

CITY OF CHERRY HILLS VILLAGE

2450 East Quincy Avenue
Cherry Hills Village, CO 80113
303-789-2541



Request for Proposal
Independent Professional Auditing Services

This Request for Proposal (“RFP”) is not a competitive bid based on price only. The RFP and City purchasing policies allow the City to select the proposal that best meets the City’s needs and requirements.

July 29, 2019

TABLE OF CONTENTS

<u>Subject</u>	<u>Page #</u>
1. Proposal Notice	1
2. Proposal Instructions	2
3. Information About the City	9

NOTICE
REQUEST FOR PROPOSALS
AUDIT SERVICES 2019-2023

The City of Cherry Hills Village, Colorado, (hereafter the City) respectfully requests sealed proposals for Audit Services. Proposals will be received until 4:00 p.m. (MDT) on September 6, 2019 at the office of the Director of Finance and Administration, 2450 East Quincy Avenue, Cherry Hills Village, Colorado 80113.

Late proposals will not be accepted. Any proposal(s) received after the scheduled time for closing will be returned to the proposing firm unopened. Sole responsibility rests with the proposing firm to see that their proposal is received on time.

The City reserves the right to reject all proposals, or to reject any proposal in part or in whole, and to award the proposal to the most responsive and responsible firm as deemed in the best interest of the City. Further, the right is reserved to waive any formalities or informalities contained in this proposal, to extend the deadline for the receipt of proposals, and to negotiate with one or more proposers regarding desired modifications in the proposed work.

PROPOSAL INSTRUCTIONS

I. Introduction

The City wishes to acquire the services of a Certified Public Accounting firm that has significant governmental accounting and auditing experience at the municipal level and is a current member of the American Institute of Certified Public Accountants (AICPA) and the Colorado Society of Certified Public Accountants. To be eligible for consideration, the proposing firm must be capable of supplying the services as noted herein and must also meet all other criteria outlined in this proposal.

II. Inquiries and Corrections

Any questions or clarifications should be directed to:

Jessica Sager
Director of Finance and Administration
City of Cherry Hills Village
2450 East Quincy Avenue
Cherry Hills Village, CO 80113
(303) 783-2730
jsager@cherryhillsvillage.com

If a company submitting a proposal finds discrepancies in or omissions from the Request for Proposal (RFP), or should require additional clarification of any part thereof, they should contact the Director of Finance and Administration. Any interpretation of or change made to the RFP will be made by written addendum to each prospective firm and shall become part of the request for any contract awarded. The City will not be responsible for the accuracy of or be bound by any oral explanations, interpretations, or representations. To be given consideration, inquiries must be received by 4:00 p.m. MDT on Friday, September 6, 2019.

III. Submission Date, Location, and Opening

The City's Director of Finance and Administration, City of Cherry Hills Village, 2450 E. Quincy Avenue, Cherry Hills Village, CO 80113 must receive all proposals prior to 4:00 p.m. (MDT), September 6, 2019. Proposals must be submitted in a sealed envelope plainly marked "Request for Proposals-Audit Services".

IV. Late and Faxed or Electronic Proposals

Late proposals will not be accepted, and any proposal so received will be returned to the originator unopened. In addition, faxed and/or proposals sent by electronic devices are not acceptable and will be rejected upon receipt. Proposing firms will be expected to allow adequate time for delivery of their proposals.

V. Proprietary Information

The City operates under public disclosure laws as part of normal procedures. All information included in the proposal that is of a proprietary nature must be clearly marked as such. If anything in a proposal is marked “confidential,” “proprietary,” or otherwise states an intention to protect the information from disclosure, the City cannot guarantee that such demarcation is sufficient to prevent disclosure by law. All proposals shall become the property of the City and shall be held, controlled, manipulated, and retained by the City in accordance with the City’s policies and records retention schedule and applicable law, including the Colorado Open Records Act, C.R.S. § 24-72-401 *et seq.* (“CORA”).

The City shall be held harmless from any claims arising from the release of proprietary information not clearly designated as such by the proposing firm.

