

GEORGETOWN CHARTER TOWNSHIP
REQUEST FOR PROPOSALS (RFP)
FOR
PROFESSIONAL AUDITING SERVICES

August 1, 2009

Georgetown Charter Township
Daniel Carlton, Township Manager
1515 Baldwin St.
P.O. Box 769
Jenison, MI 49429-0769

Phone: (616) 457-2340
Fax: (616) 457-3670
E-mail: dcarlton@georgetown-mi.gov

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GEORGETOWN CHARTER TOWNSHIP
REQUEST FOR PROPOSALS

I. NATURE OF SERVICES REQUIRED

A. General

The Charter Township of Georgetown is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending December 31, 2009, 2010, 2011, 2012, and 2013.

B. Term of Engagement

A five-year professional service contract is contemplated (see the Terms and Conditions section of this RFP).

C. Scope of Work to be Performed

The Township desires the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles.

D. Standards To Be Followed

To meet the requirements of this RFP, the audit shall be performed in accordance with the provisions set forth in this RFP, including but not limited to, generally accepted auditing standards (GAAS) 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 (GAO) *Government Auditing Standards* (1994), the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and all applicable laws of the State of Michigan.

E. 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 in conformity with generally accepted accounting principles (GAAP).
2. A report communicating any significant deficiencies and material

weaknesses identified during the audit as required by Statement on Auditing Standards No. 112/115, *Communicating Internal Control Matters Identified in an Audit*.

3. A letter to the Township Board communicating matters as required by Statement on Auditing Standards No. 114, *The Auditor's Communication with Those Charged with Governance*.
4. Irregularities and illegal acts – Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware.

F. Subcontracting

Firms submitting proposals are not allowed to subcontract any portion of the engagement.

G. 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 five (5) years, unless the firm is notified in writing by the Township of the need to extend the retention period. Upon request, the auditor will be required to make working papers available to certain parties including, but not limited to, the following:

1. Township
2. Single Audit Cognizant Agency
3. U.S. General Accounting Office (GAO)
4. Parties designated by the federal or state governments or by the Township as part of an audit quality review process
5. Auditors of entities of which the Township 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.

H. Single Audit

Georgetown Charter Township is currently not the recipient of federal awards that would subject it to the Single Audit requirements. Should in the future a Single Audit be required, the auditor must be qualified to perform the audit and follow applicable standards as outlined in D above.

The auditor would be responsible for preparing the required reports and

Data Collection Form and coordinating the submission the same to the Federal Audit Clearinghouse.

Fees for these services would be subject to negotiation and approval by the Township.

II. TIME REQUIREMENTS

A. Proposal Calendar - The following is a list of key dates in the audit firm selection process:

Request for proposal issued August 1,
2009

Due date for proposals
August 31, 2009

All proposals must be submitted to Daniel Carlton at the Georgetown Township Offices in a sealed envelope clearly marked in the lower left corner: "Sealed Proposal – Professional Auditing Services." All proposals must be received by 10:00 a.m. on Monday, August 31, 2009, at which time they will be opened in the Georgetown Township Conference Room.

Daniel Carlton, Township Manager, will evaluate proposals submitted and his selection recommendation will be presented to the Township's Finance Committee and subsequently the Township Board for approval.

Presentation of selection recommendation
to Finance Committee
September 10,
2009

Presentation of Finance Committee
recommendation to Township Board
September 14,
2009

It is anticipated the recommendation regarding the selection of a firm will be presented at the Thursday, September 10, 2009 Finance Committee meeting. The Finance Committee action will be forwarded to the Monday, September 14, 2009 Township Board meeting for approval.

B. Notification and Contract Dates

Selected firm notified
September 15,

2009

Contract execution (on or before)

September
30, 2009

Following Township Board approval and notification of the selected firm, it is expected a professional service contract will be executed between both parties by September 30, 2009.

- C. Schedule for the 2009 Fiscal Year Audit (A similar time schedule will be developed for audits of future fiscal years).

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

A. Work Area, Telephones, Photocopying and FAX Machines

The Township will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to one (1) telephone, internet, photocopying facilities and FAX machines subject to the following restrictions:

The auditor's use of telephones, photocopying facilities and fax machines shall be limited to purposes related to the Township audit only.

B. Report Preparation

Financial statement and report preparation, editing and printing shall be the responsibility of the auditor.

