



TOWN OF FALMOUTH, MAINE

Request for Proposal For Audit Services

RFP 1-1019

Date of Issue: September **19, 2018**

**Return Mailing Address, Contact Person, Telephone, Fax Numbers and
Deadline for Receipt of Proposals**

Auditors must submit three (3) copies of their proposal, in writing, to the Finance Department in a sealed envelope or box. It must be addressed as follows:

Attention: **Peter McHugh, Finance Director**
Request for Proposal (RFP) Number: 1-1019
Audit Services
271 Falmouth Road
Falmouth, ME, 04105

Proposals must be received no later than 3:00PM., on October 17, 2018. Faxed, Emailed and/or Oral proposals are NOT acceptable. These proposals will not be publicly opened.

An Auditor's failure to submit its proposal prior to the deadline will cause the proposal to be disqualified. Late proposals or amendments will not be opened or accepted for evaluation.

All proposals submitted shall become property of Town of Falmouth and will not be returned.

CONTACT INFORMATION;

Peter McHugh, Finance Director
PHONE 207-699-5311

EMAIL – pmchugh@falmouthme.org
THE PREFERRED CONTACT METHOD IS VIA EMAIL

Thank you for your interest.

Peter McHugh

SECTION ONE

STANDARD PROPOSAL INFORMATION

1.1 PURPOSE

The Town of Falmouth, which includes the school department, is seeking proposals from qualified independent certified public accountants to perform the required external audits for each of the three fiscal years ending June 30, 2019 through June 30, 2021. Proposals may include recommendations for two one-year extensions beyond the base three -year term.

1.2 BACKGROUND

The Town of Falmouth is a municipal corporation of the State of Maine with a population of approximately 11,185 and a current annual operating budget of \$51.4 million. The Town and School Department employ approximately 741 people. The Town participates in the Maine Public Employees Retirement System (MPERS). The Town also participates in a deferred compensation plan (457) as well as (401a) and 403B plans.

The Town and the School Department are required by local, state, and federal laws and regulations to have an independent certified public accountant (“Auditor”) perform an annual external audit of their financial statements. These audits are to be performed with generally accepted auditing standards as set forth by the aforementioned governing bodies. As mentioned earlier, the municipal audit includes the School Department and a separate report is issued for the school department. The Town requires the Auditor to present the Town Council and School Board with a set of audited financial statements before December 30th of the calendar year that follows the close of the fiscal year (June 30) as required by Section 302.3 of the Town Charter.

The Town is committed to quality financial reporting, maintaining adequate systems of internal control, and proper stewardship of public funds. Consistent with this, the Town and School expect an audit that clearly meets all applicable auditing and accounting standards. The Town has been awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report for twenty six consecutive years. We believe that our comprehensive annual report is an important document and

plan to continue to meet the Certificate of Achievement Program requirements and remain eligible for GFOA to issue an annual certificate.

The Town provides the following services to its citizens:

Public Safety (Police, Fire and Rescue)
Public Works
Education
Parks and Community Programs
General Assistance
Planning
General Administration
Sewer Service

The Town utilizes the MUNIS Accounting Software and the School utilizes Infinite Visions (both Tyler products).

The accounting system of both the Town and School are comprised of the following funds:

General Fund
Special Revenue Funds
Capital Project Funds
Private Purpose Trust Funds
Agency Funds
Permanent Funds
Enterprise Funds
Tax Increment Financing District Funds
General Long-Term Debt
Capital Assets

1.3 SCOPE

The Auditor shall perform a financial and compliance audit of the financial statements in accordance with generally accepted auditing standards and principles for the Town and School related services as described below.

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

- a. An Independent Auditor's Report containing an expression of opinion that financial statements are fairly stated, or, if a qualified adverse or disclaimer of opinion is necessary, the reasons therefore. This includes an opinion on the government-wide financial statements, the business-type activities, fund financial statements and notes to the financial statements. The Auditor will also perform any required single audit (A-133) of federal grant programs. The firm shall submit 30 copies of its reports no later than December 16th of each year.
- b. Assist and review the Management's Discussion and Analysis document and other required supplementary information, including a schedule of expenditures of federal awards and related notes, for accuracy and completeness.

