

CITY OF POWDER SPRINGS
REQUEST FOR PROPOSALS FOR AUDIT SERVICES

1.0 INTRODUCTION

1.1. PURPOSE OF REQUEST FOR PROPOSALS (RFP)

City of Powder Springs intends to award a one-year contract for performance of audit services, with an option to extend up to five additional years awarded annually. To that end it requests proposals from qualified firms to examine and state an opinion on its financial statements for its fiscal years 2018 through 2022. The City's fiscal year runs from July 1 through June 30.

1.2 GENERAL INSTRUCTIONS

The City expects to award the contract for audit services according to the following schedule:

November 30, 2017	Pre-Proposal Conference (Attendance Recommended)
December 21, 2017	Due Date for Proposals
January 16, 2018	Recommendation to Mayor and City Council

The Pre-Proposal Conference will be held at 3:00 p.m. on November 30, 2017 in the second floor Conference Room in City Hall at 4484 Marietta Street, Powder Springs. The Finance Director and other relevant officials will be available to answer questions about the City and its accounting system and procedures. At the end of that meeting, firms may schedule on-site inspections, if they wish to do so. Any questions that arise after the meeting and inspections must be directed in writing to Diana Belanger, Finance Director at 4484 Marietta Street, Powder Springs, GA 30127 or faxed to 770-293-0103. The deadline for submittal of questions is December 11, at 5:00 PM. All interested parties will be answered in the form of an addendum that will be sent to all parties on record as receiving the Request for Proposal.

Please submit the original and four copies of the bid.

All bids will be received until 12:00 noon on December 21, 2017 at City of Powder Springs City Hall, 4484 Marietta Street, Powder Springs, GA 30127. No bids will be accepted after the 12:00 noon deadline. Please indicate clearly on the front of the bid package that this is a bid for audit services.

Bids will be opened at 2:00 pm December 21, 2017 in the second floor conference room at City Hall.

Evaluation of proposals and selection of the recommended firm will be carried out by a committee. The committee recommendation will be taken to the Mayor and City Council who must approve the award of a contract. Firms will be evaluated initially on the basis of the written proposals submitted. Further evaluations may include an oral presentation to the Committee by the firm or firms deemed most responsive to the RFP.

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Consideration will be given, but not limited to, the following criteria in evaluating the responsiveness of each proposal:

- **Staffing:** Qualifications and technical competence of the firm and of the proposed audit personnel.
- **Performance:** Experience and past performance of the firm and its proposed personnel on local government audits of similar or greater size and complexity, including such factors as quality of work, control of cost, ability to meet schedule and record of the firm for quality work, as evidenced by quality control reviews and client references.
- **Firm Expertise/Experience:** Experience of the firm and its proposed personnel in preparing Comprehensive Annual Financial Reports under the requirements of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting.
- **Availability:** Capacity of the firm to absorb the work while meeting quality standards, using a realistic estimate of time requirements.
- **Financial Stability:** Financial stability of the submitting firm.
- **Approach:** Understanding expressed of the City's audit scope, objectives and requirements, and technical soundness of the audit approach to be used to achieve them.
- **Cost:** While cost is always a consideration, it is not the only important criterion in this evaluation. The quality of the audit is of paramount consideration; the City is seeking a high quality audit performed in a cost-effective manner.

1.3 TERMS AND CONDITIONS

The City will not be responsible for any costs incurred by any firm in preparation of a response to this RFP.

The City reserves the right to request clarification of information submitted and to request additional information of one or more applicants.

By submitting a proposal, a firm certifies that it has fully read and understood this RFP, has reviewed the 2016 CAFR that is available on the City's website: <http://www.cityofpowdersprings.org/112/Financial-Reports> a copy of the 2016 CAFR will be made available upon request to those firms not wishing to access via the internet.

Any proposal submitted shall constitute an irrevocable offer, for a period of 120 days, to provide to the City the proposed services at the proposed compensation.

The audit firm selected must present proof of professional liability insurance, covering wrongful acts including errors and omissions, in a minimum amount of \$1,000,000 with the city as the named insured. If the firm wishes to suggest an alternate arrangement, it must be clearly specified in the proposal and both alternatives must be costed. The audit

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firm must also provide a certificate of insurance showing that the firm has worker's compensation insurance in place.

The City reserves the right to reject any or all proposals, to waive any informality in a proposal, to call for new proposals, or to award the contract to the next most qualified proponent if the selected firm does not execute a contract within thirty days after its notification of the award to its proposal.