VI. Definition, Context, and Gender

Unless otherwise specified in this document, all words shall have a common meaning unless the context in which they are used clearly requires a different meaning. Words in the singular number include the plural, and in the plural include the singular. Additionally, words of the masculine gender include the feminine and the neuter; and, when the tense so indicates, words of the neuter gender may refer to any gender.

VII. Conditions of Proposal Submission

- A) All proposing firms shall comply with all conditions, requirements, and specifications contained herein. Any departure constitutes sufficient cause for rejection of the proposal.
- B) A duly authorized official of the proposing firm must sign the submitted proposal.
- C) No proposal will be accepted from any person, firm or corporation that is in arrears upon any obligation to the City or that otherwise may be deemed irresponsible or unresponsive by the City staff or City Council.
- D) Only one proposal will be accepted from any one person, firm, or corporation.
- E) All prices quoted must be firm for a period of 90 days following the opening of the proposal.
- F) The City hereby specifically reserves the right to reject all proposals or to reject any part of any proposal submitted. In addition, the right is reserved to waive any formalities or informalities contained in said proposal, and to award the proposal to the most responsive and responsible company as deemed in the best interest of the City.
- G) The proposing firm shall bear solely all costs, including travel and expenses, incurred in the preparation, delivery, and presentation of this

proposal and including contract negotiations or for any work performed prior to the effective date of a contract.

- H) The proposing firm shall include as a part of the proposal, the completed Disclosure Statement attached to this RFP, regarding any potential or existing conflict of interest.
- I) The successful firm shall not, at any time, permit any individual employed by the City to benefit because of the financial interest in the proposing firm, any affiliate of the successful firm, or its subcontractors.
- J) All proposals become the property of the City upon receipt and will not be returned to the proposing firm. Selection or rejection of the proposal will not affect this right.

VIII. Evaluation of Proposals

The City Manager, Director of Finance and Administration, and a representative from the City Council will evaluate all proposals. Proposals shall be evaluated on the basis of the evaluation criteria noted herein. The City reserves the right to make an award based directly on the proposals or to negotiate further with one or more firms, all in its sole discretion. The City also reserved the right to personally interview any firm that submits a proposal. The firm selected for the award will be chosen on the basis of the apparent greatest benefit to the City, and not necessarily on the basis of the lowest price. The City Council shall make the final determination of the firm selected.

IX. Evaluation Criteria

Proposals shall be evaluated on the basis of the following criteria:

- A) The proposing firm's fee structure based on the services to be provided.
- B) Responsiveness to the needs of the City, both in the ability to meet the outlined time schedule and to meet the scope of services.
- C) Results of reference checks and past performance for other clients.
- D) Responsibility of the proposing firm and its experience in dealing with municipal governments of similar size, scope, and nature.
- E) The proposing firm's engagement team, including the experience and resumes of key personnel assigned to perform the auditing and related services.
- F) The degree to which the proposal meets or exceeds the terms of the Request for Proposal.

X. General Requirements of the Successful Firm

- A) The successful firm shall be expected to enter into a contract by and between the City (as party of the first part) and the proposing firm (as party of the second part) upon terms negotiated between the parties, which may include terms of the proposal, as accepted.

- B) The successful firm shall be prohibited from assigning or subcontracting the whole or any part of the contract or submitting a proposal on a joint basis without the prior written consent of the City.
- C) The successful firm will agree not to refuse to hire, discharge, promote, demote, or to otherwise discriminate in employment of any person otherwise qualified solely because of race, religion, sex, national origin, color, disability, or any other legally protected class.
- D) The successful firm will be required to maintain errors and omissions insurance with the limits of liability of at least \$1,000,000, as well as a comprehensive general liability insurance with limits of liability of not less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate for the duration of the contract period and provide proof thereof to the City on an annual basis.
- E) The successful firm and its employees will operate as an independent contractor and will not be considered employees of the City. The City shall be neither liable nor obligated to pay the successful firm or its employee's sick leave, vacation pay or any other benefit of employment, nor to pay any social security or other tax which may arise as an incident of employment.
- F) The successful firm may perform professional services during the term of the contract with the City for other parties; provided, however, that such performance of other services shall not conflict with or interfere with its ability to perform the requested services.
- G) Unless otherwise noted or negotiated, the City will remit payment 30 days after receipt of invoice.