- c. Provide a management letter recommending improvements in internal controls and operations.
- d. Assist with the completion of the Statement of Net Assets and Statement of Activities.
- e. Assist the Town and School Department with other statements and exhibits.
- f. Assist the Town and School Department in other various areas as requested (a separate per-hour quote for additional services should be provided in your proposal that is submitted to the Town).

1.4 FORMAT REQUIRED

In order to facilitate the evaluation and comparison of all proposals, please present your proposal in tabs as described in the paragraphs that follow. To be considered substantive, the proposal shall respond to all requirements of this part of the RFP. Any other information thought to be relevant, but not applicable to the enumerated categories, may be provided as a separately bound appendix to the proposal.

A. Title Page

B. Table of Contents

C. Letter of Transmittal – See Submission section

D. Audit Approach – How the Auditor will plan, conduct, and report on the audit; explicit expected dollar levels of materiality by fund; expected levels of materiality for the A-133 audit; and coordination with management. Provide a summary of the firm's work plans, including engagement control and auditing techniques to be employed during the audits. Provide a timetable of the major events for completion of the examination of the financial statements through delivery of your final reports within 170 days of year-end (December 16th). Also provide a description of how you would audit GASB 68 for the Town and School.

E. Qualifications and Experience of Auditors – How the audit partners, managers and individual auditors, who will be assigned to the Town and School audit, are qualified by training and experience to perform the audit. Please provide Résumés including specifics such as professional certifications, college degrees, type, levels and years of experience in auditing local governments, schools, and relevant training courses should be clearly shown. State how the quality of the staff, over the term of the agreement, will be assured.

F. Qualifications and Experience of Firm; References – How the local office of the firm is qualified to perform a governmental audit, including a **minimum of ten years' experience** auditing other local governments and schools. Provide a list of references of audits of towns, cities and schools, including those in Maine completed in the last 5 years. Provide a copy of the results of the firm's latest peer review.

G. Accessibility – The degree of accessibility that the Auditor will be able to provide the Town and School.

H. Compensation – Estimate the total hours and the resulting all-inclusive maximum fee for which

the requested work will be done. An appendix stating the hourly rate for staff classifications is required. The Town reserves the right to adjust quoted appraisal fee negatively for each day the report is received after the deadline at a rate of \$100.00 per day. No penalty shall be imposed for delay that is beyond the control of the auditor and the auditing firm if written documentation explaining the reason for the delay is received by the Town well in advance of the report's due date.

1.5 SUBMISSION

Auditors shall submit an original (so marked), signed by the Auditor's contractually binding authority, and 3 copies of the proposal.

A. All proposals shall be sealed with an outside label "INDEPENDENT AUDIT PROPOSAL" and contain a cover letter listing:

1. The firm's understanding of the scope of the audit and contain a firm commitment to meet the audit specifications within the stated time frame.
2. Auditor firm name and address.
3. Name and Position of the person who is authorized to bind the firm to a contract and contact telephone number.
4. Receipt date and closing date.

B. All proposals shall be addressed and delivered by the date and time specified in the cover to:

Peter McHugh
Finance Director
Town of Falmouth
271 Falmouth Road
Falmouth, Maine 04105

1.6 CLOSING DATE To be considered, a proposal must arrive in the Finance Department on or before the date specified in the cover letter. The Town will not accept a proposal that is late. Auditors mailing proposals should allow sufficient mail delivery time to ensure receipt by the due date.

1.7 INQUIRIES

A. All requests concerning clarification of this RFP shall be made in writing, no later than ten days prior to the closing date, to:

Peter McHugh, Finance Director
pmchugh@falmouthme.org

- B. A copy of the Town and School's 2017 Comprehensive Annual Financial Report can be located on the Town's website at this site:

https://www.falmouthme.org/sites/falmouthme/files/uploads/falmouth-comprehensive-annual-financial-report-6.30.17_0.pdf

Any contact with any Town or School Department representative, other than that outlined in 1.7, concerning this RFP is prohibited. Such unauthorized contact may disqualify your firm from consideration.