The RFP and the qualifications and proposal submitted by the successful firm will become part of a written contract between the City of Powder Springs and the firm. The contract shall be on forms either supplied by or approved by the City. The City of Powder Springs reserves the right to reject any contract that does not conform to the RFP or to any City requirements for agreements and contracts.

The contract for audit services will be for a period of one year(s), with the option to renew annually for an additional four years. The City reserves the right to terminate the contract, for its convenience, by giving the audit firm 90 days written notice. The firm will be paid for its services through the effective date of termination.

If the audit firm shall fail to fulfill its obligations in a timely and proper manner, the City shall have the right to terminate the contract upon 30 days written notice to the firm. In such case, the firm shall be paid only for work satisfactorily completed.

The audit firm shall not assign any interest in the contract and shall not transfer any interest in the same without prior written consent of the City. The firm shall not subcontract any part of the audit without prior written consent of the City.

All replacement personnel to be assigned by the audit firm to perform services to the City are subject to approval by the City. Replacement personnel should have education and experience equivalent to the individual whom they replace, or at least of a level sufficient, in the City's judgment, to perform their duties well. Resumes of replacement personnel are to be submitted to the City for review, and the City reserves the right to interview replacement personnel prior to approving them. Replacement personnel are to be given thorough review and training on City systems and operations prior to their assignment. This preparation is to be performed by experienced audit firm personnel at no charge to the City.

The City may, at any time during the contract period, make changes within the general scope of the contract and its technical provisions. If such change causes any increase or decrease in the audit firm's cost of performance, an adjustment will be made in contract price, or in time allowed for performance, or both, and a written memorandum of such adjustment shall be made. Any claim by the firm for such an adjustment must be made in writing and prior to proceeding with the service for which an adjustment is requested. Nothing in this clause shall excuse the firm from proceeding with performance of this contract in accordance with its original terms and conditions and any approved changes.

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2.0 GOVERNMENT ENTITY TO BE AUDITED

2.1 DESCRIPTION OF CITY OF POWDER SPRINGS

The City of Powder Springs is governed by the Mayor and a five-member City Council. The Mayor and two Council members are elected city wide and the remaining three Council members are elected by separate wards. The City is administered by a City Manager who reports directly to the Mayor and Council. The Manager directs and oversees the activities of the appointed City Department heads.

The City of Powder Springs is a small community within Cobb County with approximately 14,000 citizens. There are currently 83 full-time and 3 part-time authorized employee positions in Powder Springs. In 2016 the City's net assets totaled 37.7 million dollars and revenues totaled over \$14 million.

The City Hall is located downtown as is the Community Development Building, the Ford Center, the Senior Center and the Museum. Public Works facilities are located just north of downtown and the Police Station is located on Richard Sailors Parkway. The 2016 CAFR contains additional information about the City, particularly in the Transmittal Letter, Management's Discussion and Analysis, and Statistical Section.

2.2 DEFINITION OF THE CITY OF POWDER SPRINGS'S GOVERNMENT ENTITY

The entity to be audited includes all departments directly under the Mayor and City Council.

The entity does not include any Cobb County schools, hospitals, County agencies, or independent authorities, as they are independent agencies.

The City contributes to the Georgia Municipal Employees Benefit System, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the state of Georgia.

2.3 ACCOUNTING SYSTEM AND RECORDS

The City's accounting records are maintained through software systems developed by Edmunds & Associates, Inc. This governmental system is a fully integrated accounting system that includes purchasing, budgeting, grants and projects accounting, inventory management, fixed assets, human resource management, payroll, utility and tax billing, and accounts receivable.

The City's accounting records are maintained on the accrual or modified accrual basis, and the City makes every effort to record all payables and receivables existing at year-end. The Accounts Payable System is operated in a dual-year processing mode for six weeks following year-end with all payments for old year services charged directly to the old year. The Edmunds System is operated in the dual-year mode for an up to three months, allowing additional prior year payments to be journalized to the old year by City staff. City staff is instructed to remain on the watch for prior year transactions even after the Edmunds System is closed, and to provide information on them to the auditors. The

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City adopts fund budgets on a basis consistent with generally accepted accounting principles. It is the goal to liquidate all encumbrances at year end, however, if not possible, these encumbrances are rolled over to the following year along with the allocated budget amounts.

