

# REQUEST FOR PROPOSAL

## Professional Services for Annual Financial Audit of City of Hartford, Michigan

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Hartford City Hall

19 W Main St

Hartford, MI 49057

(269) 621-2477

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# Bidding Information

## Performance Bids

The City of Hartford is committed to the concept of performance bids. All vendors are encouraged to submit bids which conform to the stated specifications, as well as, suggest deviations from the specifications, which in the vendor's opinion would be beneficial to the City in terms of price and performance. The City reserves the right to accept or reject any or all bids under these terms.

### I. Instructions

- A. Bids must be typewritten or clearly printed in ink and signed by a duly-authorized representative of the firm submitting the quote.
- B. Bids must be submitted in sealed envelopes, clearly marked on the outside, "**Bids for Professional Services for the Annual Fiscal Audit of the City of Hartford**".
- C. Bids will be received by the Office of the City Clerk, City Hall, 19 W Main St, Hartford, MI, 49057, until **4:00 p.m. local time, Monday, June 13<sup>th</sup>**. All bids will be date stamped and time marked when received.
- D. Faxed or emailed bids shall not be accepted.
- E. If you received this document from our website, please e-mail your contact information to [eclerk@cityofhartfordmi.org](mailto:eclerk@cityofhartfordmi.org) so we can place you on the bidders list for addenda.

### II. *Conditions Applicable to Bids*

- A. Applicable Laws: The Ordinances and Charter of the City and laws of the State of Michigan concerning competitive bidding, contracts and purchases will be employed.
- B. Taxes: The City of Hartford is generally exempt from Federal Excise and Michigan State Sales Tax. Prices should not include tax.
- C. If the bidder elects to deviate from the specifications stated, all exceptions or other changes must be clearly noted.
- D. The City reserves the right to reject any and all bids, waive informalities or defects in bids, or accept such bids as it shall deem to be in the best interest of the City of Hartford.
- E. The City does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services.
- F. The Bidder shall provide a completed W-9 form with this bid.
- G. The City plans to award the audit contract at the **June 23, 2025** City Commission meeting.
- H. If you have any further questions, please contact Nicol Brown, at 269-621-2477 or e-mail inquiries to [citymanager@cityofhartfordmi.org](mailto:citymanager@cityofhartfordmi.org).

## Bid Form

The undersigned having familiarized (himself/herself/themselves) with the local conditions affecting the cost of the work and the Contract Documents hereby proposes to perform everything required to be performed and to provide and furnish all labor, materials, necessary tools, equipment, utility and transportation services necessary to perform and complete in a workmanlike manner all work required in accordance with the specifications as prepared by the City of Hartford, Michigan, for, including

Addenda No. \_\_\_\_\_ issued thereto, the following unit prices:

COMPANY \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_

SIGNATURE \_\_\_\_\_ TITLE \_\_\_\_\_

TELEPHONE \_\_\_\_\_ DATE \_\_\_\_\_

BID AMOUNT (INCLUDING APPLIED DISCOUNTS) \_\_\_\_\_

DISCOUNT AMOUNT \_\_\_\_\_

# **Specifications for Annual Audit**

## **A. General**

City of Hartford in Van Buren County is requesting proposals from qualified firms of certified public accountants to perform the annual financial audit and single audit of the City. The City will award a three year contract.

## **B. Scope of Work to be Performed**

The City desires a firm to conduct a financial statement audit and to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles and all other applicable audit standards.

## **C. Preparing of the Reports / Reports to be Issued**

The City's current auditors are responsible for preparing and printing the actual financial statements. The City will provide an excel file of the trial balance and budget for all City funds. From this downloaded information, the auditors would prepare and print the financial statements.

Management Letter -The auditor shall communicate in the management letter to the City Administration and the City Council any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

GASB 34, 87, & 96 - The auditors will do the entries for GASB 34, 87, & 96.

Irregularities, fraud and illegal acts - Auditors shall be required to make an immediate, written report of all irregularities, fraud and illegal acts or indications of illegal acts of which they become aware to the City Council.

## **D. Due Dates for Reports to be Issued**

The final Financial Statement, single audit, and all other reports are to be issued no later than December 31, 2025. Draft financials are to be issued by November 30<sup>th</sup>.

## **E. Fiscal Year End Considerations**

The City's fiscal year runs from July 1<sup>st</sup> – June 30<sup>th</sup>.

