

The City of South Burlington and South Burlington School District Request for Proposals



AUDIT SERVICES

DATE ISSUED: December 1, 2021

The City of South Burlington and the South Burlington School District are soliciting proposals for audit services. Specifications for the proposal are included in the sections outlined below.


Six (5) bound and one electronic copy (in PDF format) of the proposal should be submitted no later than Friday, January 15, 2022 at 3:00 p.m. to:


City of South Burlington
City Manager's Office
180 Market Street
South Burlington, Vermont 05403
ATTN: Audit Proposal

Only proposals properly delivered and received by the City of South Burlington will be accepted. No proposals will be considered that are received after the specified time.

The City of South Burlington and South Burlington School District reserve the right to reject any and all proposals, to waive any informalities or irregularities, and to make the selection of any proposal(s) or portions thereof deemed in the best interests of the entities.

Please direct all questions regarding this proposal to Martha Machar, Finance Officer at (802) 383-1789 or email mmachar@sbur.l.com. General information about the City of South Burlington is available on our web site at www.southburlingtonvt.gov. Information about the South Burlington School District is available at www.sbschools.net.

By: 
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Finance Officer
City of South Burlington

By: 
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Business Manager
South Burlington School District

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I. GENERAL INFORMATION

The City of South Burlington and the South Burlington School District are accepting proposals for qualified certified public accounting firms to perform annual audits. It is expected that a 3-year contract will be awarded, additional one or two-year extensions may be granted, subject to:

- The annual review and recommendation of the Selection Committee;
- The satisfactory negotiation of terms (including a price acceptable to all entities, individually or collectively, and the selected firm);
- The approval of the South Burlington City Council.

City of South Burlington Background

The City of South Burlington is organized under the council-manager form of government. Five City Councilors are elected at-large by the registered voters of the City. More information about the City, including the prior two year's audit and prior year actuarial reports and budget can be found on the City's website at www.southburlingtonvt.gov/departments/finance/index.php.

South Burlington School District Background

The South Burlington School District is organized as a public educational district under the applicable laws and regulations of the State of Vermont. It is governed by a Board of School Directors elected by registered voters of the City to provide public education to the residents. Its accounting policies conform to Generally Accepted Accounting Principles as applicable to governmental units. More information about the district, including past audit reports and budgets, can be found at the District website www.sbschools.net; [Audits / Financial Audits \(sbschools.net\)](#).

2. PROPOSAL EVALUATION

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

The initial evaluation is based upon the proposers' responses to this RFP, particularly as to the matters described in Section V of this RFP and the Auditor Selection Committee's estimation of the quality of the proposers' services. The City of South Burlington reserves the right to make a selection among proposers based directly on the proposal, to negotiate further with any proposer, or to reject any and/or all proposals.

Proposals will be evaluated based on the following:

- Responsiveness to this RFP.
- Qualifications and experience of the firm and the personnel to be assigned to the engagement with respect to auditing, management, financial reporting, and experience with local government and education **and** entities whose accounting statements conform to GASB statements (required).
- Quality and appropriateness of the firm's work plan and audit techniques.

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- Stability of the firm
- Experience specific to municipalities/school districts
- Ability to perform audit including required Tax Increment Financing (TIF) Audit and Federal Single Audit
- Estimated cost of the engagement
- Any other criteria the Managers or Officers of the entities deem relevant and appropriate in the fulfillment of the performance of their duties and the evaluation of the responses.

The tentative schedule for consideration of response to this RFP is as follows:

Issue Date:	December 1, 2021
Due Date:	January 15, 2022
Interviews:	Week of February 7, 2022
Selection:	Week of February 16, 2022

It is contemplated that the Selection Committee will initially screen proposals and conduct interviews and make a recommendation to the city council. City Council will make the final decision concerning acceptance.

III. SCOPE OF SERVICES

The audit firm shall be engaged to conduct an examination of the financial statements, accounts, records and procedures in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants; and 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 and the Single Audit Act Amendments of 1996 (when applicable).

1. The firm shall perform a financial audit of all funds of each entity, performing such tests as deemed necessary to ensure the statements materially reflect the financial position, results of operations and cash flows.
2. In accordance with statements on auditing standards, the firm shall examine the financial statement of the entities. The firm shall ensure that the financial statements and appended notes include the disclosures necessary for a fair presentation of the financial statements in accordance with generally accepted accounting principles and with applicable GASB statements. There is to be a separate financial statement for the City and for the School District.
3. The City and the School District anticipate spending in excess of \$750,000 in federal awards and will require an audit in accordance with the Single Audit Act of 1984.

