

CITY OF STARKE

Project 2019-AUDITOR

Request for Qualifications
For
Professional Auditing Services



209 N. Thompson Street
Post Office Drawer C
Starke, Florida 32091

REQUEST FOR QUALIFICATIONS

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CITY OF STARKE

REQUEST FOR QUALIFICATIONS

I. INTRODUCTION

A. General Information

The City of Starke is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending September 30, 2019. This audit is to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards* (1994), the provisions of the federal Single Audit Act of 1984 (as amended in 1996), U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Florida, *Rules of the Auditor General*.

There is no expressed or implied obligation for the City of Starke to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, one (1) signed original and eight (8) copies of the proposal must be received by the City Clerk, City of Starke, PO Drawer C, Starke, FL, 32091 by 3:00 p.m. on October 10, 2019. The City of Starke reserves the right to reject any or all proposals submitted.

Proposals submitted will be evaluated by an Audit Selection Committee. Final selection will be made by the City Commission.

During the evaluation process, the Audit Selection Committee and the City of Starke reserve the right, where it may serve the City of Starke's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City of Starke or the Audit Selection Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City of Starke 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 clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Starke and the firm selected.

Any person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity,

and may not transact business with any public entity in excess of the threshold amount provided in Florida State Statutes Section 287.017, for CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.

It is anticipated the selection of a firm will be completed by October 25, 2019. Following the notification of the selected firm it is anticipated that a contract will be executed between both parties by November 5, 2019.

B. Term of Engagement

This contract is for the annual 2019 city audit, with two additional years.

C. Subcontracting

Firms submitting proposals are encouraged to consider subcontracting portions of the engagement to local audit firms or audit firms owned and controlled by socially and economically disadvantaged individuals. If this is to be done, that fact, and the name of the proposed subcontracting firms, should be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of the City of Starke.

II. NATURE OF SERVICES REQUIRED

A. General

The City of Starke is soliciting the services of qualified firms of certified public accountants to audit its financial statements, and the financial statements of the City's pension plans for the fiscal year ending September 30, 2019. This audit is to be performed in accordance with the provisions contained in this request for proposals and must be completed by June 30, 2020.

B. Scope of Work to be Performed

The City of Starke desires the auditor to express an opinion on the fair presentation of its governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining funds information in conformity with generally accepted accounting principles and state and federal laws.

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 Be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with: Generally Accepting Auditing Standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards*, the provisions of the Single Audit Act of 1984 (as amended in 1996), the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Florida, *Rules of the Auditor General*.

D. Reports to be issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements, including any discretely presented component units, in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards and schedule of state financial assistance in relation to the audited financial statements.
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements.
3. A report on compliance and internal control over compliance applicable to each major federal program.

In the required reports on compliance and internal controls, the auditor shall communicate 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.

Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report[s] on compliance and internal controls.

The reports on compliance and internal controls shall include all material weaknesses of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

Irregularities and illegal acts.

Auditors shall be required to make an immediate, written report of all irregularities and illegal or indications of illegal acts of which they become aware to the Mayor of the City of Starke and to the City Attorney.

Reporting to the City Clerk.

Auditors shall assure themselves that the Starke City Clerk is informed of each of the following:

- 1 The auditor's responsibilities under generally accepted auditing standards
- 2 Significant accounting policies
- 3 Management judgments and accounting estimates
- 4 Significant audit adjustments
- 5 Other information in documents containing audited financial statements
- 6 Disagreements with management
- 7 Management consultation with other accountants
- 8 Major issues discussed with management prior to retention
- 9 Difficulties encountered in performing the audit

E. 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 three years, unless the firm is notified in writing by the City of Starke 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 of Starke

U.S. General Accounting Office (GAO)

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

Auditors of entities of which the City of Starke is a sub-recipient of grant funds

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.

III. DESCRIPTION OF THE GOVERNMENT

A. Name and Telephone Number of Contact Persons

The auditor's principal contact with the City of Starke will be with the City Clerk, or a designated representative, who will coordinate the assistance to be provided by the City of Starke to the auditor.

B. Background Information

The City of Starke serves an area of 6 ½ square miles with a population of approximately 5,530. The City of Starke's fiscal year begins on October 1st and ends on September 30th.

The City of Starke provides the normal range of governmental services. Included in its utilities department is the distribution of electric power to approximately 2,698 residential and commercial customers.

More detailed information on the government and its finances can be found in the Annual Budget. Please contact the City Clerk to request copies of these documents.

C. Fund Structure

The City of Starke uses the following fund types and account groups in its financial reporting:

<u>Fund Type/Account Group</u>	<u>Number of Individual Funds</u>
General Fund	1
Special Revenue Funds	1
Capital Projects Funds	1
Enterprise Funds	2

D. Budgetary Basis of Accounting

The City of Starke prepares its budgets on a basis consistent with generally accepted accounting principles.