1.8 CONTRACTUAL OBLIGATIONS

The proposal submitted by the selected Auditor shall become an attachment to the contract signed by the Town, School Department and the selected Auditor. The Town or the School Department is not liable for any cost incurred by the bid submitting agency(s) in connection with the preparation or submission of a proposal.

1.9 SUBSTANTIVE NATURE OF PROPOSALS

Proposals that are not substantive may be considered non-responsive. It is not sufficient for the Auditor to address the proposal in general terms or in terms other than those outlined in the proposal.

1.10 EVALUATION AND SELECTION PROCESS

- A. Opening of Proposals – At the designated time and date, the Finance Department shall open and list the proposals for the record. This is not a public opening. Proposals received after the due date in the cover letter shall not be accepted and will be returned unopened.
- B. Evaluation – During the evaluation phase, proposals are reviewed to determine which proposals:

Address all the requirements/ completeness of response of the RFP
Experience and expertise of proposed staff
Prior experience in performing municipal audits
Ability to meet deadlines
Completeness of work plan and procedures/audit approach
Cost
Oral presentation

Proposals determined to be technically non-responsive or not as responsive as other proposals, will be eliminated. Once the qualified Auditors have been determined, they may be interviewed to clarify specific matters presented in the proposals and obtain additional pertinent information. The Town will use information gained from any interviews and information presented in the proposals, to rank the Auditors in accordance with criteria stated

in this RFP and all information developed in the selection process to this point. Price will not be the sole determinant in the selection process. The Town of Falmouth wishes to select an auditing firm that can best demonstrate their capability to provide the desired services, both currently and in the future, with quality and innovation at a competitive price.

Negotiations shall be conducted with the Auditor ranked first. If a contract cannot be negotiated with the Auditor ranked first, then negotiations may be conducted with the auditor ranked second, and so on until a contract has been negotiated or all proposals are rejected. Final award of the Town and School Department Audit Contract shall be made by the Town Manager and Superintendent after considering the recommendations of the Finance Director.

1.11 GENERAL SELECTION CRITERIA

After receipt of proposals and initial evaluation process, the Town will use the following criteria and weighting factors in selecting the firm(s) for further negotiations:

<u>Criteria</u>	<u>Weight</u>
1. Audit Approach	30%
2. Qualifications and experience of the Auditors assigned to the audit	30%
3. Qualification and experience of the firm	25%
4. Cost	<u>15%</u>
	100%

On the basis of the above evaluation criteria and weighting factors and all information developed in the selection process and discussions, the Town will select the firm(s) for negotiation of an audit contract and recommendation for award of the contract.

SECTION TWO TOWN'S TERMS AND CONDITIONS

2.1 REJECTION OF PROPOSALS

The Town reserves the right to reject any and all proposals. The Town reserves the right to negotiate with the selected Auditor in order to best serve the Town and School Department's needs in respect to both evaluation criteria and cost effectiveness.

2.2 EQUAL EMPLOYMENT OPPORTUNITY STATEMENT

The Auditor shall agree that: (1) the Auditor will not discriminate against any employee or applicant because of race, color, sex or national origin; and (2) the Auditor, in all solicitations or advertisements for employees placed by or on behalf of the Auditor, will state that such Auditor is an equal opportunity employer. An Equal Opportunity Employer Statement must be enclosed with this proposal.

2.3 PERSONNEL

The personnel designated in the management summary for key positions shall not be changed except with the permission or request of the Finance Director. The Town will only approve such change when, in their opinion, the substitute personnel have equal or greater qualifications and experience than those they replace.

2.4 SUBMITTAL

All proposals must be in the format required in this Request for Proposal. Failure to comply may be reason to declare the proposals non-responsive.

2.5 POST-AWARD

Following the selection and signing of a contract, the Finance Director will notify all firms submitting a proposal of the selected Auditing firm. Please keep in mind that it may take up to two months to award this contract.

2.6 RETURN OF PROPOSAL

The Town and School Department advise that all accepted proposals submitted under this RFP shall become the property of the Town of Falmouth and will not be returned.

