



Charter Township of AuSable

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www.ausabletownship.net

RFP – 2020 – 01

REQUEST FOR PROPOSALS

FOR

PROFESSIONAL AUDITING SERVICES

ISSUED: OCTOBER 6, 2020

CHARTER TOWNSHIP OF AUSABLE

REQUEST FOR PROPOSALS

PROFESSIONAL AUDITING SERVICES

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I. INTRODUCTION

A. General Information

The Charter Township of AuSable is soliciting proposals from qualified firms of certified public accountants to audit financial statements for the Charter Township of AuSable. This audit is to be performed in accordance with generally accepted auditing standards and the provisions of the federal Single Audit Act of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of the States, Local Governments, and Non-Profit Organizations.

There is no expressed or implied obligation for the Charter Township of AuSable to reimburse responding forms for any expenses incurred in the preparing of proposals in response to this request

To be considered, an UNBOUND ORIGINAL and three (3) copies of the PROPOSAL in a SEALED ENVELOPE must be received no later than 10:00 A.M. on November 9, 2020. Proposals should be addressed to

**CHARTER TOWNSHIP OF AUSABLE
Clerk's Office
4420 N. US HWY 23
AUSABLE TOWNSHIP, MI 48750**

Envelope should be marked with the name of the submitting firm and **"RFP: Professional Auditing Services"**. Faxed or emailed proposals shall not be accepted. The Charter Township of AuSable reserves the right to reject any or all proposals submitted.

During the evaluation process, the Charter Township of AuSable reserves the right, where it may serve the Charter Township of AuSable's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the Charter Township of AuSable, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The Charter Township of AuSable 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 exceptions are clearly and specifically noted in the proposal submitted and confirmed in the contract between the Charter Township of AuSable and the firm selected.

B. Tentative Schedule

ISSUE RFP: 10/06/20
QUESTIONS DUE: 10/15/20 @ 3:00 P.M.
PROPOSAL DUE: 11/09/20 @ 10:00 P.M.
BID OPENING: 11/09/20 @ 4:00 P.M.
PROPOSALS EVALUATED: 11/09/20 – 11/12/20
BOARD AWARD: 11/16/20

C. Term of Engagement

A three (3) year contract is contemplated with the option to renew for two (2) additional years.

D. RFP Distribution/ Addenda

The Charter Township of AuSable will make the RFP available on their website. Invitations to submit a Request for Proposal will be submitted to firms however, an invitation is not required to submit an RFP.

E. Insurance Requirements

A certificate of insurance naming the Charter Township of AuSable as an additional insured and meeting the requirements shown in Attachment A (Sample Agreement) must be provided to the Township by the successful proposer prior to commencement of work. A current certificate of insurance is to be on file with the Township for the entire contract period.

II. NATURE OF SERVICES REQUIRED

A. General

The Charter Township of AuSable is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending December 31, 2020, 2021, and 2022, with the option to renew for 2022 and 2023.

The Charter Township of AuSable will issue Financial Reports for the years identified above.

The Charter Township of AuSable elected officials, along with the Superintendent, oversee the audit process. The audit partner and manager shall meet with these individuals prior to commencing the audit annually to discuss the planning and timing of the audit as well as to discuss any potential issues of which the above listed individuals are aware. The auditor shall provide regular updates to these individuals and should notify them upon knowledge of any audit issues.

B. Scope of Work

State laws require an annual audit of the financial records and transactions of the Township by independent certified public accountants selected by the Township Board. In addition to meeting the requirements set forth in State law, in years in which the Single Audit Act and related OMB

Circular A-133 apply, the audit should also be designed to meet such requirements. The auditor's reports related specifically to the single audit should be issued under separate cover.

The Charter Township of AuSable desires the auditor to express an opinion on the fair presentation of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of AuSable in conformity with generally accepted accounting principles. The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

C. Auditing Standards

To meet the requirements of this Request for Proposals, the audit shall be performed in accordance with auditing standards generally accepted in the United States of America as required and as required. Government Auditing Standards issued by the Comptroller General of the United States and the Single Audit Act of 1996 and the provisions of the Uniform Guidance.

