



CITY OF PALMER
REQUEST FOR PROPOSALS
FOR
PROFESSIONAL AUDITING SERVICES
21-01F
December 31, 2021, 2022 and 2023

Gina Davis, Finance Director
231 W Evergreen Ave
Palmer, AK 99645
907-761-1314

Request for proposal issued 09/26/2021

Due Date for proposal 10/28/2021 by 4:00 PM

CITY OF PALMER
REQUEST FOR PROPOSALS
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I. INTRODUCTION

General Information

The City of Palmer (hereinafter referred to as “the City”) is requesting proposals from qualified firms of certified public accountantS (hereinafter referred to as “the Auditor”) for a three (3) year contract to prepare and audit its financial statements for the fiscal years ending December 31, 2021, 2022 and 2023, with the option to extend the contract for the two (2) subsequent fiscal years. The Auditor will be asked to complete the City’s Single Audit Report if expenditure criteria are met.

The audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office’s (GAO) Government Auditing Standards (1994), the provisions of the federal Signal Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations as well as the State of Alaska Audit Guide and Compliance Supplement for the State Single Audits.

There is no expressed or implied obligation for the City of Palmer to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, the proposal must be received by the City via e-mail no later than 4:00 p.m., Thursday, October 28, 2021 to the following e-mail address:

financedepartment@palmerak.org

Please title the proposal e-mail as follows:

RFP Palmer Audit Services 2021

All files must be submitted in a single pdf file with a separate pdf file for the cost data. If file is too large, submission can be broken up into two separate pdf files. Additional information can be obtained by contacting Gina Davis, Finance Director at gdavis@palmerak.org.

Terms of Engagement

A three-year contract is contemplated subject to the annual review and recommendation of the Audit Committee, the satisfactory negotiation of terms (including a price acceptable to both the City and the selected firm), the concurrence of the City Council and the annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. Scope of Work

1. Audit, prepare and express an opinion on the fair presentation of its general-purpose financial statements in conformity with generally accepted accounting principles and complies with laws and regulations that may have a material effect upon the City's financial statements.
2. Perform a Single Audit testing programs for compliance with the Single Audit Act of 1984 in the years when the threshold has been exceeded.
3. The auditor will examine the City's internal accounting controls and accounting procedures and render written reports of their findings and recommendations to the Finance Director. The examination shall be made, and reports rendered in accordance with generally accepted government auditing standards. In addition, the auditors shall communicate to the Finance Director any reportable conditions found during the audit that can be defined as either a significant or material weakness in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report(s) on compliance and internal controls.
4. All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to which ever the City designates. In addition, the auditor shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing account significance.

B. Auditing Standards to be Followed

1. To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards 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 Government Auditing Standards (1994), the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profits Organizations, as well as the State of Alaska Audit Guide and Compliance Supplement for State Single Audits.

C. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the Auditor shall issue the following:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. An independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with government audit standards.
3. An independent auditor's report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.
4. An independent auditor's report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with the State of Alaska Audit Guide and compliance supplement for state single audits.
5. A schedule of findings and questioned costs.
6. Any other reports as required by federal and/or state regulatory agencies and/or government auditing standards.

III. DESCRIPTION OF THE GOVERNMENT

Background Information

The City was established in 1951 as a First Class City. On June 5, 1962, the citizens voted to switch to a Home Rule City, which was effective on June 11, 1962. The City Charter establishes a December 31 year end. The City of Palmer serves an area of 5 square miles with a population of 6,788. The City operates under a mayor/council-manager form of government and provides the following services: public safety (fire and police), public works, parks, library, water and sewer utilities, solid waste, municipal airport, municipal golf course and general administrative services.

Basis of Accounting and Fund Structure

The City of Palmer currently maintains approximately 16 funds including the General Fund, Special Revenue funds, Capital Project funds and Enterprise funds. The accounting basis used by the City for its funds conforms to generally accepted accounting principles.

Budget Procedures

The City Council adopts a one-year Operating and Capital Improvement Program Budget annually. The City Manager is authorized to transfer budgeted amounts within a department. All budget amendments must be approved by the City Council at a public hearing.

Computer Systems

The City uses Incode software, a Tyler Technologies product to manage and maintain its financial functions. The current applications in use are:

- General Ledger
- Payroll
- Accounts Payable
- Utilities Billing
- Accounts Receivable
- Budget
- Special Assessments
- Business License
- Sales tax

Federal and State Awards

During the year to be audited, the City received grants from Department of Justice, Department of Transportation and Department of Treasury. The City may have additional grants that were unknown at the time of publication of this RFP.

Pension Plans

The City participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple-employer public employee retirement system that acts as a common investment and administrative agent for political subdivisions within the State of Alaska. Employee participation in the plan is mandatory for regular full-time employees.

