



Request for Proposal Auditing Services



May 18, 2018



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I. Introduction

A. General Information

The City of Delta Junction is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2018, 2019, and 2020 with an option to extend the contract for two years in one-year increments. These two optional engagement years will be done by separate engagement letters.

B. Conflicts of Interest Prohibited

The proposer acknowledges the sections of the City of Delta Junction municipal code section 1.41.060 (b) Conflicts of Interest:

- a. No City Council member or City employee may accept any gifts in excess of a \$100.00 value annually from any person, business, or corporation that is directly or indirectly involved or interested in business dealings with the City. Samples directly related to City business are not considered gifts
- b. Meals provided to City Council members or City employees at a public restaurant where the total value of the meal received by the City Council member or City employee is less than \$100.00 are exempted from the preceding subsection, provided that the City Council member or City employee files a written report of the gift with the City Clerk not less often than quarterly. The written reports shall be maintained by the City Clerk as public records available for inspection by members of the public during regular business hours.
- c. No City Council member or City employee shall be involved directly or indirectly in recommending and/or purchasing goods and services for the City when the employee or an immediate family member has a pecuniary interest in the business being recommended.
- d. A City Council member or City employee shall not be deemed to have a conflict of interest under this section as long as, at the earliest opportunity after having acquired knowledge of the conflict, the Council member or employee does the following:
 - i. Discloses the conflict of interest in writing to the Mayor prior to award of a contract to the business; and City of Delta Junction Municipal Code of Ordinances Page 33/89, Title I - Legislative, Judicial and Administrative
 - ii. Disqualifies himself/herself from participating in any decision by the City to recommend award of or to award a contract to the business.

II. Scope of Services

The City of Delta Junction is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2018, 2019, and 2020 with an option to extend the contract for two years in one-year increments. These two optional engagement years will be done by separate engagement letter.

A. Organizations to be Audited

1. The City of Delta Junction, Alaska



B. Engagement Requirements

1. City of Delta Junction Financial Statements –
 - a. The City of Delta Junction desires the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles.
 - b. The City also desires the auditor to express an opinion on the fair presentation of its combining and individual fund statements and schedules in conformity with generally accepted accounting principles.
 - c. The auditor is required to report on compliance with applicable state and federal laws and regulations, and on internal controls over financial reporting that could have a direct and material effect on the fair presentation of the financial statements.
 - d. The auditor is required to test internal controls and compliance as described in the U.S. Office of Management and Budget (OMB) Uniform Guidance / Super Circular Audits of States, Local Governments and Nonprofit Organizations as well as other applicable laws and regulations that are applicable to the City's major federal programs. The auditor is also required to test internal controls and compliance, as described in the State of Alaska Audit Guide and Compliance Supplement for State Single Audits that are applicable to each of the City's major state programs. The auditor must report on compliance and internal control over compliance applicable to each major federal and to each major state program.
 - e. The auditor is required to report any findings or questioned costs found in the course of the work described above. Findings must be reported in three separate categories: (1) those affecting financial reporting; (2) those affecting major federal programs; and (3) those affecting major state programs. Recommendations for corrective action should be included.
2. Auditing Standards to be Followed
To meet the requirement of this request for proposal, the audit shall be performed in accordance with the following:
 - a. auditing standards generally accepted in the United States of America as promulgated by the American Institute of Certified Public Accountants
 - b. standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States
 - c. the provisions of U.S. Office of Management and Budget (OMB) Uniform Guidance / Super Circular Audits of States, Local Governments, and Nonprofit Organizations (formerly Circular A-133)
 - d. the provisions of the State of Alaska Single Audit Regulation (2 AAC 45.010) to include the State of Alaska Audit Guide and Compliance Supplement for State Single Audits
 - e. Any other applicable standards for conducting the items outline in the Scope of Services.



3. Reports to be Issued

Reports shall be written 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 in Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of U.S. Office of Management and Budget (OMB) Uniform Guidance / Super Circular (formerly Circular A-133), Audits of States, Local Governments, and Nonprofit Organizations, and the provisions of the State of Alaska Single Audit Regulation (2 AAC 45.010), to include the State of Alaska Audit Guide and Compliance Supplement for State Single Audits.

