



Craig
ALASKA

**REQUEST FOR MUNICIPAL
AUDITING
SERVICE PROPOSALS**

INTRODUCTION

The City of Craig, (hereinafter called "the City") Alaska invites proposals from qualified independent licensed municipal auditors (hereinafter called "auditor") having sufficient governmental and auditing experience in performing an audit in accordance with the specifications outlined in this Request for Proposal (RFP).

It is the intent of the City to negotiate a three-year contract, with the second- and third-year contingent on the successful, timely completion of the first year of the contract. A full RFP packet is available on the City of Craig website at <https://www.craigak.com/rfps>. Submissions must be received by 4:00 p.m. December 29, 2023.

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I. CITY BACKGROUND AND ACCOUNTING SYSTEM

The City of Craig is operated under a strong Mayor form of government. Policy-making and legislative authority are vested in the City Council, consisting of six council members. The mayor is elected separately and acts as the senior executive for the city. The City Administrator is responsible for overseeing the day-to-day operations of the city. Financial records are maintained by the Finance Department. The population of the City of Craig is 1,036.

The city provides a full range of municipal services including but not limited to street, water, wastewater, recreation, aquatic, parks, police services, planning, building, harbor, marine industrial park and general administration. The city has 53 full-time employees under the direction of the City Manager.

The City requires the CPA Firm to prepare the Comprehensive Financial Report. The city operates on a cash basis of accounting. All prescribed procedures of the State of Alaska in the preparation and adoption of the City's annual budget are followed.

Financial accounting records are computerized using Accufund Software. Software modules include: Accounts Payable, Accounts Receivable, Bank Reconciliation, Cash Receipts, Property Tax, General Ledger, Payroll, Purchase Orders, and Utility Billing. Currently, the city is transitioning to a new accounting software, Caselle, the software will become live in the spring 2024.

The City currently maintains one (1) General Fund, six (6) Special Revenue Funds, six (6) Enterprise Funds, and two (2) Debt Service Funds. Within the General Fund, the expenditures are organized by Department. The adopted budget for all City operations for Fiscal Year Ending, June 30, 2023 is \$6,836,588. The city has received both state and federal grants, however it is not subject to individual audit requirements each year. Our financial statements are prepared in accordance with a cash-based system.

A copy of the budget and prior year audited financial report is available on the City of Craig website: www.craigak.com

. GENERAL INFORMATION AND SUBMISSION OF PROPOSALS

All information and data furnished to the audit firm by the City and all other documents to which the audit firm's employees have access during the preparation and submittal of the proposal shall be treated as confidential by the successful audit firm. Any oral or written disclosure to unauthorized individuals is prohibited.

The City of Craig requires all audit firms to comply with equal opportunity policies. The City of Craig's programs, services, employment opportunities, volunteer positions and contracts are open to all persons without unlawful regard to race, religion, color, gender, sexual orientation, national origin, age, disability, genetic information,

veterans' status, marital status, or any other status protected by applicable federal, Alaska or local law.

A. All proposals must be submitted to:

Mailing Address:

Brian Templin/City Administrator
City of Craig
500 3rd Street
Po Box 725
Craig, AK 99925

For questions or additional information contact Brian Templin, 907-826-3275 or email administrator@craigak.com

All submissions must be received by mail at 4:00 pm on December 29, 2023. Submissions can be sent via email to administrator@craigak.com or via fax at 907-826-3278 with prior arrangements.

Faxes and email submissions will not be accepted.

- B. Four (4) copies of the proposal are required, not to be opened until after the final submission date and hour noted above. These submissions shall become the property of the City of Craig without obligation.
- C. The City of Craig reserves the right to reject any and all proposals, with or without cause, and has the right, in its sole discretion, to accept the proposal it considers most favorable to the City's interests. The City reserves the right to seek clarification of any proposal submitted. The City also reserves the right to require other evidence of technical, financial, or other abilities prior to selection. The City of Craig may make an award based upon initial proposals received without discussion of such proposals with the submitting entity.
- D. The selection of the external auditor will be based upon responses received to the criteria included in Part VI of this proposal.
- E. Work under this municipal auditing services agreement shall begin with the fiscal year 2022-23 audit and shall commence with the adoption of the contract by City Council (anticipated to be on or before February 1, 2024). Any agreement initiated as a result of this RFP will be effective through June 30, 2025 with an option to renew annually up to a maximum of (4) years unless otherwise terminated as provided for by the term and conditions of the agreement.

November 20, 2023
December 29, 2023
January 05, 2024
January 08-10 2024
January 15-18 2024
February 1, 2024

Publish notice and distribute RFP
Proposal Due Date
Selection of Finalists
Interview finalists if necessary
Complete Contract Process
Contract Award by Council

III. AUDIT OBJECTIVES AND SCOPE OF SERVICES

The City of Craig is requesting proposals for the services of a qualified Certified Public Accounting firm to audit the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the City of Craig. Services will include, but not be limited to: planning and performing the audit; performing tests of documentary evidence, evaluating internal controls; preparing the draft and final Audit/Financial Report (includes approximately (10) copies and an electronic copy); prepare and file State Documents; Prepare any and all Fiscal Adjusting Journal Entries at year end, provide technical assistance throughout the fiscal year.

A. The auditing services performed by the auditor shall allow the firm to:

- Express an opinion on whether the financial statements of the City present fairly the financial operations in conformity with Generally Accepted Accounting Principles (GAAP);
- Express an opinion on whether the City has complied with laws and regulations that may have a material effect on the audited financial statements in accordance with Government Auditing Standards;
- Report on internal controls related to the financial statements and major programs and issue an opinion on compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133; and
- Issue a management letter.

B. A minimum standard for audits of Alaska