

CITY OF HASTINGS

Barry County, Michigan

REQUEST FOR QUALIFICATIONS AND PROPOSALS FOR ANNUAL FINANCIAL AUDIT SERVICES

The City of Hastings is in central Barry County, Michigan approximately 40 miles southeast of Grand Rapids. The city is the county seat of Barry County and has a population of 7,514. The main artery through which the city can be accessed is State Street (M-37 / 43) and Broadway. The city's General Fund expenditure budget for fiscal year ending June 30, 2024 is \$7,260,703 and the city has 47 full-time employees.

The City of Hastings is requesting proposals for the service of a qualified Certified Public Accounting firm to **conduct the Financial and Compliance audit of the city's operations, as well as single audits**. The city's goal is to have the majority of field work performed virtually. Services will include, but are not limited to:

- ❖ Planning and performing the audit
- ❖ Performing tests of documentary evidence
- ❖ Evaluation of internal controls
- ❖ Management Letter(s) per Financial Report
- ❖ Letter of comments and recommendations in accordance with SAS 61
- ❖ Presentation of findings before the City Council
- ❖ Technical assistance throughout fiscal year – costs included in yearly fee
- ❖ Preparation of GASB 34 Financial Reports and other GASB reports
- ❖ Preparation of the annual F65 State Reporting
- ❖ Preparation and filing of Michigan Department of Transportation Act 51
- ❖ Assistance with capital assessment management including depreciation
- ❖ Assistance with city enterprise funds including Water and Sewer and Equipment Internal Services Funds

1. BACKGROUND

The city provides a full range of municipal services, including administration and finance, street construction and maintenance, parks operations, maintenance, and improvements, planning and community development, library services, public utility services, and police and fire services. The city operates under a City Manager, and the governance of a City Council. The City Council is composed of eight elected members and the mayor. The City Manager is responsible for all city functions. The City Clerk/Treasurer/Director of Finance maintains all financial records. The city has ten funds and three component units.

2. AUDITING STANDARDS

The financial statements are prepared to conform fully to Generally Accepted Accounting Principles (GAAP) and to be in full compliance with the Pronouncements of the Governmental Accounting Standards Board (GASB) and all federal and state statutes. The auditor's opinion will be directed toward the fairness of presentation of the financial

statements in accordance with GAAP. The auditor will also provide all compliance reports as required under federal and state law.

3. AUDIT PERIOD AND TERM OF ENGAGEMENT

The proposal is for three years, with separate audits each year. The periods to be audited area the fiscal years ending June 30, 2023, 2024 and 2025. It is the intent of the city Council to negotiate a three-year letter of engagement.

4. SCOPE OF WORK

The annual audit shall begin no later than ninety (90) days after the close of the fiscal year. The auditor will, as part of this engagement, conduct the following activities utilizing the appropriate standards noted in Section 2:

- A. Plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free from material misstatement, whether caused by error of fraud.
- B. Perform tests of documentary evidence supporting the transactions recorded in the accounts, which may include tests of the physical existence of inventories and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions.
- C. Perform tests of the City's compliance with applicable law and regulations and the provisions of contracts and agreements.
- D. Review the internal accounting controls of the city to the extent necessary to evaluate the system as required by applicable standards.
- E. Issue a Management Report making recommendations for improvement.
- F. Inform the City Manager and City Clerk/Treasurer/Director of Finance of any matters involving internal control and its operation that the auditor considers to be reportable conditions established by the Comptroller General of the United States.
- G. Meetings and Progress Reports:
 - 1) Virtual pre-audit conference with city management will be held to discuss audit schedules, workpaper requirements, and report deadlines, as well as audit programs
 - 2) Progress report meetings will be held with key audit firm personnel and Finance Department staff at regular intervals.
 - 3) Post-audit conference with the City Manager and City Clerk/Treasurer/Director of Finance and key audit personnel will be held at a mutually agreeable date.
 - 4) Audit firm management will present the financial report and management letter to City Council when the audit is completed, as well as provide an oral presentation at the agreed upon Council meeting.
- H. Technical Assistance: As part of the overall audit contract, the city expects to receive from the audit firm a variety of technical assistance through the fiscal year, including periodic answers to accounting, reporting, and / or internal control questions.
- I. Additional Services: Proposals should contain provisions for dealing with extraordinary circumstances discovered during the audit that may require an expansion of audit work beyond that which was originally planned. In addition, the

audit firm may be requested to perform special projects for the city during the year. Proposals should describe the types of services available from the firm, the professionals who would provide them, and the standard hourly fees to be charged for services.