The Finance Director is responsible for maintaining the City's accounting records, as well as for the Treasury function. The Finance Director is also responsible for audit coordination, and will meet on a weekly basis with audit staff as needed. The Accounting staff will also be available as needed to confer with audit staff, answer questions, ensure that necessary information is provided to the auditor on a timely basis, etc. All Finance Department personnel are instructed that assistance to audit staff and meeting audit schedule deadlines are high priorities.

The City of Powder Springs Finance Department is constantly seeking better more efficient ways of implementing its policies and procedures. We are continually seeking ways to improve, and it is important that the City's audit firm be prepared to actively participate in the improvement process. The City welcomes constructive suggestions, both during the audit and in the management letter.

Additional information about the City's accounting policies is contained in the Notes to Financial Statements in the CAFR.

2.4 ASSISTANCE AVAILABLE TO AUDITORS FROM CITY STAFF

City staff will prepare confirmation letters, following the format provided by the auditors, to banks, paying agents, and grantors. City staff will prepare supporting detail schedules for General Ledger account balances. They will prepare reconciliations of Due To and Due From accounts and Interfund Transfer accounts among funds. City staff will pull and refile requested documents, including journal entries and accounts payable vouchers. Adequate audit workspace will be provided in close proximity to accounting records. The auditors will have access to a computer to view the Financial System software, wireless internet access, copiers, telephone, and facsimile equipment.

The auditors will be provided with their own copies of Edmunds (MCSJ Accounting System) reports, including Fund Trial Balances; year-end expenditure, and revenue summaries by Fund; expenditure, revenue, and general ledger activity details covering the entire fiscal year.

Prior year audit reports and working papers can be made available to the auditors. Management letters from prior years can be made available.

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3.0 SCOPE OF SERVICES TO BE PROVIDED

3.1 TYPE OF AUDIT AND AUDIT OBJECTIVES

Proposals are requested for an examination and expression of opinion on the fair presentation of the basic financial statements in conformity with generally accepted accounting principles (GAAP). The examination must be performed in accordance with generally accepted auditing standards (GAAS) as set forth by the American Institute of Certified Public Accountants, the Single Audit Act Amendments of 1996, the provisions of OMB Circular A-133, and the Government Auditing Standards issued by the United States General Accounting Office. It must also meet the requirements of the applicable laws of the State of Georgia.

The auditor is not required to audit the supporting schedules contained in the comprehensive annual financial report. However, the auditor is to provide an "in-relation-to" report on the supporting schedules based on the auditing procedures applied during the audit of the basic financial statements. The auditor is not required to audit the statistical section of the report. The auditor shall be responsible for performing certain limited procedures involving supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards. The auditor is not required to audit the Schedule of Federal Financial Assistance. However, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

3.2 PREPARATION OF FINANCIAL STATEMENTS

The City intends to issue annually a Comprehensive Annual Financial Report (CAFR) prepared in accordance with generally accepted government accounting principles and all applicable federal and state requirements. It will submit each CAFR to the Government Finance Officers Association Certificate for Achievement for Excellence in Financial Reporting Program, and expects to receive the award each year, as it has done for the years 2012 - 2016.

The audit firm engaged will be responsible for preparation of the CAFR. City Finance Department staff is responsible for compiling the Statistical Section, Managements Discussion and Analysis, and the Transmittal letter. The audit firm may oversee the printing of the CAFR, if preferred.

Throughout the contract period the auditor shall advise the City on implementation of new accounting standards as promulgated by authoritative bodies. The auditor shall also give advice to the City on specialized accounting questions that may arise. The City acknowledges its responsibility for the reliability, accuracy, and completeness of all financial preparations

3.3 REQUIRED AUDIT REPORTS

The City will require the following reports for each year of the audit contract:

- A report on the fair presentation of the basic financial statements in the CAFR.