## **F. 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 5 years, unless the firm is notified in writing by the City 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:

- City
- Parties designated by the federal or state governments or by the City as part of an audit quality review process

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

## **II. DESCRIPTION OF THE GOVERNMENT**

### **A. Name of Contact Person/ Certain Key Personnel**

The auditor's principal contact with the City will be the City Manager the designated representative who will coordinate the assistance of the audit is

- City Treasurer – Pam Shultz
- City Clerk- Roxann Rodney-Isbrecht

### **B. Background Information**

Information about the City can be found on our website – <https://www.cityofhartfordmi.org/>

The City's financial statements and single audit from prior years may be provided via request.

### **C. Fund Structure**

See the City's previously issued financial statements.

### **D. Budgetary Basis of Accounting**

The City prepares its budget on a basis consistent with generally accepted accounting principles.

## **E. Federal Financial Assistance**

At this time, the City does expect federal spending to exceed \$750,000 for FY 2025 or \$1,000,000 in subsequent years.

### **1. Single Audit**

- a. The single audit is to be performed in accordance with generally accepted auditing standards established by the American Institute of CPA's Auditing Standards Board, the standard's set forth in the U.S. General Accounting Office's (GAO) "Government Auditing Standards," the provisions of the federal Single Audit Act, and the Uniform Guidance.
- b. To be included in the Single Audit Report:
  - A report on the Schedule of Expenditures of Federal Awards and related notes;
  - A report on compliance and internal controls over financial reporting based on an audit of the financial statements;
  - A report on compliance and internal controls over compliance applicable to each major federal award program; and
  - Schedule of findings and questioned costs, and summary schedule of prior audit findings if applicable.

## **F. Pension Plans and Other Post Employment Benefits**

The City participates in Public Employers Retirement Trust through Governmental Benefits Group, IAC. Deferred compensation that covers all full-time employees.

## **G. Component Units**

The management of the City has identified 4 discretely presented component units for inclusion in the City's financial statements – Downtown Development Authority (DDA), Hartford Building Authority, Hartford Fire Board and Hartford Public Library are jointly governed organizations

Please refer to page 43 of the FY2024 Financial Statement for more detailed information regarding component units.

## **H. Software**

The City utilizes Fund Balance and BS&A Software for all financial operations. Will be transitioning to BS&A August 1, 2025 for all financial operations.

## **I. Availability of Prior Audit Reports and Working Papers**

Interested proposers who wish to review prior years' audit reports should contact Pam Shultz (citytreasurer@cityofhartfordmi.org) at (269) 621-2477. The City will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

**The proposal is to include the following:**

**1. Title Page**

- Title page showing the request for proposals subject;
- The firm's name; the name, address, and telephone number of the contact person; and
- The date of the proposal

**2. Table of Contents**

**3. Transmittal Letter**

A signed letter of transmittal shall be included briefly stating:

- a. The proposer's understanding of the work to be done,
- b. The commitment to perform the work within the time period,
- c. A statement why the firm believes itself to be best qualified to perform the engagement,
- d. A statement that the proposal is a firm and irrevocable offer for 90 days,
- e. 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 City.

**4. Detailed Proposal**

The detailed proposal should follow the order set forth in Section V. C of this request for proposals.

**Technical Portion of Proposal**

**1. General Requirements**

The purpose of the technical portion of the proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake: 1.) an independent audit of the City; and 2.) professional consulting services as requested in conformity with the requirements of this request for proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical portion of the proposal should demonstrate the qualifications of the firm and of 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 portion of the proposal should address all the points outlined in the request for proposals. The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items Nos. 2 through 9, must be included. They represent the criteria by which the proposal will be evaluated.

## **2. Independence**

The firm should provide an affirmative statement that it is independent of the City and all of its component units as defined by generally accepted auditing standards issued by the Comptroller General of the United States.

The firm should also list and describe the firm's professional relationships involving the City or any of its component units for the past five years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the City written notice of any professional relationships entered into during the period of this agreement.

## **3. License to Practice in Michigan**

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

## **4. Firm Qualifications and Experience**

The proposer should state the size of the firm, the size of the firm's governmental auditing, accounting and consulting 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 firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years with state regulatory bodies or professional organizations.

## **5. Partner, Supervisory and Staff Qualifications and Experience**

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice

as a certified public accountant in Michigan. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

## **6. Prior Engagements with City**

List separately all engagements within the last five years, ranked on the basis of total staff hours, for the City by type of engagement (i.e. audit, management advisory services, other). Indicate the scope of work, date, and the name and telephone number of the principal client contact.

## **7. Similar Engagements with Other Government Entities**

For the firm's office that will be assigned responsibility for the audit, list the **5** most significant engagements performed in the last two years that are similar to the engagement described in this request for proposal and the clients are **municipalities in the State of Michigan.**

Indicate the scope of work of the government entity, population of the municipality, date and/or period covered, engagement partner(s), total hours, fee, and the name, email address, and telephone number of the principal client contact.