D. 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 five (5) years, unless the firm is notified in writing by the Charter Township of AuSable 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;

- Charter Township of AuSable
- Parties designated by the federal or state governments or by the Charter Township of AuSable as part of an audit quality review process.
- Auditors of entities of which the Charter Township of AuSable is sub-recipient of grant funds

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

III: DESCRIPTION OF THE GOVERNMENT

A. Contact Person

The auditor's principal contact with the Charter Township of AuSable shall be the Elected Treasurer, or a designated representative, who shall provide assistance by the Charter Township of AuSable to the auditor.

B. Background Information

The Charter Township of AuSable is located in Iosco County, Michigan. More detailed information on the Charter Township AuSable and its finances can be found in the December 31, 2019 Financial Report and is available upon request.

C. Fund Structure

<u>Fund Type</u>	<u>Individual Funds</u>
General Fund	1
Special Revenue Funds	2
Debt Service Funds	1
Enterprise Funds	2
Fiduciary Fund (Property Tax Collection)	1

The financial report is comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The financial section also contains required supplemental information in addition to the basic financial statements.

D. Budgetary Basis of Accounting

The Charter Township of AuSable prepares its budgets on a basis consistent with generally accepted accounting principles.

IV: TIME REQUIREMENTS

A. Date Audit May Commence

The Charter Township of AuSable will have all records ready for audit and all management personnel available to meet with the firm’s personnel on or around the mutually agreed upon dates of the audit.

B. Date Final Report is Due

A draft audit shall be presented and delivered to the full-time elected officials and the Superintendent no later than 30 days after the audit commencement date.

The Treasurer, Clerk and Superintendent shall complete their review of the draft report as expeditiously as possible. It is expected that this process should not exceed one week. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to the Township Clerk. It is expected that this process shall be completed, and the final report delivered no more than 60 days after the commencement of the audit. It is also expected that a verbal report be presented to the Board of Trustees at a Regular Board Meeting prior to the delivery of the final report to the Clerk.

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

A. Management Personnel

Management Personnel and staff will be available during the audit to assist the firm by providing information, documentation and explanations.

B. Statements and Schedules Prepared by the Charter Township of AuSable

The Management Personnel and staff of the Charter Township of AuSable shall prepare all supporting documents and account balance schedules that are available. The audit firm is expected to propose all GASB 34 entries.

C. Work Area, Telephone, Photocopying and Fax Machines

The Charter Township of AuSable shall provide the auditor with the reasonable workspace, desks and chairs. The auditor shall also be provided with access to one telephone line, photocopying facilities and a fax machine.

D. Report Preparation

Preparation of the financial report shall be the responsibility of the auditor.

VI: PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Inquiries concerning the RFP and the subject of the RFP shall be made in writing via email to

Mary Jo Samotis, Treasurer
treasurer@ausabletownship.net

2. Submission of Proposals

The following material is required to be received by the due date and time for a proposing firm to be considered:

- a) One (1) unbound original hard copy (may be clipped but not stapled or bound) of a, three (3) additional copies (which may be bound) to include the following:
 - i. Title Page

Title page showing the Request for Proposals' subject; the firm's name; the name, address and telephone number of a contact person, and the date of the proposal.

ii. Table of Contents / Letter of Submittal

A signed letter of transmittal briefly stating the proposers understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be the best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for a period of 90 days.

iii. Detailed Technical and Fee Proposals

The detailed proposal should follow the order set forth in Section V-B of this Request for Proposals.

b) Proposers shall submit the completed proposal to the following address and addressed as follows:

CHARTER TOWNSHIP OF AUSABLE
Township Clerk's Office
4420 N. US Hwy 23
AuSable Township, MI 48750
"PROFESSIONAL AUDITING SERVICES"

B. Technical Proposal

1. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Charter Township of AuSable in conformity with the requirements of this Request for Proposals. As such, the substance of the proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the Request for Proposals requirements.

