



**CITY OF TONGANOXIE
REQUEST FOR PROPOSAL
to provide
CITY AUDITING SERVICES
Issued: JANUARY 25, 2019**

**Submit completed proposal to:
City of Tonganoxie
P.O. Box 326
Tonganoxie, KS 66086**

**Or Deliver to:
Tonganoxie City Hall
526 E 4th Street
Tonganoxie, KS 66086**

Instructions and Administrative Requirements

I. ISSUING AGENCY

This Request for Proposal (RFP) is issued by the City of Tonganoxie, KS, subsequently referred to as the “City”.

II. AUDITING SERVICES REQUEST FOR PROPOSAL (RFP) SPECIFICATIONS

The City of Tonganoxie is seeking qualified auditors.

To contract with the City of Tonganoxie, respondents must be an established legal entity, which includes possessing a Federal Tax Identification Number, as required by IRS regulations.

III. PROCUREMENT SCHEDULE

The following time table will be utilized for the awarding of a contract for the City’s auditing services

- | | |
|--|---|
| 1. RFP advertised | Friday, January 25, 2019 |
| 2. Deadline for final inquiries | Wednesday, February 6, 2019 by 2:00 p.m. |
| 3. Answers to respondents inquiries released | Monday, February 11, 2019 |
| 4. Deadline for proposal submission | Thursday, February 14, 2019 by 2:00 p.m. |
| 5. Selection Potentially Made | Monday, February 18, 2019 |

IV. GENERAL INSTRUCTIONS

A. Respondent’s Inquiries

All respondent inquiries are due on Wednesday, February 6 at 2 p.m. and should be directed to Dan Porter, Assistant City Manager preferably via email at dporter@tonganoxie.org. You may also call 913-845-2620 ext. 1040. No inquiries, written or oral, will be accepted after this date.

In order for all potential Contractors to be treated equally, all questions regarding the Request for Proposal process and the responses made by the City of Tonganoxie will be made available to all respondents.

Written responses to questions received through February 6 at 2 p.m. will be provided to all respondents online at www.tonganoxie.org no later than Monday, February 11, 2019.

B. Deadline for Submittal

All proposal documents must be completed and received no later than **2:00 p.m. Thursday, February 14, 2019** at the following address:

City of Tonganoxie
Attn: Dan Porter,
Assistant City Manager
P.O. Box 326
Tonganoxie, Kansas 66086

C. Format

Proposal documents may be submitted in any reasonable format, as long as all information requested is included. See “Submittal Requirements” below.

Proposers shall submit **three (3) written copies and one (1) electronic copy** of the original proposal.

D. Period of Performance

The period of performance for contracts issued as a result of this RFP process will be for a one year initial period (FY 2018 audit - fiscal year ending December 31, 2018) audit and include an opportunity for an additional 2 year contract extension continuing through the FY 2020 audit, unless notified three months prior to the end of Fiscal Year 2019. After this term the agreement will automatically renew for a period of three years under the fees associated with the final year of the agreement unless notified three months prior to the end of Fiscal Year 2020.

Cancellation of services will require a transition period. This transition period will be a minimum period of 3 months under full contract service terms.

E. Conditions of Proposal

All costs incurred in the preparation of a proposal responding to this RFP will be the sole responsibility of the respondent and will not be reimbursed by the City. Unless otherwise stated, all materials submitted by proposers in response to this RFP shall become the property of the City.

Content of the proposal will become part of any final agreement for service. Commitments of the proposal must be good for ninety (90) days.

Guidelines for Respondents

I. Introduction

The City is soliciting proposals from qualified certified public accounting firms licensed to practice in Kansas to submit proposals for the provision of auditing services according to the requirements of this RFP.

II. General Information

2.1 Background Information

The City of Tonganoxie operates under a six-member governing body including a mayor and five council members, with daily operations under the supervision of the City Manager. The City of Tonganoxie has a population of 5,165 (2013). There are 34 full-time employees.

The fiscal year for the City begins on January 1 and ends on December 31. The City’s total budgeted expenditures in 2018 was approximately \$8.248 million.