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- A report on the Schedule of Federal Financial Assistance, and all reports on compliance and internal control necessary to meet the Single Audit Act Amendments of 1996 and OMB Circular A-133, if this report is required in any given year.
- A report on compliance and on internal controls over financial reporting based on an audit of financial statements performed in accordance with government auditing standards.
- An Audit Progress Report to be made each week to the City's Finance Director by the audit manager or senior. (The report will update the City on areas covered during the week, findings in those areas and any recommendations for improvements.) When the audit of a Fund is completed, that week's Progress Report is to include a copy of any Adjusting Journal Entries (AJEs) found to be required in that Fund. AJEs must specify amounts to be adjusted by unit, account and project number, and a detailed description of the necessity of the entry.
- Recommendations for improving the City's accounting procedures, internal accounting controls, and related areas. Recommendations should be developed by the auditor during the course of the examination. Areas in need of improvement should be communicated verbally during the weekly meetings described above. Within thirty (30) days after the CAFR and the Single Audit are issued, the findings and the recommendations for improvement should be summarized in a draft report (management letter). Three copies of the draft are to be delivered to the Finance Director, who will have a work plan prepared to address the recommendations. Drafts of the management letter and work plan will be submitted to the City Manager. Following their review the auditors will participate in a conference to discuss the management letter and the work plan drafts. The auditors will then present the management letter to the Mayor and City Council in a regularly scheduled meeting or work session.

3.4 REQUIRED AUDIT TIME SCHEDULE

Please note that work under this proposed contract begins for fiscal year 2018.

Powder Springs' fiscal year runs from July 1 through June 30. For each fiscal year the audit is to be scheduled so that the CAFR is in print by November 30th of that year. Submission of the CAFR to GFOA and the State Auditor's office will be no later than December 31st.

The Single Audit compliance reports will be included in the November printing of the CAFR, if required.

Audit working papers are to be retained for at least five years and are to be made available for examination by authorized representatives of City of Powder Springs and other governmental agencies. Working papers are also to be available for review by successor auditors, and the audit firm shall respond to reasonable inquiries from a successor firm.

4.0 TECHNICAL QUALIFICATIONS AND APPROACH

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Section 5 provides a standard format for your firm's use in addressing each of the following areas. You may replicate the form on your word processor and use the additional copies of a form if necessary. Submittals that do not follow this format will be considered non-responsive. If your submittal includes any suggested alternative terms and conditions, they must be clearly spelled out in an accompanying memo.

4.1 GENERAL INFORMATION

4.2 QUALIFICATIONS OF FIRM

Submittals should provide information about the firm and should address the qualifications and depth of experience of the firm's local office in conducting governmental audits; including Single Audits and CAFR preparation (please identify GASB-34 CAFR preparation experience). It is mandatory that a proponent be properly licensed for public practice in the State of Georgia as a Certified Public Accountant, and that a proponent meets the independence requirements of the GAO Audit Standards.

4.3 QUALIFICATIONS OF LOCAL OFFICE STAFF TO BE ASSIGNED TO AUDIT

Submittals should address the qualifications and experience of each senior and higher level person to be assigned to the audit. Qualifications include education, certification, special training and professional activity. Experience should be quantified by degree of responsibility as well as number of years.

Please note that the City has requested information on each senior or higher level person to be assigned to the audit. If your firm is not yet ready to make an assignment, you should give information on current staff that may be assigned. At a time closer to the audit, replacements may be made, subject to the provisions stated in Terms and Conditions on Page 4.

4.4 APPROACH TO AUDIT

Proposals should describe the approach that the firm would use in performing the City's annual audit and single audit. Address the type of audit program, statistical sampling techniques, and analytical procedures that will be used. Also discuss the proposed organization of the audit team and segmentation of the engagement, including estimated time to be spent on each segment by each level of staff. Include information on assistance expected from City staff, and a preliminary schedule in accordance with Section 3.4.

Also, use this section to address your firm's understanding of City of Powder Springs's objectives and requirements for the audits and CAFR preparation. Explain how your firm's audit approach would meet those objectives and requirements.

4.5 CLIENT REFERENCES

Submittals should provide the names and telephone numbers of previous and/or current governmental clients whom the City may contact for a candid appraisal of the firm's services. The most effective references will come from entities, comparable in size to Powder Springs, for which your firm has provided services very similar to those the City

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is requesting. Indicate those governmental clients for whom you have prepared CAFRs and which of those CAFRs have received the GFOA Certificate of Achievement.

4.6 RECORD OF FIRM

Submittals should address the firm's participation in quality-control programs, either AICPA-sponsored or comparable. Include the results of peer reviews during the past three years, and a description of any regulatory action taken by any oversight body against the firm and/or its staff in the last three years.

4.7 COMPENSATION: FEES

Proposals should clearly outline the firm's hourly fee structure and the maximum hours to be billed for the City's financial audit and single audit. Make any additions necessary to the format to give a complete picture. Advise if these rates will apply to any additional work that might be requested by the City. If not, show the rates that would apply for additional work. Also, indicate any rate increases to be made during the life of the contract.

