

CITY OF SACHSE, TEXAS

REQUEST FOR PROPOSALS

FOR

PROFESSIONAL AUDITING SERVICES

APRIL 24, 2012

3815-B Sachse Rd.
Sachse, TX 75048

CITY OF SACHSE, TEXAS
REQUEST FOR PROPOSALS
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CITY OF SACHSE, TEXAS
REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The City of Sachse is soliciting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending September 20, 2012, with the option of auditing its financial statements for each of the four (4) subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. General Accounting Office's *Government Auditing Standards* (2011), the provisions of the federal Single Audit Act of 1984, and U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

There is no expressed or implied obligation for the City of Sachse, Texas to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, three (3) sealed copies of the proposal, along with one (1) unbound original copy, suitable for reproduction must be received prior to 3:00 p.m. (local time), May 31, 2012. All copies of the proposal must be under sealed cover and plainly marked as "Professional Auditing Services Proposal" and delivered to Terry Smith, City Secretary, 3815-B Sachse Road, Sachse, TX 75048. The City of Sachse reserves the right to reject any or all proposals submitted.

During the evaluation process, The City of Sachse reserves the right, where it may serve the City's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions

The City of Sachse 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 City and the firm selected.

It is anticipated the selection of a firm will be completed by June 18, 2012. Following the notification of the selected firm it is expected a contract will be executed between both parties by June 22, 2012.

B. Term of Engagement

The term of the contract will be for one (1) year, with an optional renewal for four (4) subsequent fiscal year renewals, not to exceed a maximum contract period of five (5) years, subject to the annual review, the satisfactory negotiation of terms including a price acceptable to both the City of Sachse and the selected firm, the concurrence of the City of Sachse, City Council and the annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. General

The City of Sachse is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending September 30, 2012, with the option to audit the City's financial statements for each of the four (4) subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed

The City of Sachse desires the auditor to express an opinion on the fair presentation of its governmental activities, its business-type activities, its aggregate discretely presented component units, each of its major funds, and its aggregate remaining fund information in conformity with generally accepted accounting principles.

The auditor is responsible for assisting the City with the preparation of a Comprehensive Annual Financial Report (CAFR).

The auditor is not required to audit the combining and individual fund financial statements and supporting schedules. However, the auditor is to provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements.

The auditor is not required to audit the introductory section of the report or the statistical section of the report.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The auditor's assistance and consultation will be required in implementing new GASB and FASB statements at the earliest possible date, even if prior to the required effective date.

C. Auditing Standards to be Followed

The audit shall be performed in accordance with Generally Accepted Auditing Standards (GAAS) as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U. S. General Accounting Office's *Government Auditing Standards* (2011), the provisions of the Single Audit Act of 1984 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Additionally, if a single audit is required the work will be conducted in accordance with generally accepted governmental auditing standards to meet all federal grant audit requirements.

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue a report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.

Comprehensive Annual Financial Report (CAFR) – The auditor agrees to provide print-ready financial statements and audit opinion on or before January 11, 2013. The auditor also agrees to provide the City with a print-ready version of the CAFR in .pdf format to facilitate the printing of additional copies and posting the CAFR on the City's website.

The introductory and statistical sections of the CAFR will be prepared by the auditors, with assistance from City staff.

The auditor will compile and prepare all financial statements and schedules in the financial section of the CAFR.

The notes to the financial statements will be a joint effort of the City and the auditors, and will be prepared by the auditor.

The financial section of the CAFR will be prepared by the auditor.

E. Special Considerations

The Auditor should submit a list of requested client-prepared schedules to the City's Finance Department at an agreed upon date to facilitate the efficient and timely completion of the field work process.

The financial statements for the Sachse Economic Development Corporation are included as a component unit of the City. The Sachse Economic Development Corporation is included within the scope of the City's annual audit.

The City will submit its Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will be required to provide special assistance to meet the requirements of this program.

F. Work Area, Telephones, Photocopying and Facsimile Machines

The City will provide the auditor with reasonable work space that will allow for confidential discussions to take place, desk(s) and chairs. The auditor will also be provided reasonable access to appropriate telephones, photocopying and facsimile machines.