Accounts payable is approved by Council at each council meeting which occurs twice monthly. The City’s payroll is outsourced to a third-party vendor and is processed bi-weekly.

The City of Tonganoxie offers the following services to its citizens:

- Law Enforcement
- Fire Protection
- Code Enforcement
- Planning and Zoning
- Water Park
- Municipal Court
- Street Maintenance
- Water Utility
- Wastewater Utility
- Storm Water Utility
- Park Maintenance

2.2 Fund Structure

The City uses the following funds in its financial reporting:

<p>General Fund</p> <p>Enterprise/Business Funds</p> <ul style="list-style-type: none"> • Water Operations • Sewer Operations • Sanitation • Storm Water • Sewer Capital • Water Capital <p>Capital Projects Funds</p> <ul style="list-style-type: none"> • Capital Projects • Capital Reserve <p>Debt Funds</p> <ul style="list-style-type: none"> • Debt, Bond & Interest 	<p>Special Purpose Funds</p> <ul style="list-style-type: none"> • Transient Guest • Library • Special Parks • Special Highway • Infrastructure Sales Tax • Fire Equipment • Police Equipment • Gallagher Park • Festival/Event Fund • Law Enforcement Trust • Insurance Proceeds • Industrial Park Development Fund
--	---

2.3 Basis of Accounting

The City uses the cash basis of accounting. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, transfers, accounts payable and encumbrances.

III. Services Required

The following details are to be provided to the City of Tonganoxie:

3.1 Standards

The audits are to be performed in accordance with generally accepted auditing standards, the *Kansas Municipal Audit Guide*, and if applicable, the standards set forth for financial audits in GAO's *Government Auditing Standards*, the provisions of the Single Audit Act of 1984 and OMB Circular A-133, and the AICPA industry audit guide *Audits of State and Local Governmental Units*. The financial statements shall be in accordance with the regulatory reporting model used to show compliance with the State of Kansas cash basis and budget law and not the financial reporting model in GASB Statement No. 34. The City of Tonganoxie has adopted an annual GAAP waiver via City Council Resolution.

Additionally, the auditor will be responsible for communication and interpretation of any significant changes made in governmental reporting and shall respond to reasonable inquiries by City staff during the contract years.

3.2 Management Letter

The audit shall communicate in a separate letter to management 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 structures that could adversely affect the City's ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements. S.A.S. 112 and 114 letters will be submitted as appropriate.

The letter shall also communicate any reportable conditions found during the audit that are also material weaknesses. A material weakness shall be defined as a reportable condition in which the design or operation of the specific internal control structure elements do not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

3.3 Working Papers

Audit work papers shall remain in the custody of the auditor. However, any succeeding auditors shall be given access to audit work papers and shall have the right to copy such work papers pertaining to the audit for a period of three (3) years after the expiration of the audit contract. Upon request, the auditor will provide copies of work papers pertaining to any questionable costs or findings determined in the audit and must be made available upon request for examination by authorities of cognizant federal or state agencies or other governmental oversight agencies.

3.4 Reporting

In completing the audit(s), the following dates will be adhered to, with subsequent years following corresponding dates:

- A. The audit draft, copy of the audit detailed adjusted trial balance and audit adjusting journal entries shall be available for review no later than July 1st. The auditor will review the audit draft with City management of the City before the final report is prepared.
- B. The final audit report and management letters must be completed and delivered to the City no later than August 1, each year. Copies that will be required are 15 bound copies, 1 unbound copy and a PDF format electronic copy.
- C. The auditor will have a representative present at a City Council meeting to discuss the audits and management letters upon completion of the audit.
- D. A copy of the audit shall be filed by the Auditor with the following agencies:
 - Federal Clearing House and State Grantor Agencies, if applicable, for single audits.

3.5 Ongoing Support

The Auditing firm will be expected to provide support to staff throughout the year in regard to answering questions related to general accounting, the City's audit, and best practices.

IV. Submittal Requirements

All submissions must respond completely with all information requested in the submission requirements. Incomplete or omitted information will be considered unresponsive.

