

City of Harahan
Request for Proposal
Audit Services



For the Years Ending
December 31, 2016
through
December 31, 2020





Table of Contents

General Information

- A. Purpose
- B. Who May Respond
- C. Instructions on Proposal Submission
 - 1. Submission Date
 - 2. Inquiries
 - 3. Cost of Proposal
 - 4. Submission Instructions
- D. Right to Reject
- E. Award Selection
- F. Notification of Award
- G. Options
- H. Description of Entity and Records to Be Audited
- I. Terms and Conditions

Specification Schedule

- A. Scope of Services
- B. Performance of Services
- C. Delivery Schedule
- D. Payment

Technical Qualifications

- A. About the Firm
- B. Experience
- C. Audit Team
- D. Understanding of Services to Be Performed
- E. Conclusion
- F. Pricing



Proposal Evaluation

- A. Nonresponsive Proposals
- B. Proposal Scoring
- C. Review Process

Certifications



General Information

A. Purpose

This Request for Proposal (RFP) is to contract for a financial and an A-133 audit (*if needed*) for the years ending December 31, 2016 through December 31, 2020 for the City of Harahan (the "City"). This is in keeping with the GFOA's recommendations that an audit firm be for a five (5) year period. This proposal includes the option to renew for two additional years.

B. Who May Respond

Only licensed Certified Public Accounting firms who have prior governmental auditing experience may respond to this RFP. Additionally, the firm must be approved by the Louisiana Legislative Auditor to perform governmental auditing work.

C. Instructions on Proposal Submission

1. Submission Date: Proposals must be submitted no later than 4:30 p.m. on Thursday, September 29, 2016.
2. Inquiries: Inquiries concerning this RFP should be directed to linda.lulue@ci.harahan.la.us.
3. Cost of Proposal: All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Offeror and will not be reimbursed by the City.
4. Submission Instructions:

Twelve (12) complete proposals must be submitted, printed on single-sided paper, and one electronic copy.

All proposals must be submitted in a sealed envelope/box bearing the name of the Offeror and clearly marked in the lower right-hand corner with the following information: **RFP-Audit**.

Your proposal should be addressed as follows:

City of Harahan
Linda Hite Lulue, CPA
City Accountant
6437 Jefferson Highway
Harahan, LA 70123

It is the responsibility of the Offeror to ensure that the proposal is received by the City by the date and time specified above. Late proposals will not be considered.

D. Right to Reject

The City reserves the right to reject any and all proposals received in response to this RFP. A contract for the accepted proposal will be based upon the factors described in this RFP. All proposals received on time will be reviewed by Committee.



E. Award Selection

The City will evaluate the award on both a quantitative and a qualitative basis. Such evaluations may include a review of the submitted proposals and how well the requirements are met, interviews with the proposed engagement team, discussions with the audit firm's other clients and the audit firm's perceived standing in the community.

F. Notification of Award

- a. It is expected that a decision on selecting the successful audit firm will be made within *eight (8)* weeks of the closing date for the receipt of proposals, but in no event later than December 30, 2016.
- b. Upon conclusion of final negotiations with the successful audit firm, all Offerors submitting proposals in response to this Request for Proposal will be informed, in writing, of the name of the successful audit firm.

G. Options

At the discretion of *The City*, this audit contract can be extended for two additional one-year periods. The cost for the option periods will be agreed upon by the City and the Offeror.

H. Description of Entity and Records to be Audited

The City of Harahan was incorporated under the provisions of the State of Louisiana Lawrason Act in 1920 and became a city in 1953.

In 2016, the City has an approximate budget of \$6.5 million; \$5.7 million of which is comprised of the General Fund. The City has nine (9) funds, which are: General Fund, Capital Projects Fund, Sewer Fund, Sales Tax Fund, two Sinking Funds, two Reserve Funds and one Contingency Fund. All funds utilize a pooled cash bank account, except for the Sinking, Reserve and Contingency Funds which have separate bank accounts and very little activity. The General Fund is sub-divided into thirteen (13) departments, the largest of which are the police, fire and administrative departments. There are approximately sixty (60) employees. The books are maintained utilizing the software Incode.