The technical proposal should address all the points outlined in the RFP (excluding any cost information which should only be included in the fee proposal). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the RFP. While additional data may be presented, the following subjects, items 2-10, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the Charter Township of AuSable as defined by generally accepted auditing standards.

In addition, the firm shall give the Charter Township of AuSable written notice of any professional relationships entered into during the period of this agreement that may impair independence.

3. License to Practice in Michigan

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

4. Debarment, Suspension, Ineligibility, and Voluntary Exclusion

The firm shall comply that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this contract. Additionally, the Consultant shall not use, directly or indirectly, any of the funds provided by this contract to employ, award contracts to, or otherwise engage the services of, or fund any contractor/subcontractor during any period that the contractor/subcontractor is debarred, suspended or ineligible.

5. Firm Qualifications and Experience

The proposal should 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 and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis. The proposal should also include the estimated hours that professional staff will spend on the audit.

The firm is also required to submit a copy of the latest peer review, specifically for governmental engagements.

The firm shall disclose and provide information on the 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.

6. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the engagement partner and manager who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Michigan. The firm also should 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.

The firm also should indicate how the quality of staff over the term of the agreement will be assured.

Engagement partner and/or manager may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written notification to the Charter Township of AuSable. The Charter Township of AuSable retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

7. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five (5) years that are similar to the engagement described in this Request for Proposals. These engagements should be ranked on the basis of total staff hours.

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this Request for Proposals. In developing the work plan, reference should be made to such sources of information as the Charter Township of AuSable's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers shall be required to provide the following information on their audit approach:

- i. Proposed segmentation of the engagement
- ii. Level of staff and number of hours to be assigned to each proposed segment of the engagement. It is important to the Township that a quality audit is performed not necessarily the fastest.
- iii. A detailed audit approach including:
 - Sample sizes and the extent to which statistical sampling is to be used in the engagement
 - Type and extent of analytical procedures to be used in the engagement
 - Approach to be taken to gain and document an understanding of the Charter Township of AuSable's internal control structure
 - Approach to be-taken in drawing audit samples for purposes of test compliance
- iv. Approach to ensuring new accounting standards are adopted and appropriately, including assistance provided to the Charter Township of AuSable during the implementation process.

9. Identification of Anticipated Potential Audit Problems.

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the Charter Township of AuSable.

**THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE
TECHNICAL PROPOSAL SECTION**

C. FEE PROPOSAL SECTION

1. Total Price and Hours Breakdown

The fee proposal should contain all pricing information relative to performing the audit engagement as described in this Request for Proposal.

The Charter Township of AuSable shall not be responsible for the expenses incurred in preparing and submitting the technical proposal or the fee proposal. Such costs shall not be included in the proposal.

The fee proposal should include the following information:

- a. Name of Firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract with the Charter Township of AuSable
- c. Pricing requested on Schedule of Professional Fees for the Audit
- d. Please include exactly what is included in your all-inclusive fee and what is not such as assistance with implementation of new standards, auditing of new funds, routine calls that may be more than a 15-minute question, etc.

2. Rates for Additional Professional Services

If it should become necessary for the Charter Township of AuSable to request the auditor to render any additional services to either supplement the services requested in this Request for Proposals or to perform additional work as a result of the specific recommendations included in any report issues on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the Charter Township of AuSable and the firm. Any such additional work agreed to between the Charter Township of AuSable and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the fee proposal.

3. Manner of Payment

Progress payments will be made on the basis of hours or work completed during the course of the engagement in accordance with the firm's fee proposal. Interim billings shall cover a period of not less than a calendar month.

IV: EVALUATION PROCEDURES

A. Review of Proposals

The Charter Township of AuSable Board and Superintendent will review all proposals. The Board will make the final decision based on both technical criteria and fee structure.

The Charter Township of AuSable reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

B. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated. The following represent the principal selection criteria which will be considered during the evaluation process. The decisions and opinions of the reviewers regarding proposals evaluations are final and cannot be appealed.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in Michigan
- b. The audit firm's professional personnel have received adequate continuing professional education within the preceding two years.
- c. The firm has no conflict of interest with regard to any other work performed by the firm for the Charter Township of AuSable.
- d. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
- e. The firm adheres to the instructions in this Request for Proposals on preparing and submitting the proposal.