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4. The firm shall audit District Tax Increment Fund Program in accordance with Vermont Tax Increment Financing District Independent Auditors' Agreed-Upon-Procedures as required by Vermont Statutes and approved by Vermont Economic Progress Council.
5. The firm shall agree to make available all of its related working papers upon request. Said working papers shall be retained for a minimum of three years subsequent to the acceptance of each audit.
6. A review of each entities' internal controls may be requested during any or all years of the selected firm's engagement. A separate estimate of such a review should be submitted using the format indicated in Appendix A.

Proposals for items 1 through 5 should be submitted together as one proposal using the format indicated in Appendix A, item four as a separate proposal.

Ten (10) separate final, bound copies and one electronic copy (in PDF format) of the audited financial statements of both the City and School District, and any other reports or letters shall be submitted no later than March 31, 2023 for the FY 2022 audit period.

Key Dates

For the FY 2022 audit, and in subsequent years, the audits should be submitted no later than December 15. The firm is responsible for report preparation, editing and printing. Preparation, printing and copying costs are to be included in the cost of the audit.

The following are approximate key dates in connection with the annual audits to be performed under this RFP for the FY 2022 period and beyond:

Audit Plan to be submitted	June 15
Interim audit work completed	July 30
Field work to begin	October 15
Financial Statement completed	November 15
Management Letter	December 15
TIF & Single audit compliance report	December 15

Separate Reports

In accordance with generally accepted auditing standards, the firm shall provide separate reports to both the City Council and School Board concerning the conduct of the audit, as well as management's role and level of assistance in the audit process.

Management Letter

The management letter should include:

- Findings/recommendations for improvements in internal control
- Findings/recommendations for improvements in the accounting systems
- Findings for non-compliance with laws, rules, regulations, and city charter
- Other material items

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- The status of items found in past management letters that remain unresolved
- Management's responses to findings and recommendations above

Attending Meetings

The firm may be required to attend the annual meetings of each of the entities for the purpose of discussing the audit and other reports required by this RFP, as well as:

- Two meetings with the City & School District's Finance Department and Business Office for:
 - One pre-audit for audit planning purposes
 - One post-audit to deliver the audit report
- One meeting with each entity's Board to present and discuss audit results.

IV. ASSISTANCE AVAILABLE TO AUDITORS

The City's finance department and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. In the School District, the Business Office personnel will fill that role.

- The preparation of confirmations will be coordinated with the City Manager's designee for the City of South Burlington and the Business Manager for the South Burlington School District.
- Clerical support will not be provided to the auditor.
- City financial staff and District Business Office staff will prepare the necessary statements and schedules as requested by the auditor prior to commencement of fieldwork.
- Information Technology personnel will be available to provide appropriate systems documentation and explanations.
- The auditor will not be provided computer time or the use of computer hardware and software.
- Access to reasonable work area, a telephone, a fax machine, internet connection and photocopying of records will be made available to the audit team for the purposes of performing the audit work.
- Office hours are 8:00 AM to 4:30 PM, Monday through Friday, except holidays.
- Report preparation, editing and printing shall be the sole responsibility of the auditor.

If unusual circumstances are encountered that make it necessary for the auditors to do additional work, the auditors shall report such conditions to either the Finance Officer or Business Manager prior to any costs being incurred for such additional services. No extended services will be performed unless they are authorized in the contractual agreement or in an amendment to the agreement.

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V. PROPOSAL REQUIREMENTS

At a minimum, proposal must contain the following information. Responses should be presented in the same order as these requirements. (If your firm declines to bid, we request you notify Martha Machar, Finance Officer, City of South Burlington, 180 Market Street, South Burlington, Vermont 05403) or mmachar@sburl.com.

1. General

- Include a letter of transmittal
- Include a title page setting forth the proposer's name, address, telephone number, name of contact person, e-mail address and date of the proposal.

2. Profile of the Firm

- Indicate the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors and other professional staff employed at that office. Describe the communications and coordination procedures that will pertain if the work is to be performed from multiple offices.
- State the professional organizations to which the firm belongs.
- Disclose whether your firm or any individuals assigned to provide services to the entities have any conflicts of interest with the City of South Burlington or the South Burlington School District or employees of same. If so, state the nature of the conflict and provisions that will be made to address the conflict.
- State that the proposer is a properly licensed certified public accountant.
- State that the individual who signs the letter of transmittal has the authority to bind the proposer.
- State the names of persons who will be authorized to make representations for the proposer and include their titles.

