accounting records on a modified cash basis (for budgetary accounting purposes) during the year.

SECTION II – SERVICES REQUIRED

A. General

The City is soliciting the services of qualified firms or individuals to audit its financial statements for the fiscal years ending June 30, 2020 and June 30, 2021. It is anticipated that the firm selected to serve as the City's independent auditor will be first considered for two additional fiscal years to be audited. These audits are to be performed in accordance with the generally accepted auditing standards and the standards applicable to financial statement audits of Government Auditing Standards as issued by the Comptroller General of the United States, as well as the provisions set forth in this RFP.

In addition, the auditor will be required to conduct a compliance audit over major federal award programs in accordance with requirements of the Single Audit Act and OMB Circular A-133, if federal awards expended exceed \$750,000 per fiscal year.

B. Scope of Work

The City desires the auditor to audit the financial statements to express opinions on the fair presentation of the basic financial statements in conformity with generally accepted accounting principles. The opinion units will include: The City's governmental activities, business-type activities, each major fund, and the aggregate remaining funds.

The entities included in the scope of this audit are those identified in Section One. The combining and individual financial statements and schedules for non-major funds, and other non-required supplementary information schedules will be presented for purposes of additional analysis.

The Management Discussion and Analysis will be presented as required supplementary information, utilizing financial information from audit report to audit report. The auditor will be responsible for applying certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, the auditor is not expected to audit the information nor express an opinion on it.

The independent accounting firm should be familiar with the State of Montana statutes dealing with financial matters of Montana Cities and Towns.

C. Other Considerations

In addition to the opinions on the basic financial statements, the auditor will be required to issue the by-product report on internal control and compliance over financial reporting in accordance with Government Auditing Standards. A separate management letter shall be prepared by the firm setting forth findings and recommendations relative to other internal control findings, fiscal affairs and other significant observations of the accounting firm during the course of the audit. All reports required by the Single Audit Act and OMB Circular A-133 must be provided, if applicable.

The accounting firm will be readily available to answer questions throughout the year and meet with City staff if requested. A designated period of one-two weeks will be provided to assist with year-end closing entries. Any additional fees for these service will be relayed to the City upfront.

D. 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 five (5) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties:

- The City of Deer Lodge,
- Parties designated by the federal or state government or by the City as part of an audit quality review process, and
- Auditors of entities of which the City is a recipient or sub recipient of grant funds.

In addition, the firm shall respond to the reasonable inquires of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

SECTION III - REPORT REQUIREMENTS AND RESPONSIBILITIES

The City's Finance Department will prepare end of year adjusting entries with the assistance of the auditing firm and will provide financial system information and available external generated information for the auditor. The auditing firm will prepare confirmations. City-wide Departments will be available during the audit to assist the audit firm by providing information, documentation and explanations.

The City will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to all telephone lines and photocopying facilities.

The auditor will be responsible for providing any proposed adjusting entries to the City staff for review and acceptance. The audit firm will also provide a list of immaterial audit differences not proposed for adjustment. Once the audit is completed, the audit firm will supply the City with a digital copy and 5 hard copies of signed audit opinions and related reports. These reports must be submitted within a reasonable amount of time to be completed and filed per State and Federal regulations.

The firm will present the final report to the Deer Lodge City Council. The firm will file the report with the Department of Administration, Local Government Services Bureau, Audit Review Section and to the Federal Audit Clearinghouse, is applicable, in a timely manner meeting all applicable filing deadline requirements, upon completion of the audit.

SECTION IV - THE SELECTION PROCESS

- A. City staff will review all proposals and may contact selected references provided by the accounting firm. After the proposals have been scored and ranked based on qualifications and responsiveness, the sealed cost information will be opened and the firms will be ranked based upon their total all-inclusive maximum price. The two rankings will then be compared and an accounting firm will be recommended to the City Council.
- B. Proposals should be structured in substantially the same format and order listed below:
- **Table of Contents**
Include a clean identification of the material by section and page number.
 - **Scope**
Clearly define your understanding of the scope of services required.
 - **Personnel**
Identify the supervisors, including auditor in-charge or senior accountants **who will work** on the audit. Identify staff from other than the proposing office and list their home office(s). Resumes for each supervisory person assigned to the audit should be included and specific expertise indicated. Resumes may be included as an appendix. Include name and phone number of the person authorized to answer questions about the proposal.
 - **Audit Approach**
Clearly define the firm's approach to conducting the audits.
 - **Profile of the Firm**
State whether your firm is local, national or international. Give the location of the office from which the work is to be done and the number of partners, managers, seniors and other professional staff employed at that office. Describe the range of activities performed by the local office in the governmental area.
 - **Governmental Experience**
Describe **local** office auditing experience for the last three (3) years similar to the type of audit requested and give names of current clients. Provide names and telephone numbers of client officials responsible for those audits listed. Before the acceptance of the firm's engagement letter, the successful accounting firm must certify to the City that the audit staff assigned to this audit has met the Government Auditing Standards requirements for continuing education.
 - **Additional Data**
Give any additional information considered essential to this Proposal. Firms are requested to include results of their most recent external quality control review, including any letter of comments. Firms are encouraged to explain how they are able to assist the City in implementing new accounting pronouncements. Also identify any potential impairments to auditor independence that may exist between the firm and the City of Deer Lodge.
- C. Fee Proposals
Fee Proposals submitted in response to this RFP should be a maximum all-inclusive price to perform the audit and all services to be provided as previously mentioned. The sealed cost information should include a total price for the audit for 2020 fiscal year and 2021 fiscal year. Include in the proposal a minimum of the following information for both fiscal years:
- Budgeted hours by type of staff,

- Hourly rate proposed by type of staff, and
- Total not-to-exceed fee, including expenses.

Fee Proposals should be sealed in a separate envelope labeled "Cost Information". The envelope should bear the firm's name and a return address.

D. Other

All proposing firms may contact the City Treasurer. Contact with any members of the Deer Lodge City Council regarding this RFP may be grounds for elimination from the selection process.

The prior year audit report, 2018-2019, will be available via an electronic copy and can be e-mailed upon request.

Specific financial or budget information will be made available for the years being proposed, upon e-mailed request to City Treasurer.

Progress payments will be made on the basis of hours worked and interim billings shall cover a period of not less than a calendar month.

SECTION V - INSTRUCTIONS FOR PROPOSAL SUBMITTAL

Five copies of your proposal, including ***sealed*** cost information, must be submitted to the Chief Administrative Officer, City of Deer Lodge, 300 Main Street, Deer Lodge, Montana 59722, no later than Monday, November 30, 2020. Failure to deliver Proposal on time will result in rejection of the Proposal.

The City of Deer Lodge reserves the right to reject any and/or all Proposals.