

Request for Proposal
TO PROVIDE AUDIT SERVICES FOR
City of Saxman, Alaska

PURPOSE OF SOLICITATION

The City of Saxman is accepting proposals from CPA firms to provide audit services for our organization beginning Fiscal Year 2023.

BACKGROUND INFORMATION

The City of Saxman was incorporated in 1930 and currently operates one governmental fund, two special revenue funds, one capital projects fund, and two enterprise funds. Total revenue for all funds was \$1.2 million for the fiscal year ended June 30, 2022. City of Saxman uses QuickBooks software for its accounting application.

Audit services through fiscal year 2022 have been provided by Mertz CPA & Advisor.

City of Saxman is required by State law to provide an annual audit of its financial statements by a Certified Public Accountant in accordance with generally accepted auditing standards. This audit must be submitted to the Office of the State Auditor within 180 days after the end of the fiscal year.

OBJECTIVE AND SCOPE

A financial audit is requested for the fiscal year ended June 30, 2023. The audit shall be performed in accordance with generally accepted auditing standards, as promulgated by the American Institute of Certified Public Accountants (AICPA); the *AICPA Audits of State and Local Governmental Units* audit and accounting guide; and the *Government Auditing Standards*, published by the U.S. General Accounting Office.

The audit must be completed, and the report issued prior to December 31, 2023, if possible. The auditor must deliver an electronic copy of the report to the Office of the State Auditor and to the City of Saxman.

REPORT REQUIREMENTS

For financial audits, the auditor shall examine the financial statements and records of the entity and shall issue an auditor's opinion on the entity's financial statements with an in-relation-to opinion on combining and supplementary information, if any. Such financial statements shall be prepared in conformity with generally accepted accounting principles.

The auditor shall issue a compliance report based on an audit of general purpose or basic financial statements and a report on the internal control structure; both in accordance with *Government Auditing Standards*.

The auditor shall prepare and include a statement expressing positive assurance of compliance with State fiscal laws identified by the state auditor and other financial issues related to the expenditure of funds received from Federal, State, or local governments.

The auditor shall prepare a comprehensive management letter including the auditor's findings and recommendations relative to the internal accounting and administrative controls, compliance with laws and regulations as applicable and adherence to generally accepted accounting principles.

The auditor shall include the written responses from City of Saxman for each recommendation included in the state compliance letter and the management letter required by the *State of Alaska Single Audit Guide*.

AUDIT TERM

If the selected certified public accounting firm performs satisfactorily for the June 30, 2023 audit, it is anticipated that the same firm will be engaged to perform the audit for the succeeding 4 years, subject to an annual evaluation and City of Saxman council appropriation.

PROPOSAL QUALIFICATION REQUIREMENTS

Interested certified public accounting firms should include the following information in their proposal to perform the audit of the fiscal year ending June 30, 2023:

A. Profile of the Independent Auditor

The profile of the proposers should provide general background information. This should include:

1. The organization and size of the proposer, whether it is local, regional, national or international in operations.
2. The locations of the office from which the work is to be done and the number of professional staff, by staff level, employed at the office.
3. A statement on the proposer's staff capability to audit computerized systems.
4. A positive statement that the following mandatory criteria are satisfied:
 - a. An affirmation that the proposer is properly licensed for practice as a certified public accountant in the State of Alaska.
 - b. An affirmation that the proposer meets the independence requirements of the American Institute of Certified Public Accountants and the *Government Auditing Standards*, 2003 revision, published by the U.S. General Accounting Office.
 - c. An affirmation that the firm meets the continuing education and external quality control review requirements contained in the *Government Auditing Standards*, 2003 revision, published by the U.S. General Accounting Office.

B. Proposer's Qualifications

1. Identify the audit partners, audit managers, field supervisors and other staff who will work on the audit, including staff from other than the local office. Résumés including relevant experience and continuing education for the staff auditors up to the individual with final responsibility for the engagement should be included.
2. Describe the recent local office auditing experience similar to the type of audit requested.
3. If other auditors are to participate in the audit, those auditors should be required to provide similar information.