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

- a. An Auditor's Report on the fair presentation of the City's basic financial statements in conformity with accounting principles generally accepted in the United States of America, together with an "in relation-to" opinion on the combining and individual non-major fund financial statements, budgetary comparison of any major fund not included in the General Fund or special revenue funds, and the Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance.
- b. Separate Federal Single Audit reports and separate State Single Audit reports on the City's federal and state award programs. Such reports shall include reports and opinions required by the Single Audit Act, OMB Uniform Guidance / Super Circular Government Auditing Standards, the State of Alaska Single Audit Regulation (2 AAC 45.010) to include the State of Alaska Audit Guide and Compliance Supplement for State Single Audits, and any other applicable standards or requirements. At a minimum, such reports shall include:
 - i. An "in relation-to" report on the City's Schedule of Expenditures of Federal Awards and/or the City's Schedule of State Financial Assistance
 - ii. Report on compliance and internal control over financial reporting based on an audit of the basic financial statements performed in accordance with Government Auditing Standards.
 - iii. Report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Uniform Guidance / Super Circular and/or in accordance with State of Alaska Single Audit Regulation (2 AAC 45.010) to include the State of Alaska Audit Guide and Compliance Supplement for State Single Audits.
 - iv. The Schedule of Expenditures of Federal Awards and/or Schedule of State Financial Assistance will be prepared by City staff. The auditor should include these schedules with the Single Audit reports.
 - v. Schedule of Findings and Questioned Costs
 - vi. State of Prior Year Audit Findings (if applicable)
 - vii. Form SF-SAC, Data Collection Form for Reporting of Audits of States, Local Governments, and Nonprofit Organizations, if applicable.
 - viii. Any other report or opinion required to be in conformance with the Single Audit Act, OMB Uniform Guidance, and State of Alaska Single Audit Regulation (2 AAC 45.010) to include the State of Alaska Audit Guide and Compliance Supplement for State Single Audits.



- c. A report to management concerning material weaknesses and significant deficiencies, if any, as defined by the American Institute of Certified Public Accountants. Such report may be included in the annual letter to management provided that the report on such items is segregated from the report on other matters.
 - d. The auditor shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the City Administrator, City Attorney, and the Finance Officer. In addition, the auditor shall make any other reports necessary regarding irregular or illegal acts in accordance with Government Auditing Standards.
 - e. An annual “wrap-up” document to the City Administrator and Finance Officer. The auditors will present this document to the City Council upon completion of the audit. The document shall include the following:
 - i. The auditor’s responsibility under auditing standards generally accepted in the United States.
 - ii. Significant accounting policies
 - iii. Management judgment and accounting estimates
 - iv. Significant audit adjustments
 - v. Other Information in documents containing audited financial statements
 - vi. Disagreements with management
 - vii. Management consultation with other accountants
 - viii. Major issues discussed with management prior to retention
 - ix. Difficulties encountered in performing the audit
 - x. Management representation letter; and
 - xi. Any other required communications under auditing standards generally accepted in the United States
4. Additional Considerations –
- a. Audit staff will be provided a designated area near the finance personnel and financial records to conduct the audit. City Hall’s working hours are 8 a.m. to 5 p.m. Monday through Friday.
 - b. The Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. The preparation of confirmations will be the responsibility of the City, with the assistance of the auditor.
 - c. City staff will assist the auditors in identifying and locating supporting documentation.
 - d. Audit timeline:
 - i. June 30 – City’s fiscal year end
 - ii. September 15 – All fiscal year activity has been recorded and all City prepared audit schedules are available
 - iii. October 1 to January 31– Audit completion. Any extensions would be agreed upon by the mutual consent of the auditor and the City Administrator.
5. Working Papers –
- All working papers and reports must be retained, at the auditor’s expense, for a minimum of seven (7) years from the end of the audited period, unless the firm is notified in writing from 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 or their designees:



- a. City of Delta Junction
- b. Parties designated by the federal or state governments or by the City of Delta Junction as part of an audit quality review process
- c. Auditors of entities of which the City of Delta Junction is a sub-recipient of grant funds.

In addition, the proposer shall respond promptly and fully to the reasonable inquiries of successor auditors. The proposer shall allow successor auditors to review working papers, including documentation of planning, internal control, audit results, and other matters of continuing accounting and auditing significance.

