

DATE: August 28, 2020  
TO: Invited Parties  
FROM: Melissa Taylor, Finance Director  
SUBJECT: Professional Auditing Services

The City of Rathdrum are soliciting proposals from certified public accounting firms to audit our respective financial statements for the fiscal year ending September 30, 2020, with the option of auditing for four subsequent fiscal years. Firms must address the requirements on the Request for Proposal (RFP) and submit a sealed bid. The RFP may be accessed on the City's web site at: [www.rathdrum.org](http://www.rathdrum.org).

Submittal deadline is September 15, 2020 to:

Melissa Taylor  
Finance Director  
City of Rathdrum  
8047 W. Main Street  
Rathdrum, ID 83858

All questions and correspondence should be directed to Melissa Taylor by emailing [melissa@rathdrum.org](mailto:melissa@rathdrum.org) or calling (208) 687-0261.

City of Rathdrum  
REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The City of Rathdrum (hereinafter City) is soliciting Proposals from certified public accounting firms to audit our respective financial statements for the fiscal year ending September 30, 2020, with the option of auditing for three subsequent fiscal years. Firms must address the requirements on the Request for Proposal (RFP) and submit a sealed bid.

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.

To be considered, three copies of a Proposal must be received by Melissa Taylor, Finance Director, at 8047 W. Main Street, Rathdrum, ID 83858 on or before September 15, 2020. The City reserves the right without prejudice to reject any Proposals submitted.

Proposals submitted will be evaluated by the Finance Director and/or the City Administrator.

During the evaluation process, the City 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. At the discretion of the City, firms submitting Proposals may be requested to make oral presentations as part of the evaluation process.

The City 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 selected audit firm will be notified by September 30, 2020.

B. Term of Engagement

A three year contract is anticipated, subject to the annual review and recommendation of the Finance Director, the satisfactory negotiation of terms (including a price acceptable to the City and the selected firm), the concurrence of the City's Council and the annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. General

The City is soliciting the services of qualified firms of certified public accountants to audit our respective financial statements for the fiscal year ending September 30, 2020, with the option of auditing for four subsequent fiscal years. These audits are to be conducted in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

B. Scope of Work to Be Performed

The City desires the audit firm to express an opinion on the fair presentation of the City's financial statements in conformance with generally accepted accounting principles.

While not a part of the general-purpose financial statements, the combining and individual fund financial statements and the schedules of expenditures of federal awards as required by OMB Circular A-133 will be subjected to the auditing procedures applied in the audit of the general-purpose financial statements. The report shall include an opinion on the fair presentation of these statements in relation to general purpose financial statements. Individual reports are to be provided to the City. The auditor/auditors are required to review the statistical section of the City's financial statements accuracy.

C. Auditing Standards to Be Followed

To meet the requirements of this Request for Proposals, these audits are to be conducted in accordance with United States generally

accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

D. Reports to Be Issued

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

1. A report for the City on the fair presentation of their individual financial statements in conformance with generally accepted accounting principles (GAAP).
2. A report for the City on compliance and internal control over financial reporting based on the audit of the financial statements performed in accordance with generally accepted auditing standards.
3. A report for the City (where appropriate) with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.
5. A PDF file or other agreed upon format of the Final Audit to be posted on the City of Rathdrum's website.
6. A management letter for the City of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Finance Director of the City.
7. In the required report(s) on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data.
8. Non-reportable conditions discovered by the audit shall be reported in a separate letter to management, which shall be referred to in the report(s) on internal controls.

The report(s) on compliance shall include all instances of noncompliance.

E. Special Considerations When Appropriate

1. The City has determined that the State of Idaho will function as the cognizant agency in accordance with the 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*.
2. The Schedule of Federal Awards and related auditor's report, as well as the reports on compliance and internal controls are to be issued as part of the City's financial statements if applicable.

F. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the City 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:

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

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

III. DESCRIPTION OF THE GOVERNMENT

A. Name of Contact Person

The auditor's principal contact with the City will be Melissa Taylor, Finance Director, or a designated representative.

B. Background Information

The City's fiscal years begin on October 1<sup>st</sup> and end on September 30<sup>th</sup>.

The City has a budgeted payroll and benefits of \$2.4 million covering 43 employees. The City has an annual budget of approximately \$24.3 million planned for FY 2021.

