Town of Hayden

REQUEST FOR PROPOSALS

for

PROFESSIONAL AUDITING SERVICES

August 26, 2020

Town of Hayden
178 West Jefferson Ave.
P.O. Box 190
Hayden, CO 81639
970-276-3741
I. GENERAL INFORMATION

The Town of Hayden (“the Town”) is requesting proposals from qualified firms of certified public accountants to audit its financial statements and also to provide consultation and assistance in the preparation of its basic financial statements for the fiscal year ending on December 31, 2020, with the option, on mutual agreement, of auditing the Town’s financial statements for each of the four subsequent fiscal years. These audits are to be performed in accordance with applicable accounting standards of the United States and State of Colorado.

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

During the evaluation process, the Town of Hayden reserves the right, where it may serve the Town of Hayden’s best interest, to request additional information or clarifications from responding firms, or to allow corrections of errors or omissions.

The Town of Hayden 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 responding firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposals submitted and confirmed in the contract between the Town of Hayden and the firm selected.

To be considered, one (1) bound copy and one (1) electronic copy (preferably in pdf format) of a proposal must be received by Andrea Salazar, Finance Manager, andrea.salazar@haydencolorado.org at 178 West Jefferson Ave, Hayden, Colorado, 81639 by 4:00 p.m. on September 9th, 2020. The Town of Hayden reserves the right to reject any or all proposals submitted.

Proposals will be evaluated by the Town Manager, Finance Manager, as well as a Town Councilmember (the selection committee) and a recommendation will be made to the Council at the September 17th, 2020 at which time its anticipated that the Town will make the final selection of a firm.

II. DESCRIPTION OF THE GOVERNMENT

A. BACKGROUND: The Town of Hayden is a home rule municipality providing public works, water and sewer and trash service, parks and recreation, planning, and public safety services, serving a population of approximately 2000.

The Town operates under a Council-Manager form of government. The Town Manager is appointed by the Town Council and is responsible for overseeing the day-to-day operations of the Town and is the chief executive officer of the Town. The Town Manager also currently serves as the finance director along with a finance manager as well as contracting with an independent CPA who performs monthly bank reconciliations and assistance with payroll.

B. FISCAL YEAR: The Town of Hayden’s fiscal year begins on January 1 and ends on December 31.

C. FUND STRUCTURE: The Town reports three major governmental funds: the general fund is the Town’s primary operating fund; the enterprise fund is the water/sewer/trash
enterprise fund; debt service fund; and, the conservation trust fund is the third fund which are lottery dollars designated for parks and recreation capital projects. Additional funds that the Town reports (to be prepared and audited) are the economic development fund, intergovernmental service fund, parks and recreation fund, Hayden center fund, and capital improvement fund.

III. PROPOSAL AND AUDIT CALENDAR

A tentative schedule of key dates for the project has been established as follows:

- Distribute RFP: August 25, 2020
- Due date for proposals: September 10th, 2020 by 4:00 p.m.
- Notification of proposal selection: September 17, 2020
- Contract executed: October 15, 2020 (approx.)
- End of accounting period: December 31, 2020
- Off-site fieldwork to begin: March 2021
- On-site audit fieldwork: April 2021
- Complete audit: May 2021
- Present audit report to Town Council: June 2021
- Submit audit report to the Office of the State Auditor: July 31, 2021 (no later than unless extended)

IV. NATURE OF SERVICES REQUIRED

A. SCOPE OF WORK TO BE PERFORMED

The scope of the prospective engagement will be to perform a financial and compliance audit (also “the Audit”) of the Town for the year ending December 31, 2020. The firm selected will be expected to provide consultation and assistance in the preparation of the City’s basic financial statements in conformity with applicable standards and in preparation of the independent auditor’s report and audited financial statements. In addition, the firm will be expected to offer guidance to the Finance Director on future preparations necessary to issue a comprehensive annual financial report. The following audit shall be performed in accordance with generally accepted auditing standards with standards set forth for financial audits by the U.S. Comptroller General and the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments. If a Single Audit is required, the selected firm will be required to complete the submission form that accompanies a Single Audit (Form SF-SAC-Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations) as required by OMB 1-133.

It is contemplated that the selected firm will express an unqualified opinion on the financial statements. If during the performance of the audit, it appears probable that an unqualified opinion cannot be issued, the selected auditing firm must promptly notify the Town Manager and Finance Manager in writing, stating all matters which preclude the issuance of an unqualified opinion.

