



3275 CENTRAL BLVD.

HUDSONVILLE, MI 49426

Request for Proposal to
Provide Audit Services

For the Fiscal Years
Ending June 30, 2015

To

June 30, 2018

Request for Proposal to Provide Audit and Accounting Consulting Services for the City of Hudsonville

Purpose: The City of Hudsonville is requesting proposals for the purpose of retaining qualified independent public accountants to perform as listed under “Scope of Services” who must submit written proposals to provide such services in accordance with the specification outlined herein.

A five-year contract is contemplated, subject to the annual review and recommendation of the City of Hudsonville Finance Committee, the satisfactory negotiation of terms, the concurrence of the Hudsonville City Commission and the annual availability of an appropriation.

In the event of a merger of the audit firm with another firm or certified public accountants or the change of partners to the audit firm, this contract will be transferable to the successor firm with the approval of the City.

This retainer agreement shall not be assigned or transferred without the written approval of the City.

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.

During the evaluation process, the City reserves the right to retain all proposals submitted and to use any ideas in the proposals regardless of whether the proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted by the firm selected and agreed to by the City.

I. DESCRIPTION OF THE GOVERNMENT

Principal Contact

The auditor’s principal contact with the City of Hudsonville will be:

City of Hudsonville
Janice Sal, Finance Director
3275 Central Blvd.
Hudsonville, MI 49426
(616) 669-0200 x 1413
jsal@hudsonville.org

General Information: The City requires an annual independent audit of the accounts and books of the City of Hudsonville for the fiscal year starting July 1, 2014 through June 30, 2015. The City Manager is responsible for the financial operation of the City. The City Finance Director is responsible for maintaining accounting records. The City’s general accounting records are maintained in accordance with the generally-accepted accounting practices for State and Local governments.

Financial Information: The City of Hudsonville is organized as a Home Rule City. The City’s Charter was adopted by its electors on November 5, 1959. Today, the City of Hudsonville has a population of

approximately 7,016. The City levied 9.7303 mills for city operating, 1.0000 mill for Library operating and .5000 mill for library debt raising approximately \$2,359,760 in tax revenue for 2014. The financial activities are accounted for in two (2) major governmental funds: the General Fund and the Major Streets Fund, several non-major funds, three (3) fiduciary funds: the Tax Account, Trust & Agency Fund and the Payroll Fund, two (2) enterprise funds: water and sewer, and accounts for two (2) component units: the Downtown Development Operating Authority and Tax Increment Finance Authority

The City's total assets on June 30, 2014 were \$21,113,609. The total expenses for the City in the fiscal year ending June 30, 14 were \$2,589,313. Debt outstanding June 30, 2014 was \$2,024,456. The City participates in the MERS Defined Benefit pension plan. All accounting records are maintained in-house. The City uses BSA software for accounting, assessing, utility billing, and tax. Financial operations are carried out through the Finance Department. The City has 19 full-time and approximately 40 part-time employees. It maintains a volunteer Fire Department, contracts police protection from Ottawa County and staffs our own Gary Byker Memorial Library.

The City of Hudsonville 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 State Treasurer's Office within six months of conclusion of the City's fiscal year. The City's fiscal year runs from July 1 to June 30.

More detailed information on the government and its finances can be found in the City's Audited Financial Report on the City's website at www.Hudsonville.org. Budget information, official statements, policies and procedures are also available for your review by contacting the City.

Audit information is also available on the Michigan Department of Treasury's web site, www.michigan.gov/treasury.

II. OBJECTIVE AND SCOPE

A financial audit is requested for the fiscal year ending June 30, 2015. The audit will include The City of Hudsonville's financial statements of the government activities; the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the City's basic financial statements. The financial statements are to be presented in accordance with the financial reporting model described in GASB statement NO. 34. Also, the document submitted to the City is to include combining and individual non-major fund financial statements and schedules that will be subjected to the auditing procedures applied in the audit of the financial statements that collectively comprise the City's basic financial statements.

The document is to also include management's discussion and analysis that will not be subject to the auditing procedures applied in the audit of the financial statements that collectively comprise the City's basic financial statements, and for which the auditor's report will disclaim an opinion.

The audit shall be performed in accordance with generally accepted auditing standards, as published 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 30, 2015 and by December 30 of each subsequent year.

