

Request for Proposal for Professional Auditing Services

City of Independence
5409 Madison Pike
Independence, KY 41051

INTRODUCTION

1. General Information

The City of Independence (the City) is requesting proposals from qualified certified public accounting firms to audit its financial statements for the next three fiscal years beginning with the fiscal year ending June 30, 2021. The audit is to be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in the Government Auditing Standards (2018 Yellow Book) issued by the Comptroller General of the United States ; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance.

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Submission of a proposal does not constitute an agreement or contract with the City. All proposals become the property of the City, and will not be returned to the proposer.

To be considered, one (1) copy of the proposal must be received by Gina Gabbard, City Clerk at 5409 Madison Pike, Independence, KY 41051 by 1:00 pm on Monday April 26, 2021. The proposal must be sealed with the proposer's name and a description that the proposal is for Auditing Services marked on the outside of the envelope. Any proposals received after this date and time will be rejected.

The bid opening will be held on Monday April 26, 2021 at 3:00 pm in the council chambers of the City Building at 5409 Madison Pike, Independence, KY.

The City reserves the right to reject any or all proposals, to waive any non-material irregularities or information in any proposal, and to accept or reject any items or combination of items.

During the evaluation process, the City of Independence reserves the rights to request additional information or clarification from proposers, or to allow corrections of errors or omissions. At the discretion of the City of Independence, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

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

Following the selection of the firm, a recommendation will be prepared for review and approval by the City Council at its June 7, 2021 meeting.

2. Term of Engagement

It is the intent of the City to contract for the services presented herein for an initial term of three (3) years. The City of Independence reserves the right to withdraw the contract if the selected firm is not adhering to the audit performance requirements.

The proposal package shall present an all-inclusive audit fee for each year of the contract term with the additional services broken out separately in the proposals.

3. Subcontracting

Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of the City. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

BACKGROUND/INFORMATION RELEVANT TO SERVICES

1. The City of Independence is located in the heart of Kenton County, about 15 minutes south of downtown Cincinnati.
2. The City levies taxes on real property and tangible property, and levies an occupational fee on employees and businesses. The City also levies a franchise tax on utilities. The City does not levy an insurance premium tax. The City accepts most major credit cards as payment for taxes and fees. The City uses a lockbox for collection of property taxes.
3. The City has five governmental funds: General Fund, Municipal Road Aid Fund, Police Forfeitures Fund, Capital Acquisitions Fund, and Health Insurance Fund. The City does not have any proprietary funds. The City has no component units.
4. A Single Audit was required for the first time for fiscal year ending June 30, 2020; and will be also required for fiscal year ending June 30, 2021. This is primarily due to funding received under the CARES Act. The City was not required to have a Single Audit for any fiscal years prior to June 30, 2020. A copy of the audit for fiscal year 2020 is available at cityofindependence.org. Sufficient information is not yet available to determine if the level of federal funds to be expended for the fiscal years ending June 30, 2022 and 2023 will exceed the threshold that requires a Single Audit be performed.
5. The City prepares budgets for governmental fund types on the modified accrual basis of accounting.
6. Computer Systems - The accounting functions are computerized using Sage 2021 Desktop version, in a multi-user environment. The Finance Director, City Clerk and her staff are the only authorized users with the ability to make changes to the system. The City's Chief Administrative Officer and three Department Heads have read-only access to the accounting system. Property tax billing and collections are processed using Pontem software. The City Clerk and her staff are the only authorized users with access to this system.

7. Availability of Prior Reports and Work Papers – Rankin, Rankin & Company in Ft. Wright, KY conducted the City's most recent audit, for the year ended June 30, 2020. The work papers of the previous audits are the property of the previous auditor and may be reviewed by the successful Proposer.
8. The City will prepare working trial balances, an accounts payable list, bank reconciliations, worksheets, fixed asset records, and reconciliations of other asset and liability accounts. Any additional schedules that the audit firm would like City staff to provide should be identified in the firm's proposal.
9. The City of Independence has not experienced any recent changes to key accounting personnel. The City Finance Director was hired in 2003, and the City Clerk was hired in 2015. The Finance Director is Teresa F. Hudson, CPA. The City Clerk is Gina Gabbard. The principal functions performed by them are as follows: Accounting, Budgeting, Payroll (outsourced), Fixed Asset Management, Cash Management.
10. The City will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with internet access, access to a telephone, photocopying and FAX. Report preparation, editing, and printing shall be the responsibility of the auditor. Auditor shall provide the City with a total of three (3) hard copies of the audit plus a PDF of the audit.

11. TIME REQUIREMENTS for RFP

- i. The following is a list of key dates related to this RFP:
- ii. Request for Proposal Issued 4/5/2021
- iii. Due date for proposals, due by 1:00 PM 4/26/2021
- iv. Bid opening, at 3:00 PM 4/26/2021
- v. Proposal Review 4/26/2021-5/31/2021
- vi. Interviews TBD
- vii. Contract Awarded by City Council 6/7/2021

12. TIME REQUIREMENTS for Audit

Year-end field work may commence on or after September 15, 2021 and shall be completed by October 31, 2021. The auditor shall provide all drafts and recommendations for improvement to the Finance Director within a reasonable time period after the last day of fieldwork. The Finance Director will complete their review of the draft reports as expeditiously as possible. The auditor should be available for any meetings that may be necessary to discuss the draft audit reports. Once all issues of discussion are resolved, the completed audit shall be delivered to the Finance Director. It is the City's preference to have a draft of the audit completed by the auditor by the end of November and all reports finalized by the end of December. This will ensure a delivery of the final reports by January 15, 2022. (and subsequent years).