2. Expertise and Experience

- a. The firm's past experience and performance on comparable government engagements.
- b. The quality of the 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. Audit Approach

- a. Adequacy of proposed staffing plan for various segments of the engagement.
- b. Adequacy of procedures and techniques to be applied.

4. Price

C. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm(s) 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 Charter Township of AuSable and the firm(s) selected.

The Charter Township of AuSable reserves the right without prejudice to reject any or all proposals.

ATTACHMENT A

CHARTER TOWNSHIP OF AUSABLE

INSURANCE REQUIREMENTS

1. The Contractor shall maintain at its expense during the term of this Contract, the following insurance:
 - a. **Worker's Compensation** insurance with the Michigan statutory limits and Employer's Liability insurance with minimum limits of \$100,000 (One Hundred Thousand Dollars) each accident.
 - b. **Commercial General Liability Insurance** – The Contractor shall procure and maintain during the life of this contract, Commercial General Liability Insurance, Personal Injury, Bodily Injury and Property Damage on an "Occurrence Basis" with limits of liability not less than \$1,000,000 (One Million Dollars) per occurrence combined single limit.
 - c. The Contractor shall provide proof of Professional Liability coverage in the amount of not less than \$1,000,000 (One Million Dollars) per occurrence and/or aggregate.
2. All policies shall name the Contractor as the insured and shall be accompanied by a commitment from the insurer that such policies shall not be canceled or reduced without at least thirty (30) days prior noticed to the Township.
3. It is required that all policies (except Professional Liability) shall name the Charter Township of AuSable as additional insured. Certificates of Insurance evidencing such coverage shall be submitted to the Charter Township of AuSable Clerk's Office 4420 N. US Hwy 23, AuSable, Michigan 48750 prior to commencement of performance under this Contract and at least fifteen (15) days prior to the expiration dates of expiring policies.
4. The Contractor shall be responsible for payment of all deductibles contained in any insurance required hereunder.
5. If, during the term of this Contract, changed conditions or other pertinent factors should in the reasonable judgement of the Township render inadequate insurance limits, the Contractor will furnish on demand such additional coverage as may reasonably be required under the circumstances. All such insurance shall be affected at the Contractor's expense, under valid and enforceable policies, issued by the insurers of recognized responsibility which are well-rated by national rating organizations and are acceptable to the Township.
6. If any work is sublet in connection with this Contract, the Contractor shall require each subcontractor to effect and maintain at least the same types and limits of insurance as fixed for the Contractor.
7. The provisions requiring the Contractor to carry said insurance shall not be constructed in any manner as waiving or restricting the liability of the Contractor under this contract.
8. The Township has the authority to vary from the specified limits as deemed necessary.

ADDITIONAL REQUIREMENTS

Indemnity/Hold Harmless

1. The Contractor agrees to save harmless and defend the Township against and from any or all liability, loss or damages (including without limitations, fees and expenses of attorneys, expert witnesses and other consultants) which the Township may suffer as a result of claims, demands, costs, or judgements against it arising from, out of or in consequence of the performance of this Agreement, excepting only such liability, loss or damage as shall have been occasioned by the sole negligence of the Charter Township of AuSable, its officers, agents or employees.
2. The Contractor agrees that it is its responsibility and not the responsibility of the Charter Township of AuSable to safeguard the property and materials used in performing this Contract. Further, the Contractor agrees to hold the Township harmless for any loss of such property and materials used in pursuant to the Contractor's performance under this Contract.
3. The Contractor shall not discriminate against any employee, or applicant for employment because of race, color, sex, age, or handicap, religion, ancestry, marital status, national origin, place of birth, or sexual preference. The Contractor further covenants that it will comply with the Civil Rights Act of 1973, as amended; and the Michigan Civil Rights Act of 1976 (78. Stat. 252 and 1976 PA 453) and will require a similar covenant on the part of any consultant or subcontractor employed in the performance of this contract.