2.7 ADVERTISING CLAUSE

It is understood and agreed that, in the event a contract is awarded for audit services included in this proposal, no indications of such audit services to the Town and School Department will be used in any way in product literature or advertising unless with written approval of the Town Council and School Board and only for bibliographical and curriculum vitae purposes.

2.8 CANCELLATION

Any resulting contract shall be subject to cancellation by either party upon ninety (90) days written notice, one to the other.

2.9 ASSIGNMENT & SUBCONTRACTING

Work under this proposed contract is not to be subcontracted without the prior written consent of the Finance Director.

2.10 AUDIT

The Town and School Department reserve the right to review all of the vendor's files associated with a subsequent contract where payments are based on contractor's record of time, salaries, materials or actual expenses, on demand and without notice. The same right to review will be imposed on any subcontractor as well.

2.11 SCHEDULE OF PROJECT

To be considered responsive, the proposal shall include a timeline of the work to be performed in order to accomplish the required audit deadline of December 16th.

2.12 INSURANCE

The successful Auditor must furnish to the Town Council and School Board evidence of its professional liability insurance with limits of \$1,000,000 for each occurrence.

The Auditor also agrees to defend, save harmless and indemnify the Town and School from and against any and all claims for damages against the Town and School allegedly caused by the Auditor's omissions or negligent act in the performance of services under this contract.

The Auditor further agrees to defend, save harmless and indemnify the Town and School from and against all claims from damages against the Town and School allegedly caused, or contributed to, his/her intentional failure to perform to the terms and conditions of this contract.

The Auditor shall furnish an original Certificate of Insurance naming the Town and School Department as additional insured. This shall be required upon signing the contract.

2.13 AVAILABILITY OF FUNDS

It is understood and agreed by all parties resulting from this proposal that the Town and School Department shall be bound hereunder only to the extent of funds available or which may become available for the purposes of this agreement.

It is further understood and agreed between the parties to any agreement resulting from this proposal that the Town and School Department shall not be obligated to purchase or pay for services covered by this agreement unless and until they are ordered, delivered and performed for the Town and School Department.

2.14 INVOICING

The successful Firm shall periodically submit an itemized invoice separating school and town costs to the Finance Director with details consistent with the final fixed cost audit contract price. Payments shall be made as defined in Section 3.5 Payment.

2.15 TERM OF CONTRACT AND OPTION TO RENEW

The term of the contract shall be for the three (3) fiscal years starting July 1, 2019 and ending June 30, 2021. Upon written agreement of all parties, this contract may be extended by the Finance Director up to two times for a period of one year for each renewal. The renewal shall be under the terms of the current contract and executed within a reasonable time (approximately 90 days) prior to the expiration date.

2.16 PROPERTY OF WORK

Any work resulting from the award of this contract will become the sole property of the Town and School Department. The successful offer shall not copyright any material and/or reports. Upon request, the Auditor shall turnover all work papers and related documents to the Town and School Department.

2.17 ANTI-COLLUSION STATEMENT

Collusion or restraint of free competition, direct or indirect, is prohibited. Proposers are required to execute and submit the attached Anti-Collusion statement. See attachment.

SECTION THREE
TECHNICAL CONTRACT REQUIREMENTS

3.1 TOWN FURNISHED ITEMS

- A. The Department of Finance will prepare the Town's CAFR with the assistance of the Auditing Firm.
- B. The Auditing Firm will print the CAFR as well as provide a searchable PDF file for the Town website.
- C. The Auditor will have access to all of the Town and School Department records as required to perform the audit.
- D. There will be reasonable working space for the Auditor. Phone lines will be made available; however, no long distance or other toll service will be provided. Wi-Fi will be available.
- E. Preliminary audit work can start immediately after the contract award.
- F. The Director of Finance will be the primary contact and coordinator of the contract and will coordinate issues related to the preparation of the CAFR.
- G. The Auditing Firm will provide the CAFR to the various State agencies as required.