3. Summary of Firm's Qualifications

- Identify the managers, partners and supervisors who will work on the audit, including staff from other than the local office. Resumes of each supervisory person to be assigned to the audit should be included in the proposal as an exhibit or attachment. Include information regarding these individuals' experience in auditing local government and public education.
- Describe recent local and regional office auditing experiences similar to the type of audit and management services being requested. Provide the names and telephone numbers of at least three client contacts that would serve as references. Firms should place particular emphasis on their experiences with local government and public education or other clients whose

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accounting practices are governed by the GASB, and with governments who administer their own defined benefit pension plans.

- Provide information on the results of any peer reviews of the Firm's 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.
- Provide a statement that the firm, if awarded the engagement, will:
 - Maintain in full force at all times professional liability insurance in the minimum amount of \$1 million per occurrence and supply evidence of same to each entity. If the firm's limits exceed \$1M, please state the limits;
 - Maintain in full force at all times workers' compensation insurance meeting statutory obligations and supply evidence of same to each entity; and
 - Maintain in full force at all times general liability insurance (including auto liability) in the minimum amount of \$1 million per occurrence and supply evidence of the same to each entity.

As part of its submission in response to this RFP, each firm shall indicate whether it will provide a certificate of insurance or other evidence to satisfy each of the three coverages listed above.

In submitting its response to the RFP, the firm acknowledges that the engagement agreement to be signed between each entity and the firm shall include a statement that the firm shall indemnify and hold each entity harmless for losses and defense costs arising out of its actions in undertaking this engagement.

4. Work Plan

The firm should include a summary of its formal work plans, including engagement control and auditing techniques to be employed in performing the required audit and internal control study. The firm should also indicate other areas or issues it believes should be reviewed. The general work plan should include the following:

- Proposed segmentation
- Level of staff and number of hours to be assigned to each segment of the engagement
- Sample sizes
- The extent to which statistical sampling will be used
- The method to be employed in drawing audit samples for purposes of test compliance.
- An engagement time line is to be included for each entity.

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5. Compensation

The firm's proposed fee should be quoted in two parts, separately for each entity and combined should the firm be awarded all engagements. Additionally, for the City, indicate the cost for each audit as outlined in Appendix A.

Part I: Provide the estimated total hours, hourly rates by classification and the resulting, all-inclusive maximum flat fee the firm will charge to perform the annual services as outlined in Section III (page 3, items 1 through 4). Separate from that flat fee, provide a not-to-exceed estimate of out-of-pocket expenses.

Part II: Indicate the method and applicable amounts to compute fees for other consulting and management services that may be required.

Complete Parts I and II for each year of the engagement.

Progress payment 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 dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month and shall include detail by staff person by date of hours spent on the engagement and activities performed.

The final payment for any audit shall become due only after the submission of all reports required and their acceptance by the City and School District. Should the firm encounter circumstances requiring an increase in the extent of detailed investigation or should the entity require an increase in the scope of the audit, written advance notice to that effect must be furnished to the other party. The engagement can then be modified by mutual agreement of both parties as to additional work and compensation.

All proposals must include a statement that they are valid for a minimum of ninety (90) days following the RFP closing date.

The entities reserve the right to negotiate and modify any element of the RFP and negotiate with the successful firm(s) a final fee for the proposal based upon mutually agreed upon changes or refinements in the scope of work.

6. Additional Information

Provide any additional information the firm considers essential to successful conduct of the audit.

V. ATTACHMENTS

Please refer to the attached: *Appendix A: Engagement Fee*

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APPENDIX A: Engagement Fee Schedule

Engagement Fees:

	FY2022	FY2023	FY2024
City of South Burlington-Total			
By Audit: General Audit TIF Audit Federal Single Audit			
South Burlington School District-Total			
By Audit: General Audit Federal Single Audit			
TOTAL			

Reimbursable Expenses (attach detail):

	FY2022	FY2023	FY2024
City of South Burlington			
South Burlington School District			
TOTAL			

Proposer must state that the above fees and expenses are guaranteed, not-to-exceed maximums for each year of the engagement.