

CITY OF WESTBROOK
REQUEST FOR PROPOSALS
FOR
PROFESSIONAL AUDITING SERVICES
FEBRUARY 2013

2 YORK STREET
WESTBROOK, MAINE 04092

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CITY OF WESTBROOK
REQUEST FOR PROPOSALS

1. INTRODUCTION

The City of Westbrook is requesting proposals from qualified firms of certified public accountants for auditing and related services for a three year period, beginning with the fiscal year ending June 30, 2013. The City of Westbrook reserves the right to extend the contract as it expires a year at a time up to and including a total of five years, if mutually agreeable and the successful bidder agrees to the same terms and prices. Financial statements to be issued by the city will include City of Westbrook general purpose financial statements and Westbrook School Department statements. The audit firm is also required to perform the audit so as to satisfy the audit requirements imposed by the Single Audit Act OMB A-133, when applicable.

These audits are to be performed in accordance with auditing standards generally accepted in The United States of America, Government Auditing Standards issued by the Comptroller General of the United States, the laws of the State of Maine, provisions of the Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and Maine Uniform Accounting and Auditing Practices for Community Agencies.

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

All inquiries concerning the request for proposals should be addressed to Alicia Gardiner, Comptroller for The City of Westbrook at (207) 519-8104, or via e-mail at agardiner@westbrook.me.us.

To be considered, seven (7) copies of a proposal must be received by the City of Westbrook, City Clerk, at 2 York Street, Westbrook Maine 04092 by 4:00 P.M., Friday, March 15, 2013. Proposals received after that date and time will not be accepted. The City of Westbrook reserves the right to reject any or all proposals submitted.

2. NATURE OF SERVICES REQUIRED

A. General Information

The City of Westbrook is a municipal corporation of the State of Maine with a population of approximately 17,000 and a general fund gross appropriation for fiscal year 2012-13 of \$54,000,000. The most recent audit of the City was performed in 2012 for fiscal year ended June 30, 2012. The municipal audit includes the Westbrook School Department.

B. Fund Structure

The accounting system of the City consists of a general ledger and related subsidiary ledgers. Separate self-balancing funds are maintained for the City General Fund, General Fund Reserve Funds, Special Revenue Funds, Capital Project Funds, Enterprise Funds, Fiduciary Funds and Permanent Funds.

C. Federal Assistance and Single Audit

During the fiscal year ended June 30, 2012, the City of Westbrook expended \$2,400,000 in federal financial assistance, passed through the State of Maine, for various programs. The City will expect the auditing agency to identify and report, in the audit, applicable funding sources in conformance with the requirements of the Single Audit Act.

D. Scope of Work

1. The City of Westbrook desires an examination of its basic financial statements, conducted in accordance with generally accepted auditing standards, for the purpose of providing an opinion on those statements. The City of Westbrook also desires an examination of its expenditures of Federal Awards, as required by *Government Auditing Standards* and OMB Circular A-133.
 - a. Reports required by applicable standards, laws, common practice, and rules and regulations are expected.
 - b. Final reports are to be prepared and completed no later than November 30th following the fiscal year end, unless otherwise mutually agreed upon.
2. The Accounting Department staff will provide all necessary trial balances, budget reports, bank statements, accounts receivable schedules, accounts payable schedules and other supporting documentation as necessary to properly support the financial statements. Requests for information will be made in a manner that will provide sufficient time to compile while the Finance staff continues their daily activities. If the auditor feels a no previous notice procedure should be performed, the City requests the activity be coordinated through its City Administrator or Superintendent of Schools when possible.

E. Auditing Standards to Be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepting auditing standards, *Government Auditing Standards*, the Single Audit Act of 1984, as amended in 1996, and Maine Uniform Accounting and Auditing Practices for Community Agencies.