Upon conclusion of the audit a senior representative of the accounting firm shall meet with the City to review the audit and to discuss the findings of the resultant audit and provide recommendations for improving the City's system of internal control. Copies of the audit should be provided at each meeting. Meetings shall be conducted as follows:

1. Financial staff (City Manager, Finance Director Treasurer, and Clerk) three (3) - drafts of audit
2. At the completion of the audit and prior to December 31, a senior representative shall meet before the full City Commission at a regular scheduled City Commission meeting to discuss the final audit. The auditor shall reproduce, bind and deliver to the City Finance Director, at its cost, twelve (12) copies each of the basic audit report, the management letter and each document required under the single audit (if one is performed), two weeks prior to the scheduled Board meeting.
3. Auditors shall provide an electronic copy of the final audit to the City.
4. The auditor shall directly submit all required documents to the State of Michigan in a timely fashion. The auditor will provide documentation of such submissions to the City.
5. The auditor shall prepare and submit the Form F-65.
6. The city expects to receive from the audit firm a variety of technical assistance throughout the fiscal year, including answers to accounting, reporting, and/or internal control questions.

The City of Hudsonville, at its discretion, may request the following service in addition to the annual audit at no additional cost:

1. Assistance with SEC Annual Continuing Disclosure Report
2. Assistance with Act 51 Report
3. Assistance with Municipal Finance Qualifying Statement
4. Consultation on other financial matters as needed.

Irregularities and Illegal Acts: Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the City Manager of the City of Hudsonville, or to the Clerk and Treasurer if the illegal acts have been committed by the City Manager.

III. REPORT REQUIREMENTS

For financial audits, the auditor shall examine the financial statements and records of the City.

1. Issue an auditor's opinion on its 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.

2. The auditor will be responsible for preparing and printing the Comprehensive Annual Financial Report. See II Objective and Scope.
3. 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*.
4. 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.
5. The auditor shall prepare a comprehensive management letter including the auditor's compliance with laws and regulations as applicable and adherence to generally accepted accounting principles.

IV. AUDIT TERM

If the selected certified public accounting firm performs satisfactory for the June 30, 2015 audit, the same firm will be engaged to perform the audit for the succeeding four years, subject to an annual evaluation and City Commission appropriation. A letter of engagement will be required two months prior to the end of the fiscal year, for each year's audit. A pre-audit meeting between the auditor and the City will be held one month prior to the end of each fiscal year. The term may be extended for an additional two years beyond the five-year engagement, based on mutual agreement by and between the auditor and the City. The contract for audit services will contain a termination clause. The termination clause will allow either party to terminate the contract at any time provided that 90 days advance notice is given.

V. 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, 2015.

1. Profile of the Independent Auditor

The profile of the proposing audit firm should provide general background information. This should include:

- A. The organization and size of the proposing audit firm, and whether it is local, regional, national or international in operations.
- B. 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.
- C. A positive statement that the following mandatory criteria are satisfied:
 - (1) An affirmation that the proposing audit firm and all assigned key professional staff are properly licensed for practice as a certified public accountant in the State of Michigan.
 - (2) An affirmation that the proposing audit firm 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.

- (3) An affirmation that the firm meets the continuing education and external quality control review requirements contained in the *Government Auditing Standards*, 2011 revision, published by the U.S. General Accounting Office.

2. Proposing Firm's Qualifications

- A. 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. Resumes including relevant experience and continuing education for the staff auditors, up to the individual with final responsibility for the engagement, should be included.
- B. Describe the recent local office auditing experience similar to the type of audit requested.
- C. Describe the audit firm's participation in AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review as required by *Government Auditing Standards*.

3. Proposing Firm'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 the proposing audit firm's understanding of 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.

4. Time Requirements

Detail how the reporting deadline requirements of the audit will be met.

5. Fees

- A. Firm should submit an all-inclusive maximum price for each of the five years (with each year listed separately). Rates for additional professional services must be clearly stated.
- B. Payment will be made in two installments. The first installment will be due upon receipt of invoice following completion of pre-audit meeting. Final installment will be processed upon acceptance of audit reports and receipt of a final invoice.
- C. There should be certification that the person signing the proposal is entitled to represent the firm, empowered to submit bids, and authorized to sign a contract with the City.
- D. As noted in Section 4. It is expected that if the selected certified public accountant firm performs satisfactorily for the June 30, 2015 audit, it will be engaged to perform the audit for the succeeding four years with the possibility of extending the agreement for an additional two years beyond that. Therefore, the annual fee requested above should be provided for each of the five years.

6. Non-discrimination Clause

Affirm that the 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.

VI. CONTRACTUAL ARRANGEMENTS

1. 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 or state or federal government auditor's if requested by them.