The auditor is also responsible for:

1. Making all adjustments necessary for the preparation of Governments-wide financial statements required by GASB 34
2. Assistance with the drafting of the Management's Discussion and Analysis Section of the report
3. Assistance with the drafting of the "Additional Information" section of the report included for SEC Rule 15c2-12 Continuing Disclosure purposes

IV. PROPOSAL REQUIREMENTS

A. Technical Requirements

1. General

The proposal should demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Township in conformity with the requirements of this RFP. 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 proposal's requirements.

The proposal should address all the points outlined in the RFP. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposing firm's capabilities to satisfy the requirements of the RFP. While additional data may be presented, the following subjects, items Nos. 2 through 5, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that is independent of the Township as defined by GAAS. The firm should also list and describe the firm's professional relationships involving the Township or any of its agencies for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit. In addition, the firm shall give the Township written notice of any professional relationships entered into during the period of this agreement.

3. License to Practice in Michigan

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

4. 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.

5. 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 Township.

B. Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this RFP. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs except as otherwise expressly agreed to in writing by the Township.

There should be certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the Township.

2. Rates for Additional Professional Services

If it should become necessary for Township to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between Township and the firm. Any such additional work agreed to between Township and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost bid.

3. Manner of Payment

Progress payments 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 billing shall cover a period of not less than a calendar month. Final payment will be processed upon acceptance of audit reports and receipt of a final invoice.

V. EVALUATION PROCEDURES

A. Evaluation Criteria

The Township Manager will evaluate proposals using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated for both technical qualifications and price. The following represent the principal selection criteria that will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in Michigan.
- b. The firm has no conflict of interest with regard to any other work performed by the firm for the Township.
- 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

- a. Expertise and Experience
 - (1) The firm's past experience and performance on comparable government engagements
 - (2) The quality 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
- b. Audit Approach
 - (1) Adequacy of proposed staffing plan for the engagement.
 - (2) Adequacy of sampling techniques
 - (3) Adequacy of analytical procedures

3. Price

COST WILL NOT BE THE PRIMARY FACTOR IN THE
SELECTION OF AN AUDIT FIRM

B. Oral Presentations

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

C. Final Selection

The Finance Committee will recommend selection of a firm based on the recommendation of the Township Manager and its deliberations. The Township Board will select a firm based upon the recommendation of the Finance Committee.

VI. TERMS AND CONDITIONS

- A. There is no expressed or implied obligation to reimburse responding firms for any expenses incurred in preparing proposals in response to this RFP.
- B. Any proposal may be withdrawn up until the date and time set for the opening of the proposals. Any proposal not so withdrawn shall constitute an irrevocable offer to the Township.
- C. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Township and the firm selected.
- D. Proposals shall be firm for such period, up to 60 days, as may be required by the Township to act. It is anticipated that the Township Board will select an auditor from among those submitting proposals on the date specified in the Time Requirements section of this RFP.
- E. The Township reserves the right to reject any or all proposals submitted, and also the right to waive any formal defects in proposals when deemed to be in the best interest of the Township.
- F. The Township reserves the right to accept a proposal higher in price than the lowest proposal, and to negotiate with any respondent concerning matters which the Township determines requires clarification or changes

not in conformity with the specific requirements set forth in this RFP.

- G. The Township reserves the right, where it may serve the Township's best interest, to request additional information or clarifications from proposing firms, or to allow corrections of errors or omissions.
- H. The Township reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected.
- I. Any contract awarded pursuant to any bid shall not be binding upon the Township until both parties have executed a written agreement.
- J. Any agreement or contract resulting from the acceptance of a proposal shall be on forms approved by the Township and shall contain, as a minimum, applicable provisions of the RFP. The Township reserves the right to reject any agreement that does not conform to the RFP and any Township requirements for agreements and contracts.
- K. If, through any cause, the firm shall fail to fulfill the obligations agreed to in a timely and proper manner, the Township shall have the right to terminate its contract by specifying the date of termination in a written notice to the firm.
- L. No reports, information, or data given to or prepared by the firm under contract shall be made available to any individual or organization by the firm without the prior written approval of the Township.
- M. The selected firm shall maintain during the term of the engagement a prudent level of errors and omissions insurance covering the willful or negligent acts, or omissions of any officers, employees or agents thereof. A current certificate of insurance shall be provided to the Township upon demand.