The City does receive various grants from both the state of Louisiana and the Federal Government during the year. The amounts of the grants and the receipt of such is unpredictable and makes determining the necessity of an A-133 audit difficult. Also included in this calculation is the amount of funds drawn down on a \$4 million DEQ loan for sewer repairs. Historically, the City has sporadically needed an A-133 audit. For the previous year, 2015, one was not required. As of this proposal, the City believes that the chances are good that one will be required, due to the loan draw downs.

The City does not have an internal audit function. All financial preparation, account analysis, reconciliations and budget preparation is performed by the City's CPA who has extensive governmental background, including governmental auditing.

A copy of the City's 2016 budget and 2015 audit reports may be viewed on the City's website: <http://www.cityofharahan.com/government/> or requested via email.



I. Terms and Conditions

1. Submission of a proposal indicates acceptance by the Audit firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in a written contract, if selected by the City.
2. The City reserves the right to accept a proposal higher in price than the lowest proposal, and to negotiate with any responders concerning matters which the City determines requires clarification or changes not in conformity with the specific requirements set forth in this RFP.
3. The City reserves the right to request additional information or clarification from responders, or to allow for corrections of errors or omissions.
4. Any contract awarded shall not be binding upon the City until both parties have executed a written agreement.
5. If through any cause, the Audit firm shall fail to fulfill the obligations agreed to in a timely and proper manner, the City shall have the right to terminate the contract by specifying the date of termination in a written notice to the Audit firm.
6. In the event of a merger of the audit firm with another firm of certified public accountants or a change of partners in the audit firm, this contract will be transferable to the successor firm with the approval of the City, with all requirements remaining intact.

Specification Schedule

A. Scope of Services

The purpose of this RFP is to obtain the services of a public accounting firm, whose principal officers are independent certified public accountants, certified or licensed by a regulatory authority of a state, hereinafter referred to as the "Auditors," to perform a financial and A-133 audit (when required) of the City of Harahan.

The Auditors shall perform the examination and express an opinion on all of the City's funds in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA), the standards for financial audits set forth in the U.S. General Accounting Office's (GAO) Government Auditing Standards, Office of Management and Budget (OMB) Circular A-133, and any specific requirements of grantor agencies. It will be the responsibility of the audit firm to be knowledgeable of the requirements and to submit the report(s) thereon.

The Auditors will prepare the Schedule of Expenditures of Federal Awards (if necessary) and all applicable compliance and internal control reviews required by the U.S. General Accounting Office's (GAO) Government Auditing Standards and OMB Circular A-133, including the Data Collection Form (SF-SAC) and the electronic filing of the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations.

The Auditors may prepare all working papers related to GASB Statement Number 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.



B. Performance of Services

The following services are expected of the winning Auditors:

1. *The City of Harahan's* records should be audited for the years ending December 31st. The years consist of 2016 through 2020, with the option to renew for two additional one year periods.

The objectives of the audits are as follows:

- To have the Auditors express an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information, as required, when considered in relation to the financial statements taken as a whole.
 - The objective also includes reporting on internal controls related to the financial statements and compliance with laws and regulations; noncompliance with which could have a material effect on the financial statements in accordance with the U.S. General Accounting Office's (GAO) Government Auditing Standards, Office of Management and Budget (OMB) Circular A-133, and any specific requirements of grantor agencies (if necessary). The audit should include tests of accounting records and other procedures considered necessary to enable the expression of such an opinion and to render the required reports.
2. Depending on cost and time constraints, the City may request the Auditors to prepare all working papers related to GASB Statement Number 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.
 3. The City expects to receive from the audit firm assistance throughout the year in terms of answers to accounting, reporting, and/or internal control matters.
 4. The City expects to receive a master PBC list of items required for the audit at a pre-audit meeting. Detailed lists of items tested are expected to be received in a timely manner.
 5. The City expects to receive a draft audit report and trial balances/grouping schedules for the City's review at least two (2) weeks prior to the due date. Upon conclusion of the audit, and prior to issuance, the auditors shall meet with the City at an exit conference to discuss the audit findings and provide recommendations for improving the City's internal controls. Such observations and recommendations must be summarized in writing.
 6. After completion of the audit, the Auditors shall attend a regularly scheduled City Council meeting to discuss the audit.