III. DESCRIPTION OF GOVERNMENT

A. Name and Telephone Number of Contact(s)

The auditor's principal contact with the City of Sachse will be Jeri Rainey, CPA, Finance Director and/or Teresa Savage, Finance Manager, who will coordinate the assistance to be provided by the auditor.

Inquiries regarding the RFP may be addressed by phone at 469-429-4772 or by e-mail at tsavage@cityofsachse.com. Inquiries should be conducted during normal business hours, Monday through Friday. Inquiries to any other person other than the person so named in this RFP may result in elimination of the proposal from any further consideration.

B. Background Information

The City of Sachse serves an area of 9.8 square miles located 20 miles northeast of downtown Dallas in Dallas and Collin Counties. The City's population is 20,570 based upon the latest census information. The City's fiscal year begins on October 1st and ends on September 30th.

More detailed information about the City and its finances can be found in prior CAFR and Budget documents. These, along with other information, are available on the City's website at www.cityofSachse.com.

C. Fund Structure

The City of Sachse uses the following fund types in its financial reporting:

<u>Fund Type</u>	<u>Number of Individual Funds</u>	<u>Number With Legally Adopted Annual Budgets</u>
General fund	<u>1</u>	<u>1</u>
Special revenue funds	<u>1</u>	<u>1</u>
Debt service funds	<u>1</u>	<u>1</u>
Capital projects funds	<u>1</u>	<u>1</u>
Enterprise funds	<u>1</u>	<u>1</u>
Internal service funds	<u>0</u>	<u>0</u>
Private-purpose trust funds	<u>0</u>	<u>0</u>
Investment trust funds	<u>0</u>	<u>0</u>
Pension trust funds	<u>0</u>	<u>0</u>
Agency funds	<u>0</u>	<u>0</u>

D. Basis of Budgeting

The City of Sachse prepares its budgets on the modified accrual basis of accounting for all funds. Depreciation is not budgeted in enterprise and internal service funds, and capital outlay is budgeted as an expense in enterprise funds.

During the fiscal year(s) to be audited, the City may receive grants from the Department of Justice or other federal as well as state agencies.

E. Pension Plans

The City participates in the Texas Municipal Retirement System.

F. Component Units

The City of Sachse is defined, for financial reporting purposes, in conformity with Governmental Accounting Standards Board's Codification of *Governmental Accounting and Financial Reporting Standards*, Section 2100. Using these criteria, component units are included in the City's financial statements.

The City reporting entity currently includes the Sachse Economic Development Corporation as a discretely presented component unit and the President George Bush Turnpike Reinvestment Zone Tax Increment Fund as a blended component unit in its CAFR.

G. Working Paper Retention and Access to Working Papers

Interested proposers who wish to review prior years' audit reports should contact the person so named in this request for proposals. The City will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

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.

IV. TIME REQUIREMENTS

The following is a list of key dates including the date proposals are due to be submitted (a similar time schedule will be developed for audits of future years if the City exercises its option for additional audits):

A. Proposal Calendar

Request for proposal Issued	April 23, 2012
Due date for proposals	May 31, 2012

B. Contract Award

Selection and Contract Award	June 18, 2012
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C. Audit Schedule

End of City's fiscal year	September 30, 2012
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Completion of audit field work and proposed adjusting entries submitted to the City	December 19-31, 2012
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Audit opinion, CAFR draft completed by auditor	January 11, 2013
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GFOA Certificate of Achievement for Excellence in Financial Reporting review checklist complete and responses to prioryear review comments complete and provided to the City.	February 15, 2013
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CAFR presented to City Council	February 21, 2013
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V. PROPOSAL REQUIREMENTS

A. General Requirements

Three (3) sealed copies of the proposal, along with one (1) unbound original copy, suitable for reproduction must be received prior to 3:00 p.m. (local time), May 31, 2012. All copies of the proposal must be under sealed cover and plainly marked as “Professional Auditing Services Proposal” and delivered to:

Terry Smith
City Secretary
3815-B Sachse Road
Sachse, TX 75048

Inquiries regarding the RFP may be addressed by phone at 469-429-4772 or by e-mail at tsavage@cityofsachse.com. Inquiries should be conducted during normal business hours, Monday through Friday. Inquiries to any other person other than the person so named in this RFP may result in elimination of the proposal from any further consideration.