Finance Department

The Finance Department is headed by Gina Davis, Finance Director and consists of seven full-time employees. The Finance staff consists of the Finance Director, Finance Manager, Accounting Technician for Business License and Sales Tax, Accounting Technician for Accounts Payable and Payroll, Accounting Technician for Utilities, Accounting Technician for Grants, Accounts Receivable and Collections, and a Cashier/Receptionist.

IV. TIME REQUIREMENTS

Proposal Calendar

- A. Requests for Proposals shall be available on September 26, 2021 on the City’s website: www.palmerak.org.

Proposals for the City’s audit must be emailed to financedepartment@palmerak.org and received no later than 4:00 p.m. on Thursday, October 28, 2021. Each proposal must be submitted in a single pdf file with a separate pdf file for the cost data. If file is too large, submission can be broken up into two separate pdf files.

Proposals must have the email title “RFP Palmer Audit Services 2021”.

- B. Selected firm will be notified by November 12, 2021.
- C. Schedule for the 2021, 2022 and 2023 Fiscal Year Audit
(A similar time schedule will be developed for audits of future fiscal years if the City exercises its options for additional audits).

The Auditor should complete each by the suggested dates below:

1. Detailed Audit Plan
The Auditor shall provide to the City by February 15, both a detailed audit plan and a list of schedules to be prepared by the City of Palmer for the completion of the Annual Financial Audit.
2. Fieldwork
The Auditor shall complete all fieldwork by April 15.
3. Draft Reports
The Auditor shall have drafts of the audit report(s) and recommendations to management available for review by June 1 of each year.
4. Date Final Report is Due
The City shall prepare all schedules; note information and all required supplementary schedules. The auditor shall provide all recommendations, revisions and suggestions for improvements to the Finance Director within two weeks of fieldwork. A final financial report shall be delivered to the City of Palmer no later than July 1 each year.

V. ASSISTANCE TO BE PROVIDED AND REPORT PREPARATION

- A. Department of Finance and Clerical Assistance
The Department of Finance staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. The preparation of confirmation letters based on a comprehensive list prepared by the Auditors will be produced by the finance staff with the letters to be mailed by the Auditors.
- B. Statements and Schedules to be Prepared by the Staff of the City
The finance staff of the City will prepare the draft audit schedules for the Auditor prior to fieldwork dates.
- C. Work Area
The City will provide the Auditor with reasonable work area, tables and chairs. The Auditor will also be provided with access to internet.
- D. Report Preparation
Report preparation, editing and printing shall be the responsibility of the auditor.

VI. PROPOSAL REQUIREMENTS

- A. **General Requirements**
To achieve a uniform review process and obtain the maximum degree of comparability, it is required that proposals be organized in the manner specified.
 - 1. Title Page
The title page should include the request for proposal subject, the name of the proposer's firm, local address, telephone number, name of contact person and date.
 - 2. Table of Contents
 - 3. Letter of Transmittal
A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for the three fiscal year period.
 - 4. Detailed Proposal
The detailed proposal should follow the order set forth in Section B below (technical proposal) of this request for proposals.

5. Executed copies of Proposer Guarantees (Appendix D) and Proposer Warranties (Appendix E) attached to this request for proposal.

B. Technical Proposal

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City in conformity with the requirements of this request for proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the specific staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

1. Independence

The firm should provide an affirmative statement that it is independent of the City as defined by the generally accepted auditing standards/the U.S. General Accounting Office's Government Auditing Standards (1994).

The firm should also list and describe the firm's professional relationships involving the City 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 City written notice of any professional relationships entered into during the period of this agreement.

2. License to Practice in Alaska

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

3. Report of External Quality Control

The firm is also required to submit 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.

4. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of their office from the work to be performed on this engagement and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to

practice as a certified public accountant in Alaska. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

6. 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 name and telephone number of the principal client contact.

7. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in this request for proposal. In developing the work plan, reference should be made to such sources of information as City of Palmer's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement
- c. Sample size and the extent to which statistical sampling is to be used in the engagement
- d. Type and extent of analytical procedures to be used in the engagement
- e. Approach to be taken to gain and document an understanding of the City's internal control structure
- f. Approach to be taken in determining laws and regulations that will be subject to audit test work
- g. Approach to be taken in drawing audit samples for purposes of test of compliance

8. 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 City.

9. Report Format

The proposal should include sample formats for required reports.

C. Cost Data

1. Total All-Inclusive Maximum Price

The cost data should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The first page of the dollar cost bid should include the following information:

- a. Name of firm
 - b. 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 City of Palmer.
 - c. A total all-inclusive maximum price for the 2021, 2022 and 2023 engagement presented in the format provided in the attachment (Appendix A, page 1)
2. Rate by Partner, Specialist Supervisory and Staff Level Times Hours Anticipated for Each Year.