In addition, the firm shall respond to reasonable inquiries of successor firms and allow successor audit firms to review working papers relating to matter or continuing accounting significance.

2. The City of Hudsonville staff will prepare statements and schedules as required by the Auditors. A list of statements and schedules required by the Auditor must be provided at the pre-audit meeting. The City of Hudsonville staff will be available to provide trial balances, information, documentation and explanations. The preparations of confirmations will be the responsibility of the auditors. The City does not maintain an internal auditor.
3. Neither party (auditing firm and the City) of the contractual arrangement shall, during the term of the contract, solicit for hire as an employee, consultant or otherwise any of the other party's personnel who have direct involvement with the audit services as outlined herein, without such other party's written consent. If the audit firm of the City desires to offer employment to either employees, a compensation fee may apply.
4. The City will provide the auditor with reasonable workspace, desks, and chairs. The auditor will also be provided with access to one (1) telephone line, photocopying facility, internet, and fax machine, limited to the City audit only.

VII. EVALUATION OF PROPOSALS

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

1. Technical Factors

- A. Responsiveness of the proposal in clearly stating an understanding of the audit services to be performed.
 - (1) Appropriateness and adequacy of proposed procedures.
 - (2) Reasonableness of time estimates and total audit hours.
 - (3) Appropriateness of assigned staff levels.
- B. Technical experience of the firm.
- C. Qualifications of staff.

- D. Size and structure of firm, considering the scope of the audit.
 - E. Geographic location of key personnel and responsible office.
2. Cost of the Audit

The City of Hudsonville contract award will be based on a review of all aspects of the submittal including, but not limited to the bid amount. The City reserves the right to reject any and all proposals submitted and to request additional information from all proposing audit firms. 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 firm to best meet the needs of the City.

VIII. TERMS AND CONDITIONS

1. There is no expressed or implied obligation to reimburse responding firms for any expenses incurred in preparing proposals in response to this RFP.
2. Any proposal may be withdrawn up until the date and time set for the opening of the proposals. Any proposal not so withdrawn shall constitute an irrevocable offer to the City.
3. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.
4. The City reserves the right to accept a proposal higher in price than the lowest proposal, and to negotiate with any respondent concerning matters which the City determines requires clarification or changes not in conformity with the specific requirements set forth in this RFP.
5. The City reserves the right, where it may serve the City's best interest, to request additional information or clarifications from proposing firms, or to allow corrections of errors or omissions.
6. 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.
7. Any contract awarded pursuant to any bid shall not be binding upon the City until both parties have executed a written agreement.
8. If, through any cause, the firm shall fail to fulfill the obligations agreed to in a timely and proper manner, the City shall have the right to terminate its contract by specifying the date of termination in a written notice to the firm.
9. No reports, information, or data given to or prepared by the firm under contract shall be made available to any individual or organization by the firm without prior written approval of the City.
10. The selected firm shall maintain, during the term of the engagement, a prudent level of errors and omissions insurance covering the willful or negligent acts, or omissions of any officers, employees or agents thereof. A current certificate of insurance shall be provided to the City upon demand.

FREEDOM OF INFORMATION ACT: Firms are hereby notified that all information contained in their proposal is subject to the provisions of the Michigan Freedom of Information Act.

IX. SUBMISISON OF PROPOSALS

All proposals must be submitted in sealed envelopes bearing the name of the bidder and clearly marked with a notation indicating the material on which the bid is submitted.

All proposals must be received on or before May 1, 2015. Qualified public accounting firms wishing to present a proposal to the City of Hudsonville to provide service as outlined above in Scope of Services should forward twelve (12) copies of their proposal to:

City of Hudsonville
RFP – Audit
3275 Central Blvd.
Hudsonville, MI 49426

Proposals received on or before May 1, 2015 will be reviewed by the City Finance Committee.

A recommendation from the Finance Committee is expected to be presented to the Hudsonville City Commission on June 9, 2015.

Selection of the CPA firm is expected to be made by the City of Hudsonville Board at their regular meeting to be held at 7:00 p.m. on June 9, 2015. All firms submitting proposals will be notified within one week after award of bid as to the selection results. No proposal will be considered that is not received at or prior to the above time and date.

X. SOURCES OF INFORMATION

Please contact Janice Sal (616) 669-0200 x 1413 for additional information in regards to the request for proposals.

Request for Proposal for Annual Audit Services

Timetable

April 1, 2015	Request for Proposal mailed & Posted to Website
May 15, 2015	Proposal Due
Date unspecified	Finance Committee reviews bids and prepares recommendation
June 9, 2015	Commission awards bid