TECHNICAL REQUIREMENTS & AUDITOR QUALIFICATIONS

Technical Requirements

The purpose of the technical requirements is to demonstrate the qualifications, competence and capacity of the firm seeking to undertake an independent audit of the City in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than the form or manner of presentation. The 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 Proposal should address all points outlined in the request for proposals, including any cost information. The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of this request for proposals. While additional data may be presented, the following subjects must be included. They represent the criteria against which the proposal will be evaluated.

1. An affirmative statement should be included verifying the firm and all assigned key professional staff are properly licensed to practice in Kentucky.
2. The firm should provide an affirmative statement that it is independent of the City of Independence as defined by auditing standards generally accepted in the United States of America and the General Accounting Office's Government Auditing Standards.
3. To qualify the firm must have extensive experience in audits of local governments and Single Audits. The Proposer should state the size of 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 nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of staff to be so employed on a part-time basis. Staff consistency is an important consideration.
4. The Proposer is also required to submit a copy of a report on its most recent external quality control review (peer review), with a statement whether that quality control review included a review of specific government engagements (required by Government Audit Standards). In addition, the Proposer 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.

5. Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to this engagement. Include resumes, indicating whether each such person is registered or licensed to practice as a certified public accountant in Kentucky. Provide information on the government auditing experience of each person, 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. 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. Indicate how the quality of staff over the term of the agreement will be assured.
6. For the firm's office that will be assigned responsibility for the audit, list the most significant engagements performed in the last five (5) years that are similar to the engagement described in this request for proposals. Please provide a list of not less than five (5) client references, with contact information, from current and past governmental agencies for which services similar to those outlined in the RFP. The City reserves the right to contact any or all of the listed references regarding the audit services performed by the Proposer.
7. The proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses. The fee proposed for each year of the engagement should be separately stated for each fiscal year end (FYE 2021, 2022, 2023). The proposal should include the fees for both a Single Audit (if required) and a Yellow Book audit. The City will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.
8. The auditor shall provide the City current certificates of insurance before execution of the contract by the City. The insurance policies will provide coverage for Workers' Compensation, General Liability and Professional Liability.
9. The proposal should contain the audit firm's continuity plans for continuation of the audit in the event that key personnel assigned to the City's audit either leave the firm or become otherwise unavailable.

PROPOSAL REQUIREMENTS

Inquiries concerning the Request for Proposals must be made to:

Gina Gabbard, City Clerk
5409 Madison Pike
Independence, KY 41051
GGabbard@CityofIndependence.org
859-356-5302

The following material is required for a proposing firm to be considered:

- a. Title Page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.
- b. Table of Contents identifying the materials submitted by section and page number.
- c. Signed Transmittal Letter briefly stating the Proposer's understanding of the work to be done; the commitment to perform the work within the time period; and the name(s) of person(s) authorized to represent the Proposer, title, address, and telephone number.
- d. Detailed Proposal
- e. Completed and signed Summary Sheet, providing the name, title, experience and qualifications of the personnel who will be assigned to the project. Attachment "A".
- f. Complete the Certificate of Qualifications to the City of Independence. Attachment "B".
- g. Complete the acknowledgement of compliance for insurance requirements. Attachment "C"
- h. Proposer should send the completed proposal to the following address:

Gina Gabbard, City Clerk
5409 Madison Pike
Independence, KY 41051
GGabbard@CityofIndependence.org
859-356-5302

Attachment A
CITY OF INDEPENDENCE, KY
SUMMARY SHEET

Firm Name: _____

Firm Address: _____

Firm Telephone Number: _____

Firm Website: _____

Number of years in existence: _____

Management Contact (person responsible for direct contact with the City of Independence and auditing services required for this Request for Proposals):

Name: _____ Title: _____

Telephone Number: _____

Email: _____

Types of engagements Management Contact is responsible for:

Project Manager (Person responsible for managing the audit at the client site and preparation of the work papers):

Name: _____ Title: _____

Telephone Number: _____

Email: _____

Types of engagements Project Manager is responsible for:

Attachment B

CITY OF INDEPENDENCE, KY
CERTIFICATION OF QUALIFICATIONS

- 1 . The undersigned hereby submits its proposal and, by doing so, agrees to furnish service to the City in accordance with the Request for Proposals (RFP), and to be bound by the terms and conditions of the RFP.
2. This firm has carefully reviewed its proposal and understands and agrees that the City is not responsible for any errors or omissions on the part of the proposer and that the proposer is responsible for them.
3. It is understood and agreed that the City reserves the right to accept or reject any or all proposals and to waive any informality or irregularity in any proposal received by the City.

Name of Firm: _____

By: _____

Print Name: _____

Title: _____

Attachment C

CITY OF INDEPENDENCE, KY

ACKNOWLEDGEMENT OF COMPLIANCE WITH INSURANCE REQUIREMENTS FOR AUDITING SERVICES

Auditor agrees, acknowledges and is fully aware of the insurance requirements as specified in Insurance Requirements of the Request for Proposals for Auditing Services, and accepts all conditions and requirements as contain therein.

Firm:

Name (Please Print)

By:

Signature

Date:

This executed form must be submitted with the proposal