The auditor shall be responsible to directly contact the Town Manager and Finance Manager should concerns raised during the audit warrant such contact.
B. REPORTING REQUIREMENTS

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

1. The report will be addressed to the Mayor and City Council and will be presented in person by the auditor (unless not requested by Town staff).
2. A report of examination of the financial statements stating the scope of the examination and the audit was performed in accordance with generally accepted auditing standards. It must include an opinion as to whether the statements conform to generally accepted accounting principles.
3. Reports on compliance examination must include a statement that the audit was conducted in accordance with applicable standards. The audit must state where the examination disclosed instances of significant non-compliance with laws and standards. Findings of non-compliance and ineligible expenditures must be presented in sufficient detail for management to approach knowledgeably.
4. A management letter will be required. It should contain a statement of audit findings and recommendations affecting financial systems and statements, internal control, legality of actions, other instances of non-compliance with laws and applicable standards, and any other material matters.

C. WORKING PAPER RETENTION AND ACCESS TO WORKING PAPERS

All working papers and reports must be retained at the auditor’s expense, according to the appropriate statutory requirements, unless the firm is notified in writing by the Town of Hayden 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:

- Town of Hayden
- Parties designated by the federal or state governments or by the Town of Hayden as part of audit quality review process
- Auditors of entities of which the Town of Hayden is a sub-recipient of grant funds

In addition, the firm shall respond to reasonable inquiries of successor auditors and allow successor auditors to review working papers and reports relating to matters on continuing accounting significance.

V. PROPOSAL REQUIREMENTS

Proposals should be submitted to the following address:

Town of Hayden Audit RFP
Andrea Salazar and Mathew Mendisco, Finance Manager and Town Manager
Town of Hayden
178 West Jefferson Ave
Hayden, CO 81639
A. 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 Town of Hayden. 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 that will meet the request for proposal requirements.

1. Independence

The firm should provide an affirmative statement that it is independent of the Town of Hayden as defined by generally accepted auditing standards and the U.S. General Accounting Office’s “Government Auditing Standards.”

2. License to Practice in Colorado

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

3. Firm Qualifications and Experience

The firm 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 level of professional staff to be employed on this engagement on a full-time basis and the number and level of staff to be employed on a part-time basis.

The firm shall submit a copy of the report of its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

In addition, the firm 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 and professional organizations.

4. Partner, Supervisory, and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff including engagement partners, managers, and other supervisors who would be assigned to this engagement and whether each person is licensed to practice as a Certified Public Accountant in Colorado. The firm should also provide the number of staff auditors that will be assigned to this engagement. The firm should provide information on the government auditing experience of each person.

Audit personnel may be changed at the discretion of the firm, provided that replacements are properly licensed to practice in Colorado and have substantially the same or better qualifications or experience then the audit personnel they are replacing.

The firm shall provide proof of workers’ compensation insurance as well as proof of professional liability (errors and omissions) insurance of at least one million dollars of coverage.
5. Similar Engagements with Other Governmental Entities

The firm should list the most significant engagements performed in the last three years that are similar to the engagement described in this RFP. Indicate the scope of work, date, engaging partners, total hours, and the name and telephone number of the primary client contact.

6. References

The firm should include at least three references, with at least two being municipalities where financial and compliance audits have been completed. These may be from among those same municipalities listed in the “Similar Engagements” section.

B. COST

1. Your proposal should include your fee proposal to conduct the basic audit function along with your fee schedule for consultation and preparation of the financial statements. Provide one all-inclusive maximum price for the engagement for the years 2020, 2021, 2022, 2023, and 2024 with and without a Single Audit.

   a. Estimate the number of hours to complete the engagement by classification of your employees, i.e. partner, senior, staff, etc.
   b. Include details of expenses expected to be incurred i.e. mileage, phone, etc.

2. The Town will make one progress payment upon completion of fieldwork, and one final payment upon full completion of the audit and submission to the State Auditor’s Office.

VI. EVALUATION CRITERIA

A. SELECTION TEAM

Proposals will be evaluated by the Town Manager, the Finance Director and select Town Councilmembers (three people in total).

B. EVALUATION CRITERIA

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals scored for technical qualifications and price. The following represent the selection criteria which will be considered in the evaluation process:

1. Mandatory Elements

   a. The audit firm is independent and licensed to practice in Colorado.
   b. The firm has been reviewed in an external quality control process within the past three years and submits a copy of its most recent external quality control report.
   c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
   d. The firm has no conflict of interest with regard to any other work performed by the firm for the Town of Hayden.
e. Certification is included in the proposal that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and is authorized to sign a contract with the Town of Hayden.

2. Technical Qualifications
   
a. The firm’s past experience and performance on comparable government engagements.
   
b. The quality of the firm’s professional personnel to be assigned to the engagement.

3. Price
   
The final not to exceed amount will be the final factor evaluated, however, the first two factors will be weighted higher.

   Final weighting Scale:
   Mandatory Elements: 40 points
   Technical Qualifications: 40 points
   Price: 20 points

VII. FINAL SELECTION

The Town of Hayden will select a firm based upon the recommendation of the selection team. It is anticipated that a firm will be selected on or about September 17th, 2020.