C. Delivery Schedule

The following delivery schedule is expected to be met:

1. The audits must be completed and issued prior to June 30th of each year.



2. The Auditors shall deliver twelve (12) bound copies of final audit reports to the City along with an electronic copy of all reports and of all final trial balances and adjusting entries (if any).
3. The Auditors shall directly submit all required documents to the Louisiana Legislative Auditor in a timely fashion, and by the due date of June 30th. The Auditors will provide documentation of such submissions to the City.

Reports may be submitted earlier than the schedule above. However, if the Auditors fail to make delivery of the audit reports within the time schedule specified herein, or if the Auditor delivers audit reports that do not conform to all of the provisions of this contract, the City may, by written notice of default to the Auditor, terminate the whole or any part of this contract.

D. Payment

Payment will be made when the City has determined that the total work effort has been satisfactorily completed.

Proposal Requirements

The Auditors, in its proposal, shall, as a minimum, include the following:

A. About the Firm

The Auditors should provide general background information which should include, at least, the following information:

1. The organization and size of the audit firm and whether it is local, regional, national or international.
2. The location(s) of the office from which the work is to be done and the number of professional staff, by staff level and function (audit, tax, administration, etc.) employed at the office.
3. If the audit firm is a small or minority-owned business.
4. Positive statements that the following mandatory criteria are satisfied:
 - a. An affirmation that the audit firm and all assigned key professional staff are properly licensed to practice as certified public accountants in the State of Louisiana.
 - b. An affirmation that the proposing audit firm meets the Independence requirements of the American Institute of Certified Public Accountants (AICPA) and the Government Auditing Standards (GAS).
 - c. An affirmation that the proposing audit firm meets the continuing education and external quality control review requirements contained in the Government Auditing Standards (GAS).
 - d. An affirmation that the proposing firm does not discriminate against any individual because of race, consideration for employment, selection of training, promotion,



transfer, recruitment, rates of pay, or other forms of compensation, demotion or separation.

- e. An affirmation that the proposing firm maintains a prudent level of errors and omissions insurance covering the willful or negligent acts, or omissions, of any officers, employees or agents thereof.

5. Signed certifications. Certification located at end of this RFP.

B. Experience

This RFP is for auditing firms who are experienced in performing governmental audits. As such, the audit firm should describe its prior auditing experience, including the names, addresses, contact persons, and telephone numbers of governmental entities audited within the past three years that are similar to the City. The audit firm should provide the number and percentage of governmental auditing vs other auditing experience, vs other experience. Any additional relevant information may be disclosed as well.

C. Audit Team

The audit firm should adequately describe the qualifications of staff to be assigned to the audits. Descriptions should include:

1. Audit team makeup. Include audit partners, audit managers, field supervisors and staff accountants. Identify who the key contact will be and their contact information.
2. Explanation of how daily and overall supervision is to be exercised by the audit firm.
3. Resumes of all audit team members. Such resumes shall include education, relevant jobs held, position in firm, year(s) and type(s) of experience, and relevant CPE taken.
4. Describe the audit firm's participation in AICPA-sponsored or comparable quality control programs (peer review). Include a copy of the firm's most recent Peer Review, the related letter of comments and the firm's response.

D. Understanding of Services to Be Performed

The Auditors should describe its understanding of the work to be performed, including audit procedures, estimated hours, and other pertinent information. This should be done via a general audit work plan the firm will utilize to accomplish the scope defined in this RFP. The plan should detail the expected number of hours by staff level. An explanation as to how much time will be spent at the City's offices vs remote work, if the planning procedures will be done concurrently or ahead of time, how items will be requested, how items are preferred to be received (physical or electronically), and anything else that will help the City understand how your firm performs an audit. The planned usage of a specialist should also be detailed. Detail of how the reporting deadline requirements will be met.

E. Conclusion

Describe how and why your firm is different from other firms being considered, and why the City's selection of your firm as our independent auditors is the best decision we could make.