B. Submission of Proposal

The following must be included in the unbound original and three copies of the proposal and is required to be received by May 31, 2012 for a proposing firm to be considered:

Title Page showing the request for proposals subject; the firm’s name; the name, address, phone number and e-mail address of the contact person; and the date of the proposal.

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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, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm irrevocable offer for ninety (90) days.

The proposer shall include a dollar cost bid.

C. 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 City of Sachse 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 dollar cost bid). The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items must be included. They represent the criteria against which the proposal will be evaluated:

Independence – The firm should provide an affirmative statement that it is independent of the City of Sachse including all component units of the City as defined by generally accepted auditing standards.

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

Firm Qualifications and Experience – The proposer 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 nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be employed on a part-time basis.

The firm is also required to submit a copy of the local office's most recent peer review and its status under the AICPA peer review program.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Similar Engagements With Other Government Entities – The proposer should provide a list of local government clients served in the past five (5) years by the local office. Current clients should be identified with contact name, e-mail address and telephone number for each.

Pending and Settled Litigation – Describe all major pending and settled litigation

of the firm during the past three (3) years. Please identify any litigation involving the local office.

Disciplinary Action – Describe any disciplinary action imposed on the local office by the AICPA, state board, state society, or SEC during the past three (3) years.

Joint Venture – If proposer is a joint venture, the qualifications of each firm comprising the joint venture should be separately identified and the firm that is to serve as the principal auditor should be noted.

D. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed to perform the services required. In developing the work plan, reference should be made to such sources of information as the City of Sachse's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

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

Proposed segmentation of the engagement

Level of staff and number of hours to be assigned to each proposed segment of the engagement

Extent of use of EDP software in the engagement

Type and extent of analytical procedures to be used in the engagement

Approach to be taken to gain and document an understanding of the City's internal control structure

Approach to be taken in determining laws and regulations that will be subject to audit test work

Approach to be taken in drawing audit samples for purposes of tests of Compliance

E. Sealed Dollar Cost Bid

Total All-Inclusive Maximum Price – The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal.

The cost to perform a Single Audit (if applicable) should be shown separately from the cost to audit the general purpose financial statements. The total all-inclusive (not to exceed) maximum price to be proposed is to contain all direct and indirect costs, including all out-of-pocket expenses.

The City of Sachse 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.

F. Additional Professional Services

If it should become necessary for the City to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this 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 as specified herein.

G. Method of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's cost proposal. Interim billings shall cover a period of not less than a calendar month.

H. Warranties

Proposer warrants that it is willing and able to obtain an errors and omission insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employee or agencies thereof.

Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the City.

VI. EVALUATION PROCEDURES

A. Review of Proposals

Proposals will be evaluated by the Finance Department and if necessary interviewed by City Staff and the City Manager. City staff will review the submitted proposals very carefully. The recommendation will be based on the proposal determined to be most advantageous to the City and the taxpayers.

While the City desires to achieve a cost effective audit, the emphasis is on quality, not fees. However, the estimated fees and proposed hourly rates will be a major factor in determining which firm to recommend to the City Council.

B. Additional Evaluation Criteria

The audit firm is independent and licensed to practice in the State of Texas.

The audit firm's professional personnel have received adequate continuing professional education within the preceding two (2) years.

The firm has no conflict of interest with regard to any other work performed by the firm for the City.

C. Final Selection

The final appointment of an audit firm will be made by the Sachse City Council.

It is anticipated that a firm will be selected by June 18, 2012. Following notification of the firm selected, it is expected a contract will be executed between both parties by June 22, 2012.

D. 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 City of Sachse and the firm selected.

The City of Sachse reserves the right without prejudice to reject any or all proposals.