5. MANDATORY REQUIREMENTS

The audit firm must meet the following mandatory requirements: Contractor must be registered to do business in the State of Michigan; Principal Auditor must be a Certified Public Accountant qualified to perform municipal audits in the State of Michigan; Contractor must have experience in performing municipal audits in accordance with auditing standards generally accepted in the United States of America, preparing financial statements compliant with GASB 34 and Michigan Budget Laws; and the majority of fieldwork is expected to be completed virtually.

6. PROPOSAL REQUIREMENTS

The proposal should demonstrate that the firm can furnish the service in a manner that will be cost effective for the City of Hastings. Those proposals which do not contain all information required by the RFP or are otherwise nonresponsive may be rejected immediately; however, the city has discretion to accept a proposal that does not conform with all RFP requirements if the city determines that the non-compliance is not substantial or material. If a proposal is unclear, or appears inadequate, the city may, at its discretion, give the firm an opportunity to explain how the proposal complies with the RFP.

The proposal must contain at least the following information:

- A. Name(s) and title(s) of the person(s) authorized to submit the proposal and execute the professional services agreement.
- B. A letter, submitted on the firm's letterhead and signed by the corporate agent, owner, or principal auditor, describing how the firm satisfies the mandatory requirements noted above and the firm's experience in performing municipal auditing in the State of Michigan.
- C. A history of the firm as a business or entity, including information that demonstrates the firm's financial stability and entity stability.
- D. Resumes of all audit team members, including tenure with the firm, title, degrees and certificates, and municipal audit experience. The audit team leader should be identified.
- E. A list of at least five (5) current public entity clients who can be contacted, complete with a description of the work performed for the client and the client's address, phone number and email.
- F. A proposed work schedule and a virtual fieldwork plan for completing the audit. The fieldwork schedule should be structured so as to deliver the audit to the City Council no later than November 30, with the presentation to take place no later than the second Monday in December.

- G. A fee schedule and estimated project cost, including out-of-pocket expenses and the estimated hours each audit firm employee is expected to spend annually on the annual financial audit and single audits.
- H. Firm's billing rates for any applicable classifications of professional personnel and the method used in charging for any special requests, reports, or broadening scope of work.
- I. A copy of the firm's model/standard letter of engagement.
- J. A sample of a management report recently issued covering an audit that has similar services and comparative size to the City of Hastings.
- K. Any additional information that supports the scope of work to be provided as set forth above.

Proposers may submit additional questions and clarification requests to Christopher Bever, City Clerk/Treasurer/Director of Finance at cbever@hastingsmi.org or by phone at (269) 948-3878. Firms may modify or withdraw their proposals at any time prior to the closing date by providing a written request for modification or withdrawal to the City of Hastings.

7. EVALUATION OF PROPOSALS

Proposals will be evaluated based on the scope of work and submission requirements listed above to determine which firm best meets the needs of the city. After meeting these requirements, the following factors will be used to evaluate proposals:

- A. Quality and comprehensiveness of the audit approach.
- B. Experience and knowledge with GASB 34 reporting requirements and auditing standards identified in Section 2.
- C. Qualifications and experience of the firm and the members assigned to the city's engagement.
- D. Ability to provide a comprehensive range of auditing and financial services.
- E. Reference and experience.
- F. Audit service costs.

8. PROPOSAL SUBMISSION

Submit to "Audit RFP" via email to cbever@hastingsmi.org or US mail or other delivery service. Proposals will be accepted until noon on Friday June 16, 2023. Proposals received after the deadline will not be considered. It is the responsibility of the responding firm to ensure that the proposal arrives on time at the right location. All proposals received via US mail or other delivery service must be presented in a clearly marked package or envelope bearing the address:

City of Hastings
Attn: City Clerk/Treasurer/Director of Finance
201 East State Street
Hastings, Michigan 49058

Responding firms must include the completed proposal and other pertinent information. All services requested should be addressed. If a firm cannot provide a service, it should be clearly noted within the proposal.

The City of Hastings reserves the right to reject any or all proposals or to negotiate with responding firms any improvements or clarifications regarding specific portions of the proposal.