The accounting and financial reporting functions of the City are centralized.

C. Fund Structure

The City uses the following fund types and account groups in its financial reporting:

<u>Fund Type/Account Group</u>	Number of Individual <u>Funds</u>	Number With Legally Adopted Annual <u>Budgets</u>
General fund	<u>1</u>	<u>1</u>
Special revenue funds	<u>4</u>	<u>4</u>
Capital projects funds	<u>1</u>	<u>1</u>
Enterprise funds	<u>2</u>	<u>2</u>

D. Budgetary Basis of Accounting

The City prepares their budget on a basis consistent with generally accepted accounting principles.

E. Magnitude of Finance Operations

The Finance department is responsible for administering the financial operations of the City. The Finance department is led by Melissa Taylor, Finance Director, and consists of two employees with responsibilities for payroll, accounts payable, accounts receivable, utility billing, special assessments, debt management, capital assets, budget management, private purpose trust funds, administering special grants and revenues.

F. Financial Software

The City utilizes Caselle Accounting Software.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date Proposals are due:

Request for Proposal issued Aug 28, 2020

Due date for Proposals Sept 15, 2020

B. Notification

Selected firm notified September 30, 2020

C. Date Audit May Commence

The City will have all records prepared for audit and all management personnel available to meet with the firm's personnel by December 31, 2020.

D. Entrance Conferences, Progress Reporting and Exit Conferences

The entrance conference, progress reporting and exit conference will be developed by the second Wednesday of each October for the purpose of an audit plan.

E. Audit Schedule

Each of the following shall be completed by the audit firm no later than the dates indicated.

1. Detailed Audit Plan

The audit firm shall provide a detailed audit plan and a list of all schedules to be prepared by the City by October 31, 2020.

2. Fieldwork/Interim Work

The audit firm shall complete all fieldwork by January 31, 2021.

3. Draft Reports

The audit firm shall have drafts of the audit reports and recommendations to management available for review by the Finance Director by February 28, 2021. Completed bound copies for the City Council shall be delivered by March 28, 2021 for City Council meeting on April 14, 2021.

4. The final report and 15 bound copies to be signed, is to be delivered to Melissa Taylor, Finance Director, directly following acceptance by the City Council at the second council meeting in April following the close of each fiscal year.

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

A. Finance Department and Clerical Assistance

The finance department staff and management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. They will provide revenue, expense, trial balance by fund on accrual, modified accrual, and budgetary basis reports to the firm.

B. Statements and Schedules to be prepared by the Staff of the Audit Firm

The staff of the audit firm will prepare statements and schedules as requested by the City in a format that meets all accounting standards and the GFOA's *excellence in financial reporting* standards.

C. Work Area, Telephones, Wireless Internet, Photocopier and FAX Machines

The City will provide the audit firm staff with reasonable workspace with access to wireless internet, telephones, and photocopying facilities.

D. Report Preparation

Report preparation, editing and printing shall be the responsibility of the audit firm. Each draft will be reviewed prior to printing by the City finance staff. The City finance staff shall have final approval of the Financial Statements draft before final printing and assembly commence. If the auditor makes any changes after final printing approval by City finance staff it becomes the sole responsibility (costs included) of the auditor to fix all pages affected by the change up to and including the City's Management Discussion and Analysis (MD&A) and supplementary information.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Inquiries concerning the Request for Proposals must be made to:

Melissa Taylor  
Finance Director  
City of Rathdrum  
8047 W. Main St.  
Rathdrum, ID 83858  
(208) 687-0261  
Email: melissa@rathdrum.org

2. Submission of Proposals

The following material is required to be received by September 15, 2020:

- a. A master copy (so marked) of the Proposal and two copies to include the following:

i. Title Page  
Title page showing the Request for Proposals subject; the firm's name; the name, address, email address, and telephone number of the contact person; and the date of the Proposal

ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be conducted; the commitment to perform the work within the time period; a statement why the firm believes it to be best qualified to perform the engagement; and a statement that the Proposal is a firm and irrevocable offer for fiscal year 2020.

iv. Detailed Proposal

The detailed Proposal shall follow the order set forth in Section VI of this Request for Proposals.

b. Proposers shall send the completed Proposal to the following address:

Melissa Taylor,  
Finance Director  
City of Rathdrum  
8047 W. Main St.  
Rathdrum, ID 83858  
(208) 687-0261

B. Proposal

1. General Requirements

The purpose of your Proposal is to demonstrate your firm's qualifications to perform the City's independent audits. These

qualifications are determined by your firm's independence, licenses, and experience. The Proposal shall address all the points outlined in the Request for Proposals.

