



Request for Proposals Financial and Compliance Audit Services

City of Maryville RFP # 32-18

Send Proposals To: **City of Maryville
David Morton, Purchasing Agent
414 W Broadway Avenue
Maryville, Tennessee 37801**

Please mark the outside of the bid envelope with “Request for Proposals #32-18 - Auditing Services”.

RFP due date: January 18, 2019.

Inquiries: **David Morton, Purchasing Agent

dhmorton@maryville-tn.gov
(865) 273-3460**

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1.0 PURPOSE

The City of Maryville, Tennessee (hereinafter called the “City”) is soliciting proposals for the services of a qualified independent certified public accountant firm (hereinafter called the “Auditor”), which is qualified under state law and regulation to perform a financial and compliance audit in accordance with all applicable standards for the City of Maryville, Tennessee including *Governmental Auditing Standards* and requirements of the laws and/or requirements of the State of Tennessee. Services will be provided for the fiscal year ending June 30, 2019 with the option to renew for additional fiscal years.

2.0 RELEVANT INFORMATION

The City of Maryville consists of 16.12 square miles and is the county seat of Blount County with an estimated population of 28,827 residents in 2018. The City provides traditional government services, including police and fire protection, codes enforcement, street maintenance and refuse collection. The City also provides electric, water distribution and waste water collection services. The Maryville City Schools (“Schools”) were established by the City Charter and are part of the City, however, they have a separately elected board and maintain separate financial records. The Schools currently serve approximately 5,300 students in seven schools.

Copies of prior years’ annual financial reports can be obtained via the City’s website at <http://www.maryvillegov.com/comprehensive-annual-financial-reports.html>

3.0 SCOPE OF WORK TO BE PERFORMED

The audit will include all funds and grants contracts of the City. The auditor shall conduct the audit in accordance with *Governmental Auditing Standards* and requirements prescribed by Comptroller of the Treasury, State of Tennessee. The audit will be conducted in accordance with the provisions of the Single Audit Act and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and any applicable management circulars.

As a result of the audit, the Auditor shall provide opinions on the financial statements in accordance to the City’s design, implementation and maintenance of internal controls relevant to the preparation and fair representation of financial statements that are free from material misstatement. The auditor’s opinion shall be expressed on the opinion units identified in the AICPA *Audit and Accounting Guide: Audits of State and Local Governments*, as well as the additional requirement in the *Audit Manual* issued by the State of Tennessee Department of Audit.

The following reports are to be issued, consistent with those for the fiscal year ended June 30, 2018 on our website noted above:

1. Comprehensive Annual Financial Report of the City of Maryville, including the Single Audit
2. Separate Financial Report on the Electric Department Fund as required by TVA

The auditors will prepare the financial reports and submit them electronically to the City. The auditors also will provide these reports to the State as provided in the State contract.

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The auditors shall also prepare the Schedule of Expenditures of Federal Awards for the City and the Data Collection Forms required by OMB Circular A-133 for submission to the Federal Audit Clearinghouse.

4.0 INTERNAL CONTROLS & COMPLIANCE

In connection with the financial statements, the Auditor shall consider, test and report on internal controls and compliance in accordance with Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards* (GAS). The City reserves the right to request additional internal control test work as deemed necessary.

5.0 CHANGES IN STANDARDS

The Auditor is expected be fully informed of new Governmental Accounting Standards Board's (GASB) Pronouncements and is expected to provide guidance to the City for compliance with all changes to Generally Accepted Accounting Standards.

6.0 GENERAL REQUIREMENTS

- A. If a management letter or any other reports or correspondence relating to findings or recommendations are issued in connection with this audit, a copy shall be filed with the Comptroller of the Treasury. Such management letters, reports, or correspondence shall be consistent with the findings published in the audit report
- B. Pertinent data from the working papers shall be available for five years for reference if requested by the local government.

Any reasonable suspicion of fraud, (regardless of materiality) or other unlawful acts including, but not limited to, theft, forgery, credit/debit card fraud, or any other act of unlawful taking, waste, or abuse of, or official misconduct, as defined in Tennessee Code Annotated, § 39-16-402, involving public money, property, or services shall, upon discovery, be promptly reported in writing by the auditor to the Comptroller of the Treasury, State of Tennessee, who shall under all circumstances have the authority, at the discretion of the Comptroller, to directly investigate such matters. Notwithstanding anything herein to the contrary, the Comptroller of the Treasury, State of Tennessee, acknowledges that the auditor's responsibility hereunder is to design its audit to obtain reasonable, but not absolute, assurance of detecting fraud that would have a material effect on the financial statements, as well as other illegal acts or violations of provisions of contracts or grant agreements having a direct and material effect on financial statement amounts. If the circumstances disclosed by the audit call for a more detailed investigation by the auditor than necessary under ordinary circumstances, the auditor shall inform the organization's management and those in charge of governance in writing of the need for such additional investigation and the additional compensation required therefor. Upon approval by the Comptroller of the Treasury, an amendment to this contract may be made by the organization's management and those charged with governance and the auditor for such additional investigation. An audit exit conference with those charged with governance will be conducted by the auditor in charge. At this time, the findings and recommendations regarding compliance and internal control shall be discussed. Those charged with governance shall have the opportunity to respond in writing to the findings. Responses shall be included in the audit report.

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7.0 COOPERATION AND ASSISTANCE

The City desires to have an excellent working relationship with the auditors. City staff will be available during the audit to assist the firm as needed and by providing most financial schedules. The City will provide Auditor with electronic versions of trial balances and schedules to the extent practical.