6. City Council Presentations –
The audit partner will be required to make a presentation via telephone to the City Council upon completion and issuance of the audit. These typically will occur in January and include the items noted in Item number 3-*Reports to be Issued*-subsection e-Audit Wrap up.

III. Description of the Organization

A. Overview

The City of Delta Junction is a Second Class City, formed on December 1, 1960. The City operates under a council-management form of government and provides the following services:

1. Administration
 - a. City Clerk
 - b. Finance
 - c. Passport Services
2. Public Safety
 - a. Volunteer Fire Department
 - b. Emergency Medical Services
 - c. E911
 - d. Mapping
3. Public Works
 - a. Streets
 - b. Cemetery
4. Library
5. Parks and Recreation
 - a. Ice Rink
 - b. City Park
6. Landfill
7. Airport

B. Fund Structure

All funds of the City are accounted for in accordance with generally accepted accounting principles. The City has the following funds:

1. General Fund –
The City's general fund is the primary operating fund for the City. The City's general fund is comprised of seventeen departments – administration, cemetery, community center, EMS,



Volunteer Fire Department, E911, maintenance, lands, landfill, airport, mapping, council, public works, park, ice arena, and library. This fund has a legally adopted budget.

2. Special Revenue Funds –

The City maintains one special revenue fund:

- a. Ambulance Rental Fund

3. Enterprise Funds –

The City has one enterprise fund. This fund is:

- a. E-911 Services – This fund accounts for the operation and maintenance of the mapping and emergency services phone system.

C. Federal and State Awards

The City has received the following federal and state awards:

1. Federal Awards –

- a. Federal Payment in Lieu of Taxes

2. State Awards –

- a. Department of Commerce, Community, and Economic Development
- b. Division of Homeland Security and Emergency Management

D. Pension Plans

The City participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Plan is available via the internet at <http://doa.alaska.gov/dr/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

E. Finance Department

The finance department consists of one position – Finance Officer.

In preparation of the audit each year, the finance department will prepare all requested audit schedules. A listing of provided-by-client (PBC) audit schedules should be communicated to the Finance Officer no later than August 31st each year. The listing will be mutually agreed upon by the audit partner or engagement manager and the Finance Officer each year.

F. Prior Audit Reports and Budgets

For audit reports and budgets, please contact Stephanie Prestwich, Finance Officer.



IV. Submission Instructions

A. Proposal Format

In order to equitably evaluate each respondent's ability, a standard format for all proposals is required. A response must be given to each item in Section V of this RFP. The City requests that responses be in the same order as the questions presented, stating acceptance of, modifications or additions to, or a statement of the inability to provide, said service. Only proposals submitted in entirety will be considered and evaluated for contract.

An electronic copy of this RFP is located on the City of Delta Junction website deltajunction.us. Submission of the proposal, however, must be in hard copy form. Submissions of proposals by email or facsimile will not be accepted. All submissions will be opened and reviewed in public by the Committee on the specified date.

B. Schedule for Proposal Submission

Every effort will be made to adhere to the following schedule:

05/18/2018	Release of Request for Proposal
06/01/2018	Questions due regarding RFP from any respondent
06/08/2018	Written responses to all questions submitted will be provided to all known respondents
06/15/2018	4 p.m. Deadline for proposal submission
06/15/2018	4 p.m. Proposal opening at City Hall, 2288 Deborah St, Delta Junction, AK 99737
06/19/2018	City Council Approval for Award of Contract
08/01/2018	Contract commencement

C. Proposal Submission

Three complete copies of each proposal shall be submitted by 4 p.m. on June 15, 2018, to the address below. Please note that priority mail through the U.S. postal service usually requires at least one week for delivery to Delta Junction, and that overnight delivery service from the Lower 48 states to Delta Junction takes a minimum of two days. Proposals received after that time will not be opened, accepted, or considered. The proposal must be submitted in a sealed envelope or packet marked "Proposal for Audit Services".

Proposals must be delivered by mail, express mail, overnight delivery service, or in person to:

City of Delta Junction
2288 Deborah St.
P.O. Box 229
Delta Junction, Alaska 99737

Additional contact information for the City of Delta Junction:
Stephanie Prestwich, Finance Officer
Direct line: 907-895-4661
Email: sprestwich@deltajunction.us



D. Firm Offer

As part of your submission, an accompanying cover letter must be signed by an individual authorized to bind the firm, certify that all information is accurate, state that the proposal is valid for 90 days from the submission date, and give full contact information regarding the proposal.

