

CITY OF EXCELSIOR SPRINGS

REQUEST FOR PROPOSAL

For

INDEPENDENT AUDITING SERVICES

April 1, 2019

**Submission Deadline: Noon on April 30, 2019**

201 East Broadway

Excelsior Springs, MO 64024

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## I REQUEST FOR PROPOSAL

The City of Excelsior Springs is soliciting proposals to audit the City's financial statements for the fiscal year ending on September 30, 2019, with the option for auditing the City's financial statements for up to three (3) additional years. A copy of the City's September 30, 2018 Comprehensive Annual Financial Report may be accessed on the City's website at <http://cityofesmo.com/financials/GASFinal-2018.pdf>

The City's 2019 Municipal Budget may also be accessed on the City's website at <http://cityofesmo.com/financials/2019Budget.pdf>.

Proposals, consisting of one original and four copies which meet all the requirements of this request for proposal (RFP), must be received by noon on April 30, 2019 in a sealed envelope marked "Audit Proposal." Proposals must be received at City Hall at the following address:

City of Excelsior Springs  
Attention: Steve Marriott, Director of Administrative Services  
201 East Broadway  
Excelsior Springs, MO 64024

## II. GENERAL INFORMATION

### A. Background

The City of Excelsior Springs was formed in 1880 and covers an area of approximately 16 square miles in Clay and Rays Counties. Excelsior Springs is a city of the third class and operates under the council-manager form of government.

### B. Accounting

The annual audit shall encompass all funds of the City of Excelsior Springs, Missouri including, but not limited to the following:

General Fund  
Parks and Recreation Fund  
E-911 Phone Tax Fund  
Capital Improvements Sales Tax Fund  
Transportation Trust Sales Tax Fund  
Elms Hotel Event Fees Fun  
Construction Services Fund  
Community Development Fund  
Public Safety Sales Tax Fund  
Community Center Sales Tax Fund  
Community Center Operating Fund  
Paradise Playhouse TIF Fund  
Vintage Plaza I TIF Fund  
Elms Hotel TIF Fund  
Golf Course TIF Fund  
Pollution Control Improvements Fund  
Community Center Project Fund

Debt Service Fund  
Water Fund  
Pollution Control Fund  
Golf Fund  
Airport Fund  
Refuse Fund  
Cemetery Fund

The City prepares its budget on a basis consistent with generally accepted accounting principles. For budget purposes, encumbrances are treated as budgeted expenditures in the year of the incurrence of the commitment to purchase.

The City has one discretely presented component unit, the Excelsior Springs Hospital. The City also has one blended component unit, the Facilities Authority.

The Finance Department requires approximately 60 days to close the City's books at the end of the fiscal year. Audit work will be mutually scheduled. City staff will be available for any records and/or data required to complete the audit firm's report in an efficient and timely bases. The audited financial statements must be issued and released to the state auditor by March 31st of each year.

The City's major sources of revenue include:

- Sales Tax
- Property Taxes
- Utility Gross Receipts Tax (6%)
- Motor Fuel/Gas Tax
- Road and Bridge Tax
- Court Fines and Forfeitures
- Utility Fees

### III. AUDIT SERVICES REQUIRED

#### A. Scope of Services

The scope of work will be that deemed necessary by the auditors to examine the City's records sufficiently and express an opinion on the City's financial statements. It shall include:

- All tests and examinations necessary to express an opinion,
- Assistance in making accruals to adjust the financial statements to year-end modified accrual basis,
- Performance of a Single Audit if necessary,
- Completion of all required reports as indicated in the "Required Reports" section of this RFP in a timely manner.

#### B. Length of Engagement

Services shall begin with the audit of the City's September 30, 2019 financial statements with the option for auditing the City's financial statements for up to three additional years. Therefore, fees must be provided for engagements for audits for fiscal years 2019 through 2022.

#### C. Audit Standards

The annual audit shall be conducted in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants. In addition, the audit shall meet the current standards of the U.S. General Accounting Office's Government Auditing Standards, the provisions of the Single Audit Act and the provisions of the U.S. Office of Management and Budget for Audits of State and Local Governments for those sections of the audit where these standards would apply.