XI. Proposal Elements and Format

Proposals submitted shall contain all information as requested herein, and any additional information necessary to summarize the overall benefit of the proposal to the City.

Proposals shall include the following:

- A) A cover letter shall be provided stating the name, address, and telephone number of the proposing firm, and must bear the signature of the person having the authority to make the proposal for the firm.
- B) An "acceptance of conditions" statement which affirms the acceptance of all conditions and requirements contained in the Request for Proposal.
- C) Give the name(s) of the persons who will be authorized to make representations for your firm, their title(s), address, and telephone number(s). In addition, please identify each individual to be assigned to the audit and describe their relevant educational background. This should include seminars and courses attended within the past three years.
- D) A statement verifying the firm's ability to comply with the timeline.
- E) A list of what portion of the work, if any, will be subcontracted.

- F) A list of at least five references for which similar services have been provided by each of the supervisory staff members who would be assigned to the audit. Include contact names, addresses, and telephone numbers.
- G) Any other information deemed necessary by the proposing firm.
- H) A response to the “Scope of Services” section of this Request for Proposal.
- I) Acknowledgment of any posted Addendums to the original RFP.

Note: The City reserves the right to reject any replacements to the initially proposed audit team.

Four (4) copies of the proposal shall be submitted. Submittal of a proposal shall be taken as *prima facie* evidence that the proposing firm has full knowledge of the scope, nature, quality, and quantity of the work to be performed, and the detailed requirements and conditions under which the work is to be performed.

XII. Scope of Services

The City wishes to enter into a contract with a firm to perform annual audits for a period up to five years with an annual renewal option, subject to City Council approval. The terms of the contract shall be negotiated between the parties. All services shall be performed in accordance with generally accepted accounting and auditing standards.

The successful firm shall have significant governmental accounting and auditing experience at the municipal level and must also be a current member of the American Institute of Certified Public Accountants and the Colorado Society of Certified Public Accountants. In addition, a positive peer review must have been received within the past two years.

The City will:

- A) Provide adequate space for the selected firm to efficiently conduct the examination.
- B) Prepare all necessary confirmations.
- C) Prepare workpapers, schedules, and statements in the format previously provided unless otherwise mutually agreed upon in advance.
- D) Provide an adjusted general ledger and trial balance for each fund.
- E) Prepare a bank reconciliation for each bank account as of year-end as well as prepare a detailed investment schedule.
- F) Provide a detailed analysis of accounts receivable balances as of year-end.
- G) Provide a worksheet of accounts payable balances as of year-end.
- H) Provide a reconciled GFAAG.
- I) Provide an annual check register for both accounts payable and payroll.
- J) Prepare a compensation liability analysis schedule.
- K) Prepare the Highway Users Tax forms for inclusion in final audit publication.

- L) City staff will be available for audit assistance, such as retrieval of supporting documentation, copying, and any miscellaneous activities that may be required by the auditor in order to assist the auditors in the completion of the audit.

The selected firm shall perform the services listed below. Each proposal shall include a not-to-exceed cost to perform these services.

- A) Participate in the annual audit planning session and establish a calendar, want lists, staff assignments, and workpapers format.
- B) Examine and express an opinion on the combined general purpose financial statements.
- C) Review and report specifically on any and all material weaknesses in internal control.
- D) Report on non-material weaknesses in internal control, non-material violations in finance-related legal and contractual provisions, and recommendations for financial and program management improvements discovered in the course of providing the service above in the form of a letter to management.
- E) Report preparation, editing, and printing.
- F) The audit and tax personnel shall be available to the City staff for answering questions or advising the City on various accounting and tax matters that may arise from time to time for up to five hours per calendar year for the course of this engagement.
- G) The audit partner must attend the Council meeting to present the financial report to the City Council, and any other Council meetings necessary in the preparation of the audit.

Please provide the following information:

- A) State whether your firm is local, regional, national, or international.
- B) Give the location of the office from which the work is to be performed.
- C) Describe the range of activities performed by the local office such as audit, accounting, tax service, or management service.
- D) For the last fiscal year of the local office, give the percentage of total revenues generated from audit services and the percentage of total revenues from governmental audits.
- E) Provide a list of the local office's current and prior government audit clients indicating the type(s) of services performed and years served for each.
- F) Give the number of partners, managers, supervisors, seniors, and other professional staff employed in governmental auditing at the local office.
- G) Describe your review and quality control procedures and your participation in AICPA-sponsored or comparable quality control programs.

- H) Describe your firm’s experience in electronic data processing auditing, capabilities in auditing through the computer, and audit software.
- I) Identify and describe the nature of any professional or regulatory disciplinary actions or legal actions that your firm or employees of your firm have been the subject of during the past three years.
- J) Describe your firm’s policy for notifications to the City of any personnel changes to the audit team.
- K) Describe the audit approach. The description shall include, at a minimum, the following:
 - ◆ A narrative statement indicating understanding of the work to be performed.
 - ◆ A description of approach to detail transaction testing, sampling techniques, scope determination, estimated number or percentage of total transactions to be tested, for each major area of the audit plan.
 - ◆ A description of management and supervision of the audit, both “on-site” and “in-office.” Include review procedures, by whom, when, and where performed. Indicate the percentage of the total field work time the senior will be “on-site.” If the senior is not “on-site” approximately 100% of the time, indicate who will actually be “in charge” on the audit site in the senior’s absence.
 - ◆ What do you feel is the most important factor in a successful audit?
 - ◆ What background information do you need for your permanent files? How, when and who do you propose to gather the information?
 - ◆ Provide proof of errors and omissions insurance with limits of liability of at least \$1,000,000.

XIII. Schedule and Fees

Interim audit fieldwork should be performed between the middle of November and the middle of December. Year-end fieldwork should begin in February or early March with the completed audited financial statements being delivered to the City by early April/May.

The proposal shall include, in addition to the cost information requested in Scope of Services, the hourly rates, and the maximum amount of compensation to audit supply related services as specified in the Scope of Services for the City for each of the five years.

Proposal fees shall include the cost of all travel, meals, and other expenses incidental to this engagement.

INFORMATION ABOUT THE CITY

The City of Cherry Hills Village serves an area of approximately six and a half square miles and has a population of about 6,400. The City was established in 1945 as the Town of Cherry Hills Village and became the City after adoption of its Home Rule Charter in 1966. The City has an elected Mayor and a six-member City Council. Council appoints the City Manager.

The City provides services in the following areas: public safety, public works, community development, municipal court, general government, parks and recreation and water and sewer. The total annual budget for the City is approximately \$12.7 million.

The City of Cherry Hills Village uses the following fund types and account groups:

	<u>Number of Funds</u>
General Fund	1
Special Revenue Fund	3
Capital Projects Fund	1
Debt Service Fund	1
Enterprise Fund	1
Agency Fund	1
General Long-term Obligation Account Group	2

Additional information may be found in the annual budget and previous years' audited financial statements.

KEY PERSONNEL

NAME AND TITLE	OFFICE LOCATION	TELEPHONE
Jim Thorsen City Manager	2450 E Quincy Avenue Cherry Hills Village, CO 80113	303-783-2729
Jessica Sager Director of Finance & Administration	2450 E Quincy Avenue Cherry Hills Village, CO 80113	303-783-2730

DISCLOSURE STATEMENT

As a condition for consideration vendor must disclose any conflict of interest with the City of Cherry Hills Village, including, but not limited to, any relationship with any City of Cherry Hills Village elected official or employee. Your response must disclose if a known relationship exists between any principal of your firm and any City of Cherry Hills Village elected official or employee. If, to your knowledge, no relationship exists, this should also be stated in your response. Failure to disclose a conflict may result in disqualification. This form must be completed and returned in order for your proposal to be eligible for consideration.

NO KNOWN RELATIONSHIP EXISTS

RELATIONSHIP EXISTS (Please explain the relationship)

I CERTIFY THAT:

1. I, as an officer of this organization, or per the attached letter of authorization, am duly authorized to certify the information provided herein is accurate and true as of the date; and
2. My organization shall comply with all State and Federal Equal Opportunity and Non-Discrimination requirements and conditions of employment.

Print Name

Title

Signature