E. Proposal Preparation Costs

All proposals become the property of the City of Delta Junction and will not be returned. All costs associated with preparation and submission of proposals are the sole responsibility of the proposer.

F. Withdrawal, Modification, or Correction

After submitting a proposal, a proposer may withdraw, modify, or correct the submitted proposal, providing the City Administrator's office receives request for such withdrawal, modification, or correction before the time set for submittal deadline. The original proposal, as modified by such written communication, will be considered the proposal. No proposer will be permitted to withdraw his proposal after the time set for submittal deadline.

G. Late Proposals

Late proposals are proposals received after the time and date set for submittal deadline. Proposals will be received during the period and at the place stated in Item B and Item C above. It is the sole responsibility of the proposer to see that the submitted proposal is received by the City in a timely manner. Any proposal received after the scheduled opening time will not be considered.

H. Restrictions on Communications with Staff

All questions, prior to award, must be in writing (or email) and directed as detailed above to the Finance Officer contact noted above. From the issue date of this RFP until contract award is made, respondents are not permitted to communicate with any employee about the subject or contents of this RFP. Violation of this provision may result in rejection of the respondent's submission. No information provided verbally, or by other personnel, will be considered binding.

I. No Pre-Proposal Conference

There will be no pre-proposal conference. Questions regarding this RFP, or the services requested in it, will be accepted in written (or email) form only, at the above email or physical address, on or before 5 p.m. on June 1, 2018. Responses to all questions submitted will be communicated in writing (via email) to all known respondents by 5 p.m. on June 8, 2018.

J. Reservation of Rights

The City of Delta Junction reserves the rights to:

- Waive any defect, irregularity or informality in the proposal or proposal procedures.
- Accept or reject any proposal or portion thereof in whole or in part.
- Reject all proposals.
- Request additional information or require a meeting with firm representatives for clarification.



- Cancel, revise, and/or reissue this request for proposal.
- Negotiate with the respondents.
- Modify deadlines.

V. Proposal Requirements

Format your responses to each question in sections A through H below in the order given to facilitate comparisons between respondents.

A. Letter of Transmittal

Briefly state your firm's understanding of the work to be performed, the organization, and its accounting environment. Please include the names of the persons who will be authorized to make representations for your firm, their titles, addresses, and telephone numbers.

B. Firm Background, Organization, and Experience

1. Describe the organization, date founded, and ownership of your firm. Has your firm experienced a material change in organizational structure, ownership or management during the past three years and, if so, please describe.
2. Indicate if your firm has experience with state or local governments or nonprofit organizations.
3. Indicate if your firm has experience in the State of Alaska including state and local governments or nonprofit organizations.
4. Describe your audit organization's quality control program for audits and whether your audit organization has been the object of any disciplinary action during the past three years. Include a copy of the report on the results of your most recent peer review with your proposal.
5. Outline the errors and omissions (professional liability) and fidelity bond coverage your firm carries. Provide a valid, current Certificate of Insurance.
6. Identify the types of accounts primarily sought by your firm.
7. Provide an affirmative statement that the firm is independent of the City of Delta Junction as defined by auditing standards generally accepted in the United States. The firm should describe any professional relationships involving the City of Delta Junction for the most recent five-year period, together with a statement explaining why these relationships do not constitute a conflict of interest relative to performing the proposed audit. In addition, the firm shall give the City of Delta Junction written notice of any professional relationships entered into during the period of the contract.
8. Indicate if your firm is licensed to practice in Alaska.