#### D. Required Reports

1. Irregularities and illegal acts shall be reported immediately in writing to the City Manager and the City Attorney. This shall include any indications of illegal acts of which they become aware.
2. A Comprehensive Annual Financial Report (CAFR) is required. The City of Excelsior Springs has received the Certificate of Achievement for Excellence in Financial Reporting from the Governmental Finance Officers Association (GFOA) for the past twelve (12) consecutive years and expects to continue to do so with the assistance of the audit firm selected. Experience in the preparation of the CAFR document is required. The auditing firm is required to prepare the Financial Section (which includes notes to the financial statements and Supplementary Data). City staff will prepare the Introductory Section and Statistical Section. The auditing firm will be responsible for reviewing, typesetting, and assembly of the final draft of the CAFR. A final CAFR must be completed by no later than March 15th in order to ensure the City's submission will meet GFOA's March 31st deadline. A word-searchable electronic copy of the Audited Financial Report is also required to be used on the City's website and for submission to agencies requiring such document.
3. A Single Audit Report including all necessary forms and documentation for submission to the Federal Audit Clearinghouse for certification shall be provided if required.
4. A Management Letter shall be prepared for the Mayor and City Council. This letter should include findings, observations, opinions, comments or recommendations relating to internal control, accounting systems, data processing, or any other matters that come to the attention of the auditing firm during the course of the examination. This shall not be construed as a special or additional study, but will be limited to those actions usually associated with an audit of financial statements. The letter should include comments concerning functions that are operating properly along with recommendations for improvements. While a management letter can be considered confidential, it should not be assumed that this will apply to the Excelsior Springs management letter.

#### E. City's Assistance

The City shall provide financial statements, trial balance and the current year's budget. The City will be responsible for closing the books on a modified accrual basis and will work with the audit firm to calculate GAAP adjustments. Bank reconciliations, journal entries and other closing work are the responsibility of the City. The City will prepare confirmation letters for the audit.

Discussions will be held with the auditing firm to insure all needed confirmation letters are prepared in a timely manner. During the audit the Director of Administrative Services will be available as much as possible to retrieve information, answer questions, complete reports and assist as needed. The Finance Department is composed of four (4) employees including the Director of Administrative Services, two Accounting Technicians and an Accounting Clerk.

Throughout the audit the Finance Department must provide normal accounting operations for the City. The City will provide adequate daytime workspace for the auditing staff.

#### F. Other Services

1. Technical Assistance As a part of the audit contract, the City expects to receive from the audit firm technical assistance throughout the year. This assistance would include answers to accounting, reporting and internal controls. The time expected for this assistance would be minor in nature.
  2. Assistance in completion of the City's responses to the comments and suggestions for the GFOA Certificate of Achievement for Excellence in Financial Reporting Program.
  3. A draft Management Letter to the Mayor and City Council, containing any recommendations for the improvement of organizational effectiveness, internal controls and/or accounting controls to be reviewed with the Finance Officer and City Manager prior to finalization.
  4. Presentation of the Audited Financial Report and Management Letter to the Mayor and City Council at an executive session or open meeting, in accordance with State law.
  5. Additional Audit Work. If an extraordinary circumstance is discovered during the audit it may require an expansion of the audit work beyond what was originally planned. In addition, the audit firm may be requested to perform a special audit during the year. This would not be included in the base contract price. A contract addendum or separate agreement would have to be agreed to by both parties prior to the additional work being authorized and performed.
- F. Other Services Based upon the expertise of the audit firm, other contractual services could be sought from the audit firm.

This will only be considered when the work would not impact the firm's ability to provide an "independent" audit.

#### V. PROPOSAL REQUIREMENTS

##### A. License to Practice

Each proposal shall contain a statement that the firm and all assigned key professional staff are properly licensed to practice in the State of Missouri.