F. Reports and Communication

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

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards.
2. A report on compliance and internal control over financial reporting based on the audit of the financial statements performed in Accordance with *Government Auditing Standards*.
3. A report on compliance with requirements applicable to federal programs and internal control over compliance in accordance with OMB Circular A-133 (including report on schedule of expenditures of federal awards).
4. The auditor shall communicate in a letter to management any material weaknesses and/or reportable conditions found during the audit. Definitions of these conditions shall be consistent with professional practice.
5. Other conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report(s) on compliance and internal controls.
6. The reports on compliance and internal controls shall include all instances of noncompliance.
7. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts.
8. Any reports required by the Maine Uniform Accounting and Auditing Practices for Community Agencies and the Maine Department of Education in any given year.

G. Additional Services

1. The firm is expected to provide the municipality with information on current developments and professional pronouncements, which could affect its financial operations and management.
2. The City may also require consultation on a variety of auditing, financial reporting, accounting and payroll-related issues, which arise during the year.
3. The firm shall agree to provide copies of its working papers to the City upon request.
4. One (1) unbound hard copy of each report and an electronic version of same is to be provided to the City, as well as twenty (20) bound copies of each.
5. The firm shall file the Municipal Audit Procedural Form and a copy of the auditor's report with the State Department of Audit and Department of Education within thirty (30) days after completion of the audit.
 - a. The firm shall also file such other reports as requested by the City.
6. The firm will complete all necessary sections of the Federal clearinghouse Form SFSAC and submit such reports.

3. DESCRIPTION OF THE GOVERNMENT

A. Payroll Information

The City of Westbrook had a gross payroll of \$27,952,157 for 2012 which includes \$19,435,396 for the Westbrook School Department (652 employees) and \$8,516,761 for the municipal operations (456 employees).

B. Magnitude of Finance Operations

The City's financial operations are managed by their Comptroller with oversight of the school department finances managed by their Director of Operations. Overall, the financial operations are supported by six full time employees and two part time employees. The principal functions performed and the number of employees assigned to each is as follows:

| Function | Number of Employees |
|-------------------------------|---------------------|
| Payroll Division | 1.5 |
| Payables/Receivables Division | 1.5 |
| General Accounting | 4.0 |

C. Computer Systems

1. The City of Westbrook is currently using AccuFund Software for General Ledger, Payroll, Payables, General Billing and, Misc. Cash Receipting. The City uses TRIO for Tax Billing.
2. The Westbrook School Department is currently using ADS software for General Ledger, Payroll, and Payables.

D. Availability of Prior Audit Reports

Interested proposers who wish to review prior years' audit reports and management letters should contact Alicia Gardiner, Comptroller at 2 York Street, Westbrook, Maine 04092, (207) 591-8104. The City of Westbrook will use its best efforts to make prior audit reports available to proposers to aid their response to this request for proposals.

4. Miscellaneous

A. The Firm will make a general presentation exit conference at the request of the City's Elected Officials.

B. All firms acknowledge and understand that the City will not pay for any cost incurred by firms in connections with the preparation or submission of a proposal.

C. The City of Westbrook reserves the right without prejudice to reject any and all proposals, should it be deemed in the best interest of the City to do so, and to make the award which, in its judgment, will best meet the needs of the City, as expressed in this RFP. The final award decision rests with the Westbrook City Council and Westbrook School Committee.

D. 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 of Westbrook and the firm selected.

E. Pursuant to the state freedom of access act, all firms understand that proposals, once submitted to the City, are public documents and are available for inspection by any interested parties.

5. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

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 auditor.

B. Work Area, Telephones, Photocopying and FAX Machines

The City of Westbrook will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to telephone lines, photocopying facilities and FAX machines for any purpose related to the City's audit.

C. Report Preparation

Report preparation, editing and printing shall be the responsibility of the auditor.

6. EVALUATION PROCESS

A. Audit Committee

Proposals submitted will be evaluated by an Audit Committee consisting of the Comptroller, two Accountants, City Finance Chair, Director of Operations and School Finance Chair.

B. Review and Evaluation of Proposals

The Audit Committee shall review and evaluate proposals according to the following criteria:

- Adequacy of Firm Qualifications
- Experience and expertise of proposed staff
- Ability to meet deadlines/adequacy of time budgets
- Knowledge of local governmental accounting practices in Maine
- Cost of services

Price will not be the sole determinant in the selection process. The City of Westbrook wishes to select an auditing firm that can best demonstrate its ability to provide quality and value added services, both at a competitive price.

As part of the review and evaluation process, the Audit Committee may, at its discretion, request any, or all, audit firms to make oral presentations. Such presentations will provide the audit firm with an opportunity to answer questions that the Audit Committee may have regarding the proposal. Not all firms may be requested to make oral presentations.

The Comptroller will make a final recommendation to the City Council and School Committee, who will make the final decision. Following selection, the successful bidder will be notified and will enter into a contract with the City. The contract will be based on the provisions of this RFP and will describe the terms and conditions under which the audit firm will be appointed, assigned tasks and compensated.

7. RESPONSE FORMAT

In order to facilitate the evaluation and comparison of all proposals, please organize and label your response in the same order as presented in the Statement of Qualifications below. A letter of transmittal should state the firm's understanding of the scope of the audit and contain a firm commitment to meet the audit specifications within the stated time period(s). The letter should also identify the name and position of the person who is authorized to bind the firm to a contract.

Seven (7) copies of your proposal must be submitted in sealed envelopes marked "INDEPENDENT AUDIT PROPOSAL" and submitted to:

City of Westbrook
City Clerk
2 York Street
Westbrook, Maine 04092

Proposals must be received at the above address not later than 4:00 PM on March 15, 2013 at which time proposals will be publicly opened and read. It is the bidder's sole responsibility to ensure that the proposal is physically submitted to the City prior to the time and date specified. Questions on the RFP can be addressed to the Comptroller or Accountant at (207) 854-9105.

8. STATEMENT OF QUALIFICATIONS

A. Accounting Firm Qualifications

The City considers it essential that the selected accounting firm be recognized as having extensive experience and expertise in the area of **both municipal and school** accounting and auditing. In order to assist in evaluating expertise, the firm's municipal background and qualifications should be presented.

1. Please provide a general profile of the firm, including information regarding:
 - a. The location of the office from which the audit is to be conducted;
 - b. The number and positions of the various professional staff located at that office;
 - c. The range of services performed by that office, such as audit, accounting, tax and management services.
2. Please indicate the number of municipal and school clients your firm currently serves indicating the services provided and the clients' location.
3. For municipalities and schools for which auditing services are provided, indicate the client name, client contact, total adopted budget (most recently audited), engagement partner, and senior/in charge assigned.

4. Briefly describe your firm's municipal practice, including anticipated major accounting and financial issues facing the municipalities over the next three (3) years. Indicate how your firm is prepared to assist the City with these issues.
5. Briefly describe the municipal-related training programs offered to your staff.

B. Audit Services

Very briefly describe your firm's audit approach used to ensure a comprehensive and cost effective municipal audit.

Please identify by name who will be assigned to the audit, i.e., the engagement partner, secondary partner, manger, supervisor, and senior and staff auditors. Identify how the firm will notify the City of any change in staff assigned to the City's audit.

For each individual, at senior level or above, indicate the number of years of governmental auditing experience, experience with compliance audits, and include their resumes.

C. Timing of Audit Work

Assuming your firm's appointment, provide a timetable of the major events for completion of the June 30, 2013 audit through delivery of your final reports. Please identify any concerns or obstacles.

D. Proposed Fee

Indicate the maximum total fee your firm will charge for the audit services outlined. The City expects the fee to be a not to exceed figure, and also requests that the total price be allocated between City and School.

a. The final payment shall become due only after the submission of all reports required or requested by the City. Should the firm encounter circumstances requiring a change in the scope of the audit, written notice to that effect must be given to the City. The engagement can then be modified by mutual agreement of both parties as to additional work and compensation.

b. Progress payments will be made on the basis of hours of work, and estimated percent of completion. The City will retain 25% of the engagement fee until delivery of Final Report.

E. General

Briefly describe any other information that might be helpful in evaluating your firm with regard to this request for proposal.