3.2 AUDIT STANDARDS AND ASSURANCES

- A. The Auditor shall conduct his/her examination and render their report in accordance with:
 - 1) Generally accepted governmental auditing standards as defined by Government Auditing Standards issued by the Comptroller General of the United States and any revisions effective during the audit period.
 - 2) The Single Audit Act of 1984, amended in 1996, and Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations and any revisions effective during the audit period. The Auditors shall make all coordinating arrangements with the cognizant agency.
 - 3) Thorough knowledge of the Government Accounting Standard Board's (GASB) Statements.
- B. The Town Council and School Board anticipate receiving unqualified opinions on the financial statements. Should the Auditor determine, during the course of the audit, that the Auditor cannot issue an unqualified opinion; the Auditor shall formally notify the Finance Director as soon as possible.
- C. Throughout the audit, communication of potential audit adjustments, potential management comments, potential findings and questioned costs and matters relating to audit progress shall be of a frequency and nature as specified by the Finance Director from time to time.

Adequate and timely review by the Audit Partner and Manager shall occur in order to ensure the communications provided for herein. Adequate documentation shall be maintained in the audit work papers and furnished to the Finance Director to support all such items.

- D. The Auditor's management letters shall be addressed to the Town Council and School Board and shall include all known reportable conditions, including known reportable conditions from a prior audit which have not been corrected; separately identify any reportable conditions which are also material weaknesses; and include conditions discovered by the Auditor that are not reportable conditions but the Auditor chooses to report to management.
- E. The Auditor shall immediately report all irregularities and illegal acts or indications of illegal acts to the Finance Director and Town Manager. If, in the Auditor's opinion the irregularities or illegal acts are of sufficient significance, they shall be reported to the Town Council or School Board.
- F. During the audit, the Auditor shall report to the Town Manager and Finance Director on the progress of the audit.
- G. The Auditor shall be available to provide incidental or insignificant assistance to audit or accounting inquiries of other natures throughout the contract. Fees for incidental or insignificant assistance in these regards shall be included as part of the contract cost. Non-incidental or significant assistance shall be provided for under Paragraph 3.6.
- H. The Auditor agrees that the firm and all auditors working on the audit are independent of the Town, School Department and component units included in the Town's CAFR in accordance with Government Auditing Standards and shall comply with all Federal, State and local laws and regulations in the performance of this engagement. The Auditor agrees to disclose to the Town the presence of litigation against the Town or any other local government, which could impair the Auditor's independence or ability to perform the audit.

3.3 PAYMENT

The Town shall make payment to the Auditor upon completion of the services and acceptance of the report each year for the Town and School Department. The Finance Director may make interim payments for work performed by the Auditor at their discretion.

3.4 ACCESS TO AUDITORS WORKPAPERS

The Auditor's working papers will be available for routine review by the Town and School Department and appropriate auditors of the Federal or State Governments and retained for a period of 6 years after final issuance of the audit reports. If the auditor is unable to retain the records for this time period, they are to be turned over to the Town.

Should the Town and School Department change auditors, the Auditor will make the working papers available to the successor auditor and provide usual and customary professional courtesy and responses to successor auditor inquiries without additional charge to the Town or successor auditor.

3.5 ADDITIONAL WORK

Additional work under this contract may be for audit related services or assistance to the Director of Finance. Provide costs for comparative data, best practices and dashboard capabilities as specifically determined and approved in advance by the Town.

**** THIS PAGE MUST BE INCLUDED WITH BID****

**SECTION IV
ANTI- COLLUSION STATEMENT**

In the preparation and submission of this proposal on behalf of _____, we did not either directly or indirectly enter into any combination or arrangement with any person, firm or corporation, or enter into any agreement, participate in any collusion, or otherwise take any action in the restraint of free competition.

The undersigned, hereby certifies that this agreement, or any claims resulting therefrom, is not the result of, or affected by, any act of collusion with, or any act of, another person or persons, firm or corporation engaged in the same line of business or commerce; and, that no person acting for, or employed by the Town or School Department of Falmouth has an interest in, or is concerned with, this proposal; and, that no person or persons, firm or corporation, other than the undersigned, have or are interested in this proposal.

BY: _____

Company

BUSINESS ADDRESS:

