

REQUEST FOR PROPOSAL FINANCIAL AND COMPLIANCE AUDIT

CITY OF SPRING HILL, TENNESSEE
APRIL 29, 2008

Purpose:

The City of Spring Hill has issued this request for proposals to interested auditors, who are qualified under state law and regulations, for the performance of a financial and compliance audit of the City in accordance with the requirements of the laws and/or requirements of the State of Tennessee.

Scope:

The audit will examine the financial statements and records of all funds and account groups of the City for the fiscal year ending June 30, 2008.

Type of Audit:

The audit will be a financial and compliance audit and will be conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States and those prescribed by the Comptroller of the Treasury of the State of Tennessee.

General Requirements:

(1) The auditor shall submit to the City's governing body a printed report of the audit. This report shall contain an expression of opinion on the financial statements of the combined, combining, and individual funds that said statements are fairly stated, or opinions as to certain funds or items in the financial statements, or a disclaimer of opinion and the reason therefore.

(2) Fifteen copies of the report will be furnished to the City's governing body and one copy to the Comptroller of the Treasury, Municipal Audit Division.

(3) The audit shall begin prior to July 31, 2008, and the reports shall be submitted prior to October 31, 2008, but in no case later than six (6) months after the fiscal year end.

(4) The auditor shall retain the working papers for no less than three years, and they shall be available for review by the Comptroller of the Treasury or a designated representative.

(5) Pertinent data from the working papers shall be available for three years for reference if requested by the City.

(6) In the event that circumstances arise during the audit that requires work to be performed above original estimates, such cost will be negotiated prior to commencement of the work.

(7) An audit exit conference with the chief executive officer of the City will be conducted by the auditor in charge. At this time, the findings and recommendations regarding compliance and internal

control shall be discussed. The city official or a designee shall have the opportunity to respond, orally or in writing, on the findings. Any such written responses shall be included in the audit report.

(8) The records of the City will not be removed from city offices except with expressed written permission of the chief executive officer of the City.

(9) The RFP and the auditor's proposal will become part of the audit contract as prescribed by the State Comptroller.

(10) State your audit firm's willingness to enter into a contract for one year, renewable annually for each of the next three years by the City.

(11) All adjusting entries will be submitted to the City in writing with sufficient explanation so that they can be easily understood and properly posted to the financial records. Management will be solely responsible for posting any such adjusting entries to the City's general ledger records. Example: listing of invoices charged to accounts payable supporting any adjusting entries.

General Information:

The City shall have closed and balanced all accounts and shall have prepared financial statements for all funds to be examined by the auditor. Page 4 provides details related to the number of funds maintained by the City and a summary of the activities of these funds.

The City's general ledger system, utility billing system, payroll system and the business licenses system are maintained with in-house EDP equipment. The property tax bills are printed by the State and maintained using in-house equipment.

If additional information is required prior to submitting a proposal, inquiries should be directed to Jim Smith at Spring Hill City Hall or by telephone at 615-248-6307 x 245.

Proposal Format:

The proposal shall be styled at the discretion of the submitter; however, at a minimum it must address these areas:

1. Breadth and depth of the firm's governmental auditing experience;
2. Organization size and structure of the firm;
3. Qualifications of staff to be assigned to the work; this will be determined from resumes submitted. Education, position in firm and years and types of experience will be considered. Experience issuing reports in compliance with *GASB Statement 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* should be listed. If the audit firm has not issued any reports in compliance with GASB 34, it should provide information that details the steps taken to prepare its staff for these new reporting requirements.
4. Availability of the auditor to the City for specialized consultation and support assistance on sensitive or highly specialized issues; any areas of consultation for non-audit services which would impair the auditor's independence as contained in *Government Auditing Standards* shall be discussed prior to the audit work beginning.

5. Type and level of training provided to the firm's staff.
6. A list of references from other local government clients.
7. The audit fee must be quoted either as a fixed amount or rate per hour, with total estimated hours. If the latter method is used, a maximum amount must be stated for budgetary purposes. Also, estimated incidental expenses, such as travel and supplies will be included.

Submittal Information:

Proposals shall be submitted no later than May 22, 2008 to:

April Goad, City Recorder
P. O. Box 789
199 Town Center Parkway
Spring Hill, TN 37174

Opening of Proposals:

All proposals will be opened May 23, 2008 at 1:00 pm at Spring Hill City Hall.

Reservation of Right:

The City reserves the right to reject any or all proposals, to waive technicalities or informalities and to accept any proposal deemed to be in the best interest of the City.

City of Spring Hill, Tennessee
Volumes/Frequencies/Amounts

Population: 23,462 (2007 Special Census)

Budget: \$20,000,000

Accounting System:

Number of Funds: Ten (10)

General
Adequate Facility
MS4 - Stormwater
Water/Sewer
Drug Fund
Sanitation Fund
Sewer Reserve
Water Reserve
Evidence Trust Fund
Library Fund

Checking Accounts: Ten (10)

Number of checks paid annually: 5,500 annually

Payroll:

Number of employees: 160
Frequency of payroll: Bi-weekly / direct deposit

Utilities:

Billing & Collections by Spring Hill
Number of Water Customers: 10,044
Number of Water Bills: 120,528/year

Business Licenses:

Number of licenses: 280 (calendar year 2007)