B. Independence

Each proposal shall contain a statement that the firm is independent of the City of Excelsior Springs as defined by generally accepted auditing standards of the U.S. General Accounting Office's Government Auditing Standards. Each proposal shall also list and describe any and all professional relationships of the firm and all assigned key professional staff involving the City of Excelsior Springs for the past five years.

C. Qualifications

Each proposal shall describe the firm and its general experience. This should include the location of the coordinating office for this engagement and the size of its governmental audit staff. The proposal shall include 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 results of any federal or state desk reviews or field reviews of its audits during the past three years shall be included. A full explanation of any disciplinary action taken or pending against the firm or anyone on the governmental audit staff by a state or federal regulatory body or by any professional organization must be included. A description of the experience, education and background of each professional staff member that would be assigned to this audit is requested. This should include relevant governmental experience. An explanation of any unique qualities of your firm that make it the best firm for the City of Excelsior Springs should be included.

D. Government Experience (Municipal & CAFR)

List all governmental entities in the State of Missouri that you currently serve from the coordinating office and how long that service has been provided. Priority should be given to engagements that are similar to the engagement described in this RFP. For governmental entities in the State of Missouri, list all new engagements and engagements for which your firm no longer provides audit services during the past five years.

E. Specific Audit Approach

Describe the approach your firm would take for this audit. A description of your audit plan in general and specific areas that may require audit emphasis should be included. An explanation of your firm's level of use of software in the audit would be helpful. The City of Excelsior Springs uses Square Trade (Naviline) Accounting Software and Microsoft Office software and many reports will be available in those formats. The proposal should identify and describe any anticipated potential audit problems and questions. Your firm's approach to resolving problems and questions and the type of assistance that will be requested from the City of Excelsior Springs should be included.

F. Audit Time Estimation

As previously stated, the City submits a Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association (GFOA) to apply for the Certificate of Achievement for

Excellence in Financial Reporting. The CAFR must be submitted to the GFOA by no later than March 31st. A final CAFR must be completed by no later than March 15th in order to ensure the City's submission will meet GFOA's March 31st deadline. From the date of field audit initiation, please indicate the estimated length of time required to deliver an opinion and to complete the reports specified in the report section of this RFP.

#### G. GASB Compliance and New Pronouncements

The City shall comply with GASB criteria for reporting. Staff may require some guidance regarding compliance with new pronouncements.

#### H. Fees

Each proposal must include all fees related to the audit engagement as described in the RFP for the audit for fiscal year 2019 and for three (3) additional years (2020-2022). The cost for producing the CAFR should be included in the total audit fee. If additional fees are to be charged for additional copies of the CAFR those charges should be listed. Single Audit Fees should also be listed for each year. If scheduling of the audit would have an impact on the fees that should be noted in this section. Hourly rates should be included for additional audit and other services.

### VI. EVALUATION AND SELECTION

The award of a contract will be made to the provider which the City believes best meets its needs. Each respondent will be evaluated on the basis of the requirements in section V. The City Manager and Director of Administrative Services will make a recommendation to the City Council. An oral presentation may be requested of one or more firms at any point in the evaluation and selection process. The City of Excelsior Springs reserves the right to accept or reject any and all responses as appropriate to serve the best interests of the City. Neither the distribution of this RFP or acceptance of any response should be construed as creating a contractual obligation between Excelsior Springs and any firm. Excelsior Springs does not authorize and will not be responsible for any expense or charges associated with providing a response to this Request for Proposal. Notification of selection will be made by the Director of Administrative Services.



VII: Proposed Schedule of Compensation Audit Services FY 2019, 2020, 2021 and 2022

Missouri Name of Firm: \_\_\_\_\_

Name of Contact Person: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Email: \_\_\_\_\_

Year	Maximum Audit Fees - Includes City Audit and CAFR	Maximum Single Audit Fees	Maximum Total Audit Fees	Estimated Hours
2019				
2020				
2021				
2022				

Staff Title	Hourly Rate

Signature of Person Authorized to contract for the firm:

Signature \_\_\_\_\_

Print Name \_\_\_\_\_