The following information shall be required in the RFP submittal:

1. Letter of Transmittal, to include:
 - a) Company name, address and telephone number(s) of the firm submitting the proposal.
 - b) Employer identification number.
 - c) Briefly state your understanding of the services to be performed and make a positive commitment to provide the services as specified.
 - d) Provide a statement which includes the language "proposal and cost schedule shall be valid and binding for ninety (90) days following proposal due date and will become part of the contract that is negotiated with the City."
2. General Vendor Information, to include:
 - a) Length of time in business.
 - b) Total number of clients and total number of public sector clients.
 - c) Number of full-time personnel in the firm's governmental audit staff. Identify names of key personnel who will work directly with City staff. Summarize the experience and technical expertise of these staff.
 - d) Location of office that would service our account.
3. The firm should provide an affirmative statement that it is independent of City's in accordance with the professional standards and ethics promulgated by the AICPA. The firm should also provide an affirmative statement indicating that the firm and all assigned key professional staff are properly licensed to practice in Kansas.

4. Describe prior auditing experience of the proposing office. The experience listing should be limited to the last five years and should include prior experience auditing Kansas municipalities, including public utilities and A-133 audits.
5. The proposal should set forth a general audit plan, including an explanation of the audit methodology to be followed to perform the services required in the request for proposals. Each proposal should detail the approach to be taken to gain and document an understanding of the City's internal control structures.
6. Provide the name, title, and contact information of three (3) references of clients for whom you have provided similar services. Please provide information referencing the actual services provided, customer size (number of users), and the length of time you have provided services to this client. References from public sector agencies (i.e. governmental organizations particularly other cities, NGOs, school districts and/or non-profits) are preferred.
7. **Audit Quality Control** – Briefly describe your firm's quality control and procedures. State whether these policy and procedures have been subjected to a professional "peer review" program to provide for an independent review of their effectiveness. Include a copy of your firms' most recent peer review report and related letter of comments, if applicable.
8. **Fees for Services** – Provide the firm's all-inclusive maximum fee for the requested work in this proposal. Fee proposal must include a breakdown of audit services for City. The audit firm shall be reimbursed for additional audit related expenses only when agreed upon in advance by the City and firm.

V. Evaluation Criteria and Process

Staff will make a recommendation to the City Council for their review and award of the contract. Staff will evaluate and rate each submittal based upon the following criteria:

1. Qualifications of key personnel
2. Understanding of the City's needs and services to be provided
3. Demonstrated ability to complete the work
4. Project approach
5. Responsiveness to the RFP
6. Cost

VI. Contract

The City anticipates a three-year contract, with an initial period of one audit year and an additional extension option for 2 additional audit years. The second and third audit years extension will occur unless notification is received three months prior to the end of Fiscal Year 2019. Renewal of the contract will require City Council reauthorization. All fees should be clearly set out according to an initial one audit year period and an additional two audit year period.

Period 1 pricing should include the fee to perform the audit based on the regulatory basis of accounting for all funds, for one audit year (FY 2018).

Period 2 pricing should include the fee to perform the audit based on the regulatory basis of accounting for all funds, for two audit years following the initial one-year period.

The City reserves the right to revise the stated contract terms and conditions prior to contract signature.

VII. Inquiries

Inquiries regarding this RFP should be directed to:

Dan Porter, Assistant City Manager

Phone: (913) 845-2620 ext 1040 Email: dporter@tonganoxie.org

VII. Submission Instructions

The City reserves the right to request additional written or oral information to clarify all written statements of qualifications or proposals. Submit all material to:

Dan Porter, Assistant City Manager – City of Tonganoxie, P.O. Box 326, Tonganoxie, Kansas 66086, no later than **2:00 pm on Thursday, February 14, 2019.**

IX. Right to Reject

The City of Tonganoxie reserves the right to reject any and all proposals and statements of qualifications and accepts no responsibility for the cost of proposal preparation. Respondent has no expectation or right to a contract with the City.

The City of Tonganoxie is an equal opportunity employer and encourages all qualified individuals and firms to respond.