E. Magnitude of Finance Operations

The Finance Department is headed by an elected City Clerk and consists of three (3) employees. The principal functions performed and the number of employees assigned to each is as follows:

Function	Number of Employees
Accounting	1
Utilities	1
Administrative Services	1

F. Computer Systems

HARDWARE: A network system.

SOFTWARE: MUNIS.

G. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters should contact the City Clerk. The City of Starke 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.

IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Staff Availability

The City Clerk's staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations.

B. Auditor workspace and access to telephone, copiers, fax and computers.

Auditors shall be provided a workspace within the City Offices. Office hours and access to records will be available Monday through Friday from 8:00 a.m. to 5:00 p.m. Access to telephone, copier, and fax machine shall be available. Auditors will need to provide their own computers.

V. PROPOSAL REQUIREMENTS

A. General Requirements

Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals shall be directed in writing to:

Ricky Thompson, City Clerk
PO Drawer C
Starke, FL 32091
(904) 964-5027

No other verbal or written information which is obtained other than through this Request for Proposal or its addenda shall be binding on the City of Starke. The City Clerk shall not be responsible for any other explanation or interpretation.

Submission of Proposals

The format and information content of the proposal must be consistent with the following and the proposal must be received by **Ricky Thompson**, City Clerk, City of Starke, at PO Drawer C, Starke, FL 32091 no later than 3:00 p.m. on October 10, 2019 for the proposing firm to be considered:

a. Eight (8) copies 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 the contact person; and the date of the proposal.

ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's 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 best qualified to perform the engagement.

iv. Detailed Proposal

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

b. Proposers should send the completed proposal to the following address:

Ricky Thompson, City Clerk
City of Starke
PO Drawer C
Starke, FL 32091

B. Technical Proposal

1. General Requirements

The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City of Starke in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. 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 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 10, must be included. They represent the criteria against which the proposal will be evaluated.

2. **Price quote for services.**

A price quote should not be included in any proposal. The City will attempt to negotiate a mutually satisfactory contract after determining the best qualified firm submitting a proposal.

3 **Independence**

The firm should provide an affirmative statement that it is independent of the City of Starke as defined by the U.S. General Accounting Office's *Government Auditing Standards*. In addition, the firm should provide an affirmative statement that it is independent of any component unit of the City of Starke as defined by those same standards.

The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving the City of Starke or any of its agencies or component units for the past five (3) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

4. **License to Practice in Florida**

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

5 **Firm Qualifications and Experience**

The proposer 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.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report of 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 (3) 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 (3) years with state regulatory bodies or professional organizations.

6. 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 Florida. 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.

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. Indicate how the quality of staff over the term of the agreement will be assured.

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. These personnel may also be changed for other reasons with the express prior written permission of the City of Starke. However, in either case, the City of Starke retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the City of Starke, which 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 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name 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 II of this request for proposal.

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 of Starke.

10. **Report Format**

The proposal should include sample formats for required reports.

VII. EVALUATION PROCEDURES

A. Audit Selection Committee

Proposals submitted will be evaluated by an Audit Selection Committee. Final selection will be made by the City Commission.

B. Review of Proposals

The Audit Selection Committee will use a point formula during the review process to score proposals. Each member of the Audit Selection Committee will first score each proposal by the set of criteria described in Section VII C below. The full Audit Selection Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration and the Committee shall then rank in order of preference the remaining qualified firms.

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

C. Evaluation Criteria

Proposals will be evaluated using the criteria listed below. Firms meeting the mandatory criteria will have their proposals evaluated and scored. The following represent the principal selection criteria, which will be considered during the evaluation process.

1. **Mandatory Elements**

- a. The audit firm is independent and licensed to practice in Florida.
- b. The firm has no conflict of interest with regard to any other work Performed by the firm for the City of Starke.

- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

2. Technical Quality:

Each of the proposers who have satisfied the mandatory elements will be evaluated on the following criteria.

		<u>Point Range</u>
a.	Expertise, Experience and Price	
(1)	The firm's past experience and performance on comparable government engagements	0 – 30
(2)	The quality (including continuing professional Education) 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	0 – 30
b.	Audit Approach	
(1)	Adequacy of audit approach	0 – 20
(2)	Approach to the management letter	<u>0 – 20</u>
Total Technical Points		100

D. Oral Presentations

During the evaluation process, the Audit Selection Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Audit Selection Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. Final Selection Determination

Proposals submitted will be evaluated by the audit Selection Committee. Final selection will be made by the City Commission. The Committee will rank, in order of preference, the qualified proposals.

It is anticipated that a firm will be selected by October 25, 2019. Following notification of the firm selected and successful negotiation of a contract price, it is expected that work will immediately commence following a signed contract.