**<<City Logo Here>>**



**6030 William R. Carr Ave.**

**Adair Village, OR 97330**

**541-745-5507**

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## CITY OF ADAIR VILLAGE REQUEST FOR MUNICIPAL AUDITING

## SERVICE PROPOSALS

## INTRODUCTION

The City of Adair Village, Benton County, Oregon invites proposals from qualified independent licensed municipal auditors (hereinafter called “auditor”) having sufficient governmental and auditing experience in performing an audit in accordance with the specifications outlined in this Request for Proposal (RFP).

It is the intent of the City to negotiate a five-year contract, with contracts for the second year and beyond contingent on the successful, timely completion of the first year of the contract. A full RFP packet is available on the City of Adair Village website at [www.adairvillage.org.](http://www.adairvillage.org.) Submissions must be received by 5:00 p.m. January 6, 2022.

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# CITY BACKGROUND AND ACCOUNTING SYSTEM

The City of Adair Village is operated under the Council – Administrator form of government. Policy-making and legislative authority are vested in the City Council, consisting of an elected mayor and four council members. The City Administrator is responsible for carrying out the policies and ordinances of the City Council and for overseeing the day-to-day operations of the City. Financial records are maintained by the Administrator’s Office. The population of the City of Adair Village is 1,400.

The City provides a variety of municipal services including but not limited to street, water, wastewater, stormwater, parks, planning, zoning, and general administration. The City has 6 full-time employees under the direction of the City Administrator.

Financial accounting records are computerized using Caselle.

The City currently maintains one (1) General Fund, one (1) Special Revenue Fund (Street Fund), and five (5) Enterprise Funds.

The City contracts with a consultant, Debbie Smith-Wagar of Smith-Wagar Brucker Consulting, LLC, to assist the City in preparing for the annual audit, along with other routine processes (bank reconciliation, budget preparation and monitoring, and other special projects). The successful audit firm will work closely with Ms. Smith-Wagar during the annual audit process.

A copy of the 2021-22 budget and 2020-2021 audited financial report is available from the City of Adair Village upon request.

# GENERAL INFORMATION AND SUBMISSION OF PROPOSALS

All information and data furnished to the audit firm by the City and all other documents to which the audit firm’s employees have access during the preparation and submittal of the proposal shall be treated as confidential by the successful audit firm. Any oral or written disclosure to unauthorized individuals is prohibited.

The City of Adair Village requires all audit firms to comply with equal opportunity policies. The City of Adair Village’s programs, services, employment opportunities, volunteer positions and contracts are open to all persons without unlawful regard to race, religion, color, gender, sexual orientation, national origin, age, disability, genetic information, veterans’ status, marital status, or any other status protected by applicable federal, Oregon or local law.

1. All proposals must be submitted to:

## Mailing Address:

Pat Hare, City Administrator

City of Adair Village

5030 William R. Carr Road

Adair Village, OR 97330

Email: [Debbie@Smith-WagarBrucker.com](mailto:Debbie@Smith-WagarBrucker.com)

For questions or additional information contact Debbie Smith-Wagar, (503) 686-3527 or email: [Debbie@Smith-WagarBrucker.com](mailto:Debbie@Smith-WagarBrucker.com).

All submissions must be emailed or physically received by the City prior to 5:00 pm on January 6, 2022. Faxes will not be accepted.

1. All submissions shall become the property of the City of Adair Village without obligation.
2. The City of Adair Village reserves the right to reject any and all proposals, with or without cause, and has the right, in its sole discretion, to accept the proposal it considers most favorable to the City’s interests. The City also reserves the right to seek clarification of any proposal submitted. The City also reserves the right to require other evidence of technical, financial, or other abilities prior to selection. The City of Adair Village may make an award based upon initial proposals received without discussion of such proposals with the submitting firm.
3. The selection of the external auditor will be based upon responses received to the criteria included in Part VI of this proposal.
4. Work under this municipal auditing services agreement shall begin with the fiscal year 2021-2022 audit and shall commence with the adoption of the contract by City Council (anticipated to be February 1, 2022). Any agreement initiated as a result of this RFP will be effective through June 30, 2024 with an option to renew annually up to a maximum of (3) years unless otherwise terminated as provided for by the term and conditions of the agreement.

## Proposal and Award Schedule:

December 16, 2021 Publish notice and distribute RFP

January 6, 2022 Proposal Due Date

January 11, 2022 Selection of Finalists

January 18, 2022 Interview finalists if necessary

January 25, 2022 Complete Contract Process

February 1,2022 Contract Award by Council

# AUDIT OBJECTIVES AND SCOPE OF SERVICES

The City of Adair Village is requesting proposals for the services of a qualified Certified Public Accounting firm to audit the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the City of Adair Village. Services will include, but not be limited to: planning and performing the audit; performing tests of documentary evidence, evaluating internal controls; preparing the Audit Report (an electronic copy); preparing and filing state documents; and providing technical assistance throughout the fiscal year.

The auditing services performed by the auditor shall allow the firm to:

* + Express an opinion on whether the financial statements of the City present fairly the financial operations in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP);
* Express an opinion on whether the City has complied with laws and regulations that may have a material effect on the audited financial statements in accordance with Government Auditing Standards;
* If necessary, issue a report on internal controls related to the financial statements and major programs and issue an opinion on compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act and all of its amendments; and
* Issue a management letter.