2. Independence

The firm shall provide an affirmative statement that is independent of the City as defined by generally accepted auditing standards/the U.S. General Accounting Office's *Government Auditing Standards* (1994).

3. License to Practice in Idaho

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

4. Firm Qualifications and Experience

The proposer shall 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.

The firm is required to submit a copy of the report on its most recent external quality control review including a statement whether that quality control review included a review of a specific government engagement.

The firm shall provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years including information, 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. Partners, Supervisors and Staff Qualifications and Experience

The firm shall identify the principal supervisor and management staff, including engagement partners, managers, other supervisors and specialists, who will be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in the

State of Idaho. Indicate the number and nature of the professional staff to be employed in this engagement on a full-time and part-time basis. The firm shall 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. Also, please provide an estimate of field work hours, statement preparation hours, and publishing hours.

6. Similar Engagements with Other Government Entities

The firm shall list the most significant engagements (maximum - 3) performed in the last five years that are similar to the engagement described in this Request for Proposal. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

C. Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The sealed dollar cost bid shall contain all pricing information relative to performing the audit engagement as described in this Request for Proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The City will not be responsible for expenses incurred in preparing and submitting the Proposal or the sealed dollar cost bid. Such costs should **not** be included in the Proposal.

2. Manner 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 dollar cost bid Proposal. Interim billing shall cover a period of not less than a calendar month. Final payment will be made after the first week of March following the close of each fiscal year

and the city council meeting in March all reports have been received.

## VII. EVALUATION PROCEDURES

### A. Review

Proposals submitted will be evaluated by City Finance Director and/or City Administrator of the City.

### B. Evaluation Criteria

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

#### 1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in Idaho
- b. The audit firm has no conflict of interest with regard to any other work performed by the firm for the City
- c. The audit firm adheres to the instructions in this Request for Proposal on preparing and submitting the Proposal
- d. The audit firm submits a copy of its last external quality control review report and the firm has a record of quality audit work

#### 2. Technical Quality:

##### a. Expertise and Experience

- (1) The audit firm's experience and performance on comparable government engagements

(2) The quality of the audit firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation

(3) The results of external quality control reviews

(4) Prior experience with Idaho public City audits and preparation of comprehensive annual financial reports as submitted to both GFOA and ASB for review

b. Audit Approach

(1) Adequacy of proposed staffing plan for various segments of the engagement

(2) Adequacy of sampling techniques

(3) Adequacy of proposed audit approach to meet deadlines

3. Price

Cost will **not** be the primary factor in the selection of an audit firm.

D. Oral Presentations

During the evaluation process, the Finance Director and/or City Administrator, at his/her discretion, may request any one or all audit firms to make oral presentations. Such presentations will provide audit firms with an opportunity to answer any questions the Finance Director and/or City Administrator may have on an audit firm's Proposal. Not all audit firms may be asked to make such oral presentations.

E. Final Selection

The City Council of Rathdrum will select a firm based upon the recommendation of the Finance Director and/or City Administrator.

It is anticipated that a firm will be selected by September 30, 2019.

F. Right to Reject Proposals

Submission of a Proposal indicates acceptance by the audit firm of the conditions contained in this Request for Proposal unless clearly and specifically noted in the Proposal submitted and confirmed in the contract amongst the City and the audit firm selected.

The City reserves the right without prejudice to reject any Proposals submitted.

ATTACHMENT TO THE PROPOSAL

SCHEDULE OF PROFESSIONAL FEES

ALL SERVICES

Years of Service to be Provided	City	Total Price
Audit Services 2019/2020		
Audit Services 2020/2021		
Audit Services 2021/2022		

The proposer warrants that all information provided by it in connection with this Proposal is true and accurate.

Signature of Official: \_\_\_\_\_

Name (typed): \_\_\_\_\_

Title: \_\_\_\_\_

Firm: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_

Website Address: \_\_\_\_\_

Date: \_\_\_\_\_