C. Audit Approach

Describe your approach to the audit. This should include the following points:

1. Type of audit program used – specific to the entity under audit, standard government, or standard commercial.
2. Use of statistical sampling
3. Use of analytical procedures
4. Approach for obtaining your understanding of internal controls and assessing control risk
5. Approach for determining applicable laws and regulations to be tested for compliance
6. Use of IT audit specialists



7. Organization of audit team and approximate percentage of time spent on the audit at each staffing level
8. Typical assistance expected from City staff
9. Timeline for completing the audit within the specified deadlines
10. Approach to client-drafted financial statements and firm-drafted financial statements

D. Personnel

1. Identify and provide background information on the key personnel who take the most active role(s) in the administration and management of the firm.
2. Identify the engagement professionals (partner, manager, senior auditor(s), and staff) to be assigned to the audit. Identify the number of simultaneous engagements that are typically performed at each level.
3. Provide resumes and biographical information on key engagement professionals that will be directly involved in the audit. Include the number of years at your firm, total years of experience, and professional licenses and designations. Describe the experience in local government audits, including federal and state single audits, and grant compliance audits of each key engagement professional assigned to the audit, including years on each audit engagement and their position on each audit. Indicate the percentage of time the senior, manager / partner will be on-site.
4. Describe your firm's training and continuing education efforts to maintain professional certifications and stay informed of developments relevant to state and local governments.
5. Has there been any turnover of professional staff in the firm in the last three years assigned to public sector clients?
6. Identify the firm's policy for timeliness of response to client inquiries (i.e. respond to emails within 24-48 hours to acknowledge the inquiry)

E. Fees

The fees for the audit services requested in Section I-Scope should include separate components for the audit services provided, the federal single audit, the state single audit, and financial statement preparation. Be sure to include the following:

1. Rates for each staff level
2. Number of hours anticipated for each year
3. Out of pocket expenses for firm personnel for each year (e.g. travel, lodging, federal per diem rates)
4. Miscellaneous expenses to include report production, mailing, etc.

If it should become necessary for the City of Delta Junction to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform any additional work as a result of the specific recommendations included in any report issued on the engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the firm. Any such additional work agreed to between the City and the firm shall be performed at the same rates set forth above.

D. Additional Information

1. The proposal should include sample formats for the required reports.



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2. Provide any contract language your firm requests or requires to be included in a contract for this service.
 3. Describe the firm's business continuity plan, how often it is updated, and what assistance would be available to the government from the proposer.
 4. The proposer should request three clients to complete and submit the reference questionnaire noted in Appendix A.



AUDITING SERVICES RFP REFERENCE QUESTIONNAIRE

FOR:

(Name of proposer requesting reference)

This form is being submitted to you for completion as a business reference for the proposer listed above. This form is to be submitted with your proposal for Audit Services for the City of Delta Junction. Deadline for proposals: 4 p.m., June 15, 2018, and **must not** be returned to the company requesting the reference.

For questions or concerns regarding this form, please contact the City of Delta Junction Finance Officer, Stephanie Prestwich, via email sprestwich@deltajunction.us.

Company providing reference:	
<i>Contact name and title/position</i>	
<i>Contact telephone number</i>	
<i>Contact e-mail address</i>	

QUESTIONS:

- In what capacity have you worked with this proposer in the past?
COMMENTS:

- How would you rate this proposer's knowledge and expertise?
____ (3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)
COMMENTS:

- How would you rate the proposer's flexibility relative to changes in the project scope and timelines?
____ (3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)
COMMENTS:



4. What is your level of satisfaction with hard-copy materials produced by the company?
____ (3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)
COMMENTS:

5. How would you rate the dynamics/interaction between the company and your staff?
____ (3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)
COMMENTS:

6. Who were the company's principal representatives involved in your project and how would you rate them individually? Would you comment on the skills, knowledge, behaviors or other factors on which you based the rating?
(3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)

Name: _____ Rating: _____

Name: _____ Rating: _____

Name: _____ Rating: _____

COMMENTS:

7. How satisfied are you with the services and products developed by the proposer?
____ (3 = Excellent; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Unacceptable)
COMMENTS:

8. With which aspect(s) of this proposer's services are you most satisfied?
COMMENTS:

9. With which aspect(s) of this proposer's services are you least satisfied?
COMMENTS:

10. Would you recommend this proposer's services to your organization again?
COMMENTS:

Appendix B

City of Delta Junction Audit Schedules

1. Monthly bank reconciliations for all accounts
2. Investment reconciliations for all accounts
3. Accounts payable reconciliations
4. Accounts receivable reconciliations
5. Schedule of Expenditures of Federal Awards
6. State of Alaska Schedule of State Assistance
7. Payroll reconciliations
8. PERS allocations