1. The financial and compliance audit shall apply industry standards for auditing, and shall be made in accordance with all of the following:
   * Minimum standards for audits of Oregon Municipal Corporations, adopted by the Secretary of State and approved by the State Board of Accountancy, shall govern the audit.
   * Generally accepted governmental procedures as prescribed in the American Institute of CPAs (AICPA) Industry Audit Guide – Audits of State and Local Government Units;
   * Generally accepted auditing standards, Government auditing standards, and Oregon minimum standards;
   * The Single Audit Act and OMB A-133: and
   * Applicable laws and regulations.
2. Recommendations based upon the auditing firm’s review of the adequacy of internal accounting controls and other audit investigations shall be made a part of a formal management report separate from the financial audit. Such associated costs shall be included in the audit fee. The discussion of these recommendations shall be with the City Administrator. Recommendations to management, opinion, comments, or recommendations relating to internal controls, accounting systems, compliance with laws, rules and regulations, or any other matters that come to the attention of the auditor during the course of the audit must be discussed with appropriate City officials prior to publication.
3. The auditor shall meet with the City Administrator prior to the commencement of each audit to discuss the planned approach to the audit work and to provide a list of schedules to be prepared by City personnel prior to the beginning of field work. An exit conference is required of the auditing firm on completion of all field work so as to inform the City Administrator of pertinent findings. A summary presentation of the audit findings shall be made to the City Council.
4. The City will make available the information and work papers necessary in conjunction with the financial and compliance audit engagement. All working papers and reports must be retained, at the auditor’s expense, for minimum of ten (10) years, unless the firm is notified in writing by the City of Adair Village of the need to extend the retention period.
5. Any unusual conditions encountered during the course of the audit, where services of the auditing firm must be extended beyond the normal work anticipated, will require written notification to the City Administrator who will respond in writing concerning the additional services.
6. 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.

# PROPOSAL REQUIREMENTS

In order to achieve a uniform review process and to obtain the maximum degree of comparability, it is required that proposals be organized in the manner specified in this part.

Proposals should include the following items in the manner and order below:

1. **Title Page** – The name of the proposal’s firm, firm address, telephone number, name of contact person, email address, and the date.
2. **Table of Contents** – include a clear identification of the material by section and by page number.
3. **Organization and Assigned Personnel** – State whether your audit organization is national, regional, or local. Include the names of local partners/principals and the number of personnel on the Oregon Municipal roster. Provide a list of partners, managers, and other key staff people who will be assigned to the City’s account.
4. **Technical Qualifications** – Provide resumes of persons who will be performing professional work and indicate their experience in auditing governmental jurisdictions. Provide a list of the office’s current and prior government audit clients indicating the type(s) of services performed and the number of years served for each.
5. **Quality Control** - Describe your audit organization’s participation in AICPA-sponsored or comparable quality control programs. Include a copy of your most recent peer inspection report.
6. **Compliance** - Disclose any and all judgments, pending or expected litigation, or other real or potential financial reversals that might materially affect the viability or stability of the proposing organization, or warrant that no such condition is known to exist. If the proposer is a national firm, it must disclose the above information for its region and all material judgments and pending or expected litigation on a nation-wide basis. If the proposer has had a contract terminated for default during the past five (5) years, all such incidents must be described. The audit firm must not have a record of substandard work. The City will verify this requirement by communication with the Oregon State Board of Accountancy.
7. **Use of Subcontractors** – State whether subcontractors will be used and provide the above information for each subcontractor.
8. **Audit Approach** - Describe staffing level that will be assigned to the City of Adair Village’s field work. Outline a work plan and related time schedule for each significant segment of the work. Describe your policy on rotation of personnel to be assigned to the City the first year and each year thereafter. Prepare a calendar that shows your anticipated dates for field work, follow-up, and issuance of the audit reports.
9. **Use of City Personnel** - Describe how you would propose to use City personnel, if at all, to assist you during the audit and indicate the approximate time requirement.

# PRICE

Provide the firm’s proposed all-inclusive audit fee for the financial statement audit and a statement regarding determination of increases in succeeding years should the contract be extended. Provide a separate all-inclusive fee for conducting a single audit covering the City’s Federal grants as required by the Single Audit Act, if such an audit is required (the City does not usually expend enough federal dollars to require a Single Audit).

Any unusual conditions encountered during the course of the audit where services of the auditing firm must be extended beyond the normal work anticipated will require written notification to the City Administrator who will respond in writing concerning the additional services. Additional fees must be approved by the City Council.

# EVALUTION CRITERIA AND SELECTION PROCEDURE

The City Administrator will screen all written proposals. Interviews may be conducted with the finalists, and the contract process is expected to be complete by January 25, 2022.

Proposals will be evaluated based on technical responses and price with the following points:

|  |  |
| --- | --- |
| Experience, Qualifications and References | 50% |
| Audit approach and understanding of RFP | 25% |
| Cost Proposal | 25% |
| TOTAL | 100% |

Any proposal that scores a zero (unacceptable) in any category will be rejected, regardless of total score.

# OTHER

## First Year

## It is expected that the firm selected for the 2021-2022 fiscal year audit will meet with the City’s prior auditor to inquire of procedures performed during the 2020-2021 fiscal year audit to determine if the selected audit firm can rely on those procedures for beginning financial statement balances. If the firm selected determines it cannot rely on the predecessor auditor’s procedures, the firm selected will need to prepare a report to the City explaining why it cannot rely on the prior auditor’s work and provide a scope of additional procedures that the new firm will conduct in order to determine acceptable beginning financial statement balances.

## Use of Audit

Ownership of the audit report belongs to the City of Adair Village and it is expressly understood that publication of the audit, in whole or in part, or reference to the audit, will be at the sole discretion of the City.

## Contract Termination

Either party may cancel the contract for an audit year by giving notice in writing to the other party at least ninety (90) days prior to July 1 of any year.