The City will balance the books of all accounts, reconcile subsidiary ledgers to control accounts, and reconcile all bank accounts generally within 30 days of each fiscal year end. It is the City's intent to record all transactions and close funds, to the extent possible, in early August. Generally, sales tax revenue and state retirement information are not received until mid-August. The City also estimates property tax revenue collections for July and August. The City will post any adjusting entries as required by the Auditor to maintain financial records that support the audited financial statements. The City has developed Excel spreadsheets for most financial schedules and tables in the CAFR.

The City requests conferences between the Auditor and the Finance Officials of the City and Schools before the preliminary work and throughout fieldwork. The purpose of these meetings are to keep management fully informed on the scope and progress of the audit. Prior to June 30, the City will provide a schedule of expected completion dates for each fund and major area. The City requests that the Auditor provide a list of required schedules and information needed to complete the audit prior to June 30.

The City is confident that by working together, the audit process as a whole is more efficient and effective. The City requests that all fieldwork be completed by September 30th, financial statement drafts to be available by October 15th and financial reports to be issued by October 31st.

Should any internal control issues be identified, they must promptly be reported to the Finance Director so that, if needed, corrective actions can be immediately taken. The management letter shall be provided no later than the date that the financial report is issued.

The Auditor shall prepare the Schedule of Expenditures of Federal Awards for the City and the Data Collection Form required by OMB Circular A-133 by November 15th for submission to the Federal Audit Clearinghouse as part of the City's Reporting Package.

The City submits the CAFR to the Government Finance Officers Association for review in its certificate of achievement program. It is anticipated that the Auditor will provide any necessary assistance to the City to meet the requirements of that program including addressing recommended changes and consideration of incorporation into the subsequent year's statements.

8.0 PRE-BID CONFERENCE

There will be a mandatory pre-bid conference on January 7th at 1:30 pm at the Maryville Administration Building, 400 W. Broadway Ave., in the Gary Henley Meeting Room, located on the main level. The purpose of this meeting is to share more information regarding the City of Maryville and to answer any questions you may have. Please notify David Morton (dhmorton@maryville-tn.gov) or 865-273-3460) whether you plan to attend this meeting.

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9.0 PROPOSAL PREPARATION AND SUBMISSION

A. Contents of the Proposal

The Auditor is required to submit the following items as part of the proposal:

- (1) Title Page -Show the RFP subject, the name of the proposer's firm, local address, telephone number, name of contact person and date.
- (2) Letter of Transmittal
- (3) Supporting information that is clearly organized according to the following headings, and providing at a minimum the following information :
 - (a) The specific plans or methodology to be used in performing the audit, including:
 - a. A statement by the prospective Auditor of the understanding of the work to be performed with descriptions of the audit approach and illustrations of the procedures to be employed.
 - b. The approximate date the audit will begin (including preliminary fieldwork) and end; also, the approximate dates for delivery of the financial statements and Auditor's reports.
 - (b) The skill, experience and training of the specified persons who will be performing the services requested.
 - a. Biographies including experience of the individuals who will be assigned to the engagement, relevant experience of each in auditing municipalities, and recent continuing professional education of each.
 - b. A description of the firm's experience with turnover, and the approach taken to ensure consistency in staffing and familiarity with the client on a year-to-year basis.
 - (c) The prior experience of the Auditor firm in auditing local governments similar to the City.
 - a. History of the firm, including the number of years in business and size of firm.
 - b. List of representative clients currently served by the Offeror focusing on clients similar in size and complexity with the City.
 - (d) Names, addresses, and telephone numbers of persons who may be contacted for reference.
 - (e) Description of the Offeror's experience with the GFOA's Certificate of Achievement for Excellence in Financial Reporting and how it will assist the City in maintaining the certificate.
 - (f) Process used to prepare the comprehensive annual financial report.

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- (4) The Proposal should also contain the following:
- (a) A copy of the firm's most recent peer review.
 - (b) A statement by the prospective Auditor that:
 - (1) The firm is independent of the City of Maryville as that term is defined in the Ethical Rules of the AICPA.
 - (2) The firm and the partner assigned to the engagement are licensed to perform the audit as provided by applicable laws of the State of Tennessee.
 - (3) The firm has met the peer review standards of the AICPA and *Government Auditing Standards*.
 - (4) The firm will provide adequate supervision on a day-to-day basis.
 - (5) Staff assigned to the audit have met the continuing education requirements required by *Government Auditing Standards*, issued by the Comptroller General of the United States.
- (5) Cost proposal for the City of Maryville audit with expected hours and rates by auditor classification, maximum expenses and a maximum total audit fee. Please note that the City, at its discretion, may request additional auditing or accounting services. If such a request is made, then auditor agrees to perform said services and reporting at the rates (by classification) prescribed for the general City audit.

B. Right to Reject Proposals

Proposals shall be signed by an authorized representative of the firm. All information requested must be submitted. Failure to submit all requested information may result in the rejection of the proposal. The City reserves the right to waive any irregularity or informality in any Proposal; provided however, that Proposal or amendments which are received after the time specified for the opening of Proposals will be neither opened nor considered.

THE CITY OF MARYVILLE EXPRESSLY RESERVES THE RIGHT TO REJECT ANY OR ALL PROPOSALS OR ANY PART OF A PROPOSAL IF SUCH ACTION IS DEEMED TO BE IN THE BEST INTEREST OF THE CITY OF MARYVILLE.

C. Deadline for Submission

To be considered for selection, the Auditor shall submit a complete response to the Request for Proposal. One (1) original and three (3) copies shall be submitted to the City along with one (1) electronic copy on a portable data storage device. Copies of the proposal should be forwarded to David Morton, Purchasing Agent, 414 W Broadway Avenue, Maryville, TN 37801 no later than 4:00 p.m. on January 18, 2019. The proposal should clearly be marked "Request for Proposals #32-18 - Auditing Services"