F. Pricing

The Auditor's proposed prices should be detailed out separately for performing each of the following services: an opinion audit, an A-133 audit, and GASB Numbers 68 and 71 work. Include information indicating how the price was determined. For example, the proposal should indicate the estimated number of hours by staff level, hourly rates, and total cost by staff level. Any out-of-pocket expenses should also be indicated. Additionally, detail what, if any, fee increases can be expected over the life of the contract.

The pricing information should not be part of the rest of the proposal, but be in a separate, sealed brown envelope, with 12 (twelve) copies.

Proposal Evaluation

A. Nonresponsive Proposals

Proposals may be judged nonresponsive and removed from further consideration if any of the following occur:

1. The proposal is not received in a timely manner in accordance with the terms of this RFP.
2. The proposal does not follow the specified format.
3. The proposal is not adequate for the City to form a judgment that the Audit Firm would meet the City's expectations as detailed in this RFP.

B. Proposal Scoring

Evaluation of each proposal will be scored on the following factors:



	Point Range	Score Received
1. Following proposal submission guidelines. Timeliness. Inclusion of all items. Format of submission.	0-8	
2. Firm Requirements:		
a. Adequate size of the firm.	0-5	
b. Minority-owned/small business.	0-2	
c. Inclusion of mandatory statements.	0-5	
3. Firm Experience:		
a. Number and type of experience.	0-10	
b. Positive comments from previous/other clients.	0-20	
4. Audit Team:		
a. Audit team makeup.	0-5	
b. Overall supervision to be exercised.	0-5	
c. Qualifications of assigned staff: education, prior experience, etc.	0-20	
5. Understanding of Services to be Performed		
a. Work plan in relationship to the scope of work.	0-20	
b. Reasonableness of time estimates and total audit hours.	0-15	
c. Appropriateness of assigned staff levels.	0-15	
d. Meeting deadlines.	0-20	
6. Conclusion: How firm differentiates itself.	0-10	
TOTAL POINTS	160	
7. Pricing:		
a. Opinion Audit		
b. A-133 Audit		
c. GASB #		
8. Notes re past experience with the firm.		

C. Review Process

The City contemplates award of the contract to the responsible Audit Firm with the highest total points who can provide the best valued service for the fees.

Certifications

On behalf of the Audit Firm:

1. The individual signing certifies that he or she is authorized to contract on behalf of the Firm.
2. The individual signing certifies that the Firm is not involved in any agreement to pay money or other consideration for the execution of this agreement, other than to an employee of the Firm.
3. The individual signing certifies that the prices in this proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition.
4. The individual signing certifies that the prices quoted in this proposal have not been knowingly disclosed by the Firm prior to an award to any other potential Offeror.
5. The individual signing certifies that there has been no attempt by the Firm to discourage any potential Firm from submitting a proposal.
6. The individual signing certifies that the Firm is a properly licensed certified public accounting firm.
7. The individual signing certifies that the Firm meets the independence standards of the *Government Auditing Standards*.
8. The individual signing certifies that he or she is aware of and will comply with the GAO's Continuing Education Requirements
9. The individual signing certifies that he or she has read and understands the following publications relative to the proposed audits:
 - a. *Government Auditing Standards* (Yellow Book)
 - b. *OMB Circular A-133—Compliance Supplement*
 - c. *Government Auditing Standards and Circular A-133 Audits (AICPA Audit Guide)*
 - d. *OMB Circular A-87, Cost Principles for State and Local Governments (Note: A-87 should be listed if funding source contracts require compliance with A-87.)*
 - e. *Audits of State and Local Governments (AICPA Audit Guide)*
10. The individual signing certifies that he or she has read and understands all of the information in this Request for Proposal.
11. The individual signing certifies that the Firm, and any individuals to be assigned to the audits, does not have a record of substandard audit work and has not been debarred or suspended from doing work with any federal, state, or local government. (If the Firm or any individual to be assigned to the audits has been found in violation of any state or AICPA professional standards, this information must be disclosed.)

Dated this _____ day of _____, 20_____.

(Offeror's Firm Name)

(Signature of Offeror's Representative)

(Printed Name and Title of Individual Signing)