4.8 COMPENSATION: REIMBURSABLE EXPENSES

Proposals should clearly indicate any other charges that might be made in conjunction with audit services. Indicate any rate increases to be made during the life of the contract.

4.9 COMPENSATION: TOTAL COST OF SERVICES

Proposals should clearly state the not-to-exceed amount to be charged for each year of the potential five-year audit contract. Make any additions necessary to the format to give a complete picture.

4.10 SAMPLE OF WORK

Enclose one copy each of a CAFR and a Single Audit Report that demonstrate the firm's performance on a local government engagement comparable to Powder Springs.

4.11 FINANCIAL STATEMENT

Please provide a copy of your firm's most recent financial statements.

4.12 ADDITIONAL INFORMATION

Proposals may include any other information about your firm that you believe would be relevant to the City's selection of its auditor for the Fiscal Years 2013-2017. You may use your own format for this information. Please head it 5.10 ADDITIONAL INFORMATION.

5.0 REQUIRED FORMATS

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The required formats are listed in the Table of Contents and referenced in Section 4.0.
They appear on the following pages.

5.1 GENERAL INFORMATION

1. Name of Firm:

2. Address of Firm Headquarters:

3. Address of Local Office:

4. Primary Contact Person(s) at Local Office:

_____ (Tel)

_____ (Tel)

5. Number of Employees:

Firm: Total__ Government Audit Staff

Local Office: Total__ Government Audit Staff

6. Founding Date:

Firm: __ Local Office

7. Number of audits for local governmental units in which local office participated in the last three years: __. Number of these that were Single Audits: __.

8. Number of CAFRs prepared for local governmental units by local office in last three years: __. Number of these which received GFOA Certificate of Achievement for Excellence in Financial Reporting: __.

9. Attach an affirmation of proper licensing for public practice as a Certified Public Accountant in the State of Georgia.

10. Attach an affirmation that firm members meet the independence requirements of the GAO Auditing Standard.

5.2 QUALIFICATION OF FIRM

Include a listing of all audits performed for local government units by the local office in the last three years. This number should equal number of projects stated in 5.1.7 above. For each of these projects please include:

- Scope of services performed.
- Was a Single Audit included in the scope?
- Was a CAFR prepared?
- Did the government receive the Certificate of Achievement Award?
- Was the engagement completed on schedule?

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5.3 QUALIFICATIONS OF LOCAL OFFICE STAFF TO BE ASSIGNED TO AUDIT AND CAFR PREPARATION

Include all of the following for all personnel assigned to the audit in the proposal:

- Name, title and position
- Degrees, certifications or other specialized training
- Years of professional experience
- List of audits performed and CAFR's prepared for local governments in the last three years
- Their responsibility on each engagement listed
- Any other relevant qualifications

5.4 APPROACH TO AUDIT

- State your understanding of City of Powder Springs's objectives and requirements for the financial audit, single audit, and CAFR preparation.
- Describe the approach your firm would use to meet the above objectives and requirements. Include the items that are specified in Section 4.4. (Use additional sheets, if necessary.)

5.5 LOCAL GOVERNMENT CLIENT REFERENCES

Include all of the following for each reference listed:

- Name of the client government
- Services provided to the client
- Dates of service
- Client contact person with a signed letter or statement authorizing the City to contact the listed clients
- Contact telephone number

5.6 RECORD OF FIRM

- Describe your firm's participation in AICPA-sponsored or comparable quality control programs. Include results of peer reviews during the last three years.
- Describe any regulatory action taken by any oversight body against the firm and/or any staff members in the last three years.
- Describe any lawsuits in the last three years involving the firm's audit services.

5.7 COMPENSATION: FEES

For each individual assigned to the audit please include the position/ title, the hourly rate for each assigned employee, estimated hours to be spent on the audit and a total cost by individual.

	Fiscal Year	Financial Audit	Single Audit	Other	Total
Cost					
	2018				
	2019				
	2020				

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2021

2022

5.8 COMPENSATION: REIMBURSABLE EXPENSES

List any reimbursable expenses to be charged in relation to the audits and the rate applicable to these expenses.

- This form should show figures for fiscal year 2018. Additional sheets should be used to show any changes in amounts for later years.

5.9 COMPENSATION: TOTAL COST OF SERVICES

Specify nature of any costs included that are not detailed on 5.7 and 5.8.