The second page of the cost data should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix A, page 2) that supports the total all-inclusive maximum price for each year.

The third page of the cost data should include any special services disclosed as separate components of the total all-inclusive maximum price presented in the format provided in the attachment (Appendix A, page 3).

3. Manner of Payment

Progress payments will be made on the basis of hours work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's cost data proposal. Interim billing shall cover a period of not less than a calendar month.

VII. EVALUATION PROCEDURES

A. Audit Committee

Proposals submitted will be evaluated by a three member Audit Committee selected by the City of Palmer consisting of the Finance Director, Finance Manager and the City Manager.

B. Review of Proposals

The Audit Committee will use a point formula during the review process to score proposals. Each member of the Audit Committee will first score each proposal by

each of the criteria described in Section C below. The Audit Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite score for each firm.

The City reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represents the principal selected criteria, which will be considered during the evaluation process.

1. Mandatory Elements

- The audit firm is an independent entity.
- The firm is licensed to practice in the State of Alaska.
- The firm has no conflict of interest with regards to any other work performed by the firm for the City of Palmer.
- The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.
- The firm adheres to the instruction in the request for proposals on preparing and submitting proposal.

2. Technical Qualifications (Maximum Points – 50 Pts)

- Expertise and Experience
 - The firm's past experience and performance on comparable government engagements.
 - The quality of the firm's professional personnel to be assigned to the engagement.
 - Ability of the firm in providing technical support to the finance staff as it relates to implementation of new accounting standards and recording and reporting of complex transactions.
- Audit Approach
 - Adequacy of proposed staffing plan for various segments of the engagement.
 - Adequacy of sampling techniques.
 - Adequacy of analytical procedures.
- Report Format
 - Adequacy of proposed samples of formats for required reports.

3. Price (Maximum Points – 50 Pts)

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

D. Oral Presentations

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

E. Final Selection

The City Council will select a firm based upon the recommendation of the Audit Committee.

It is anticipated that the Audit Committee will select a firm for recommendation by November 12, 2021. Following notification of the firm selected, and approval by the City Council, it is expected a contract will be executed between both parties prior to December 10, 2021.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Palmer and the firm selected.

The City of Palmer reserves the right without prejudice to reject any or all proposals.

VIII. APPENDICES

- A. Format for Schedule of Professional Fees and Expenses to Support the Total All-Inclusive Maximum Price
- B. Organizational Chart
- C. List of Key Officials
- D. Proposer Guarantees
- E. Proposer Warranties

APPENDIX A

Page 1

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE [YEAR] FINANCIAL STATEMENTS:

COMBINING SCHEDULE – ALL SERVICES

DESCRIBED IN RFP

Nature of Services to be Provided

Schedule

Total Price

APPENDIX A
Page 2

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE [YEAR] FINANCIAL STATEMENTS

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners:				
Managers:				
Supervisory Staff:				
Staff:				
Other (specify):				
Subtotal:				
Total for services: Described in Section II of the RFP (Detail on subsequent pages)				
Out-of-Pocket expenses:				
Meals and lodging:				
Transportation:				
Other (specify):				
Total all-inclusive maximum price for [YEAR] audit:				

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

APPENDIX A

Page 3

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE [YEAR] FINANCIAL STATEMENTS:
SUPPORTING SCHEDULE FOR [NAME OF SERVICE]

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners:				
Managers:				
Supervisory Staff:				
Staff:				
Other (specify):				
Subtotal:				
Total for services: Described in Section II of the RFP (Detail on subsequent pages)				