## **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 I of this request for proposal. In developing the work plan, reference should be made to such sources of information as the City's Financial Statements, organizational charts, and financial and other management information systems.

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

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement
- c. Extent to which statistical sampling is to be used in the engagement
- d. Extent of use of technology in the engagement

## **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 City.

## **Cost Portion of Proposal (Appendix A)**

### **1. Total All-Inclusive Maximum Price per Year**

This section of the proposal should contain the total maximum pricing information relative to performing the audit as described in this request for proposal. The total all-inclusive maximum price per year to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

Please provide pricing of a single audit (cost per program).

### **2. Manner of Payment**

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's proposal. Interim billings shall cover a period of not less than a calendar month. The final payment will be withheld pending delivery of the firm's final reports.

- The City will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal.

## **VI. EVALUATION PROCESS**

### **A. Review of Proposals**

Proposals submitted will be evaluated by the City.

During the proposal evaluation process, the City reserves the right to request additional information or clarifications from proposers, or to allow corrections of errors or omissions.

### **B. Evaluation Criteria**

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process. The Proposal Evaluation Worksheet is included as Appendix B.

## **1. Mandatory Elements**

- a. The audit firm is independent and licensed to practice in Michigan.
- b. The firm has no conflict of interest with regard to any other work performed by the firm for the City.
- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.

## **2. Technical Quality: (Maximum Points -75)**

The maximum score in each category will be assigned to the qualified firm with the strongest experience as described in the proposal. The other qualifying firms will be given a fraction of the maximum points at the discretion of the selection committee.

### **a. Expertise and Experience (Maximum Points -55)**

- I. The firm's past experience and performance on comparable government engagements (Maximum Points -30).
- II. 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 (Maximum Points -10)
- III. Firm's involvement in developing government accounting and auditing policies/standards (Maximum Points -5)
- IV. Proximity of the firm's closest office to the City (Maximum Points - 5)
- V. Firm's size and structure (Maximum Points -5)

### **b. Audit Approach (Maximum Points -20)**

- I. Adequacy of proposed staffing plan for various segments of the engagement (Maximum Points -10)
- II. Adequacy of sampling techniques (Maximum Points -5)
- III. Adequacy of analytical procedures (Maximum Points -5)

## **3. Price: (Maximum Points -25)**

The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers. Cost will not be the primary factor in the selection of an audit firm. The City of Hartford reserves the right to award the proposal to the best-qualified vendor.

## VII. COST PROPOSAL

List the **MAXIMUM ESTIMATED HOURS** by professional classification for each of the years below:

<i>Year Ended</i>	<i>Partners</i>	<i>Managers</i>	<i>Supervisory Staff</i>	<i>Staff</i>	<i>Maximum Estimated Hours</i>
2025					
2026					
2027					

List the **HOURLY RATE** by professional classification for each of the years below:

<i>Year Ended</i>	<i>Partners</i>	<i>Managers</i>	<i>Supervisory Staff</i>	<i>Staff</i>
2025				
2026				
2027				

List the **TOTAL ALL-INCLUSIVE MAXIMUM FEE** for each year below:

<i>Year Ended</i>	<i>Total All-Inclusive Maximum Fee (financial statement audit)</i>	<i>Single Audit (assuming 2 programs)</i>
2025		
2026		
2027		

## APPENDIX A

### PROPOSAL EVALUATION WORKSHEET

**TECHNICAL QUALITY:**

**EXPERTISE AND EXPERIENCE: (MAXIMUM POINTS – 55)**

1. The firm's past experience and performance on comparable government engagements (max 30 points)	
2. 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 (max 10 points)	
3. Firm's involvement in developing government accounting and auditing policies/standards (max 5 points)	
4. Proximity of the firm's closest office to the City (Max 5 points)	
5. Firm's size and structure (max 5 points)	

**AUDIT APPROACH: (MAXIMUM POINTS – 20)**

1. Adequacy of proposed staffing plan for various segments of the engagement (max 10 points)	
2. Adequacy of sampling techniques (max 5 points)	
3. Adequacy of analytical procedures (max 5 points)	

<b>TOTAL TECHNICAL QUALITY POINTS (MAXIMUM 75)</b>	
<b>TOTAL COST EVALUATION POINTS</b> (Lowest Bid/Individual Proposal Bid) x points assigned for price = score	
<b>TECHNICAL QUALITY + COST EVALUATION = TOTAL POINTS</b> (MAXIMUM 100 points)	