C. Proposer's Approach to the Examination

Submit a general audit work plan to accomplish the scope defined in these guidelines. The audit work plan should demonstrate that the proposer understands the audit requirements and the audit tests and procedures to be applied in completing the audit plan. The plan should detail the expected number of audit hours by staff level. The planned use of specialists should also be specified.

D. Time Requirements

Detail how the reporting deadline requirements of the audit will be met, including schedule of mandatory deliverables from City Staff.

E. Fees

Supply the billing rates, estimated number of billable hours, other billable expenses and a "not-to-exceed" fee for the audit, inclusive of travel, per diem and all other out-of-pocket expenses. As noted in section IV, it is expected that if the selected certified public accounting firm performs satisfactorily for the June 30, 2023 audit, it will be engaged to perform the audit for the succeeding four years. Therefore, the not-to-exceed fee information requested above should be provided on an annual basis for five years.

F. Non-discrimination Clause

Affirm that the firm does not discriminate against any individual because of race, religion, sex, color, age, handicap or national origin, and that these shall not be a factor in consideration for employment, selection of training, promotion, transfer, recruitment, rates of pay, or other forms of compensation, demotion, or separation.

CONTRACTUAL ARRANGEMENTS

- A. Audit programs, work papers and reports must be retained for a period of three years after the completion of the audit and made available for inspection by the City of Saxman or government auditor's if requested by them.
- B. Payment for the audit will be made upon receipt of the audit reports required in section III.
- C. City of Saxman staff will be available to prepare schedules, trial balances, and provide documentation to assist the auditor as their schedules permit during the course of the audit.

EVALUATION OF PROPOSALS

The following criteria will be considered when making an evaluation of the proposals:

A. Technical Factors

- Responsiveness of the proposal in clearly stating an understanding of the audit services to be performed.
 - Appropriateness and adequacy of proposed procedures.
 - Reasonableness of time estimates and total audit hours.
 - Appropriateness of assigned staff levels.
- Technical experience of the firm.
- Qualifications of staff.
- Size and structure of firm, considering the scope of the audit.
- Geographic location of key personnel and responsible office.

Technical factors will be scored for each proposal and that scoring will be weighted as 50% of the selection decision.

B. Cost of the Audit

The cost component will be weighted as 50% of the selection decision.

C. Right to Reject

Neither this RFP nor the proposal is contract, and the City of Saxman reserves the right to reject any and all proposals submitted and the right to cancel the procurement at any time prior to execution of a contract without liability to proposers. City of Saxman reserves the right to request additional information from proposers, and to negotiate a contract with the proposer whose proposal is determined to be most advantageous to the City of Saxman. Any contract awarded will be made to the independent certified public accounting firm who, based on evaluation of all responses, applying all criteria and oral interviews, if necessary, is determined to be the best to perform the audit.

D. Protests/Appeals

After a proposal is selected to be recommended to the Council for award of the contract a notice of intent to award will be issued to all proposers. Unsuccessful proposers shall have five (5) days from the notice of intent to award to protest the award by providing a written notice of the protest and the basis for the protest to the City Clerk. A protest must state with particularity the alleged errors in the process. If a timely protest is filed, the Council shall decide whether to grant or deny the protest prior to the award of the Contract. If no protest is timely filed, then protests are forever barred. If a protest is granted, the City may take such action as the Council determines appropriate, including but not limited to cancellation of the procurement. Under no circumstances may the City be responsible for damages beyond proposal preparation costs.

SUBMISSION OF PROPOSALS

One copy of your proposal must be submitted by mail or email using the following contact information.

Mail:

Brianna Berg, City Clerk
Route 2 Box 1
Ketchikan, Alaska

99901

Email:

dclerksaxman@kpunet.net

Proposals shall be submitted no later than 5:00 PM, Friday, September 29, 2023. Selection of the CPA firm will be made by October 6, 2023, and all firms submitting proposals will be notified immediately as to the selection results. No proposal will be considered that is not received at or prior to the above time and date.

SOURCES OF INFORMATION

Brianna Berg, City Clerk, may be contacted at dclerksaxman@kpunet.net for information necessary to complete the proposal. Audit reports and management letters from prior years will be available for inspection.