APPENDIX A

Page 4

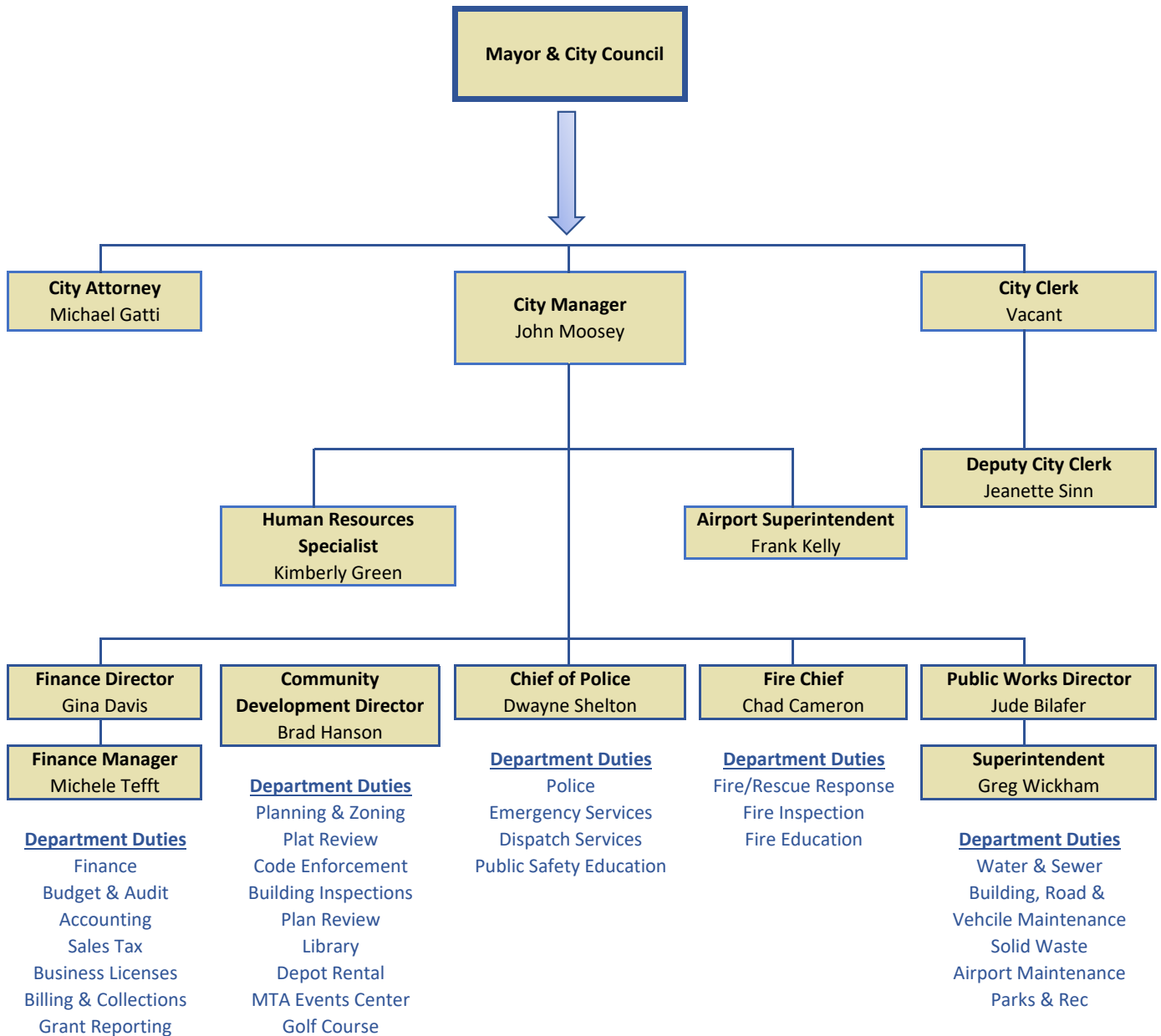
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE [YEAR] FINANCIAL STATEMENTS:
SUPPORTING SCHEDULE FOR [NAME OF SERVICE]

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners:				
Managers:				
Supervisory Staff:				
Staff:				
Other (specify):				
Subtotal:				
Total for services: Described in Section II of the RFP (Detail on subsequent pages)				

APPENDIX B



2019 City of Palmer 2021 City of Palmer Organizational Chart



APPENDIX CLIST OF KEY OFFICIALS**ELECTED OFFICIALS**

NAME	OFFICE	PHONE
Edna DeVries	Mayor	907-355-9933
Julie Berberich	Council Member	907-354-5850
Richard Best	Council Member	907-715-5850
Steve Carrington	Council Member	907-841-7329
Sabrena Combs	Deputy Mayor	907-350-8070
Brian Daniels	Council Member	907-203-0716
Jill Valerius	Council Member	907-841-0335

APPOINTED OFFICIALS

DEPARTMENT	DEPARTMENT HEAD	PHONE
City Manager	John Moosey	907-761-1317
City Clerk	Vacant	907-761-1321
Finance	Gina Davis	907-761-1314
Police Chief	Dwayne Shelton	907-745-4811
Fire Chief	Chad Cameron	907-745-3854
Public Works	Jude Bilafer	907-761-1350
Community Development	Brad Hanson	907-761-1322
Library/Community Services	Beth Skow	907-761-1371

APPENDIX D

PROPOSER GUARANTEES

1. The proposer certifies it can and will provide and make available, at a minimum, all services set forth in their proposal.

Signature of Official:

Name (typed):

Title:

Firm:

Date:

APPENDIX E

PROPOSER WARRANTIES

1. Proposer warrants that it is willing and able to comply with State of Alaska laws with respect to foreign (non-state of Alaska) corporations.
2. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
3. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Palmer.
4. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official:

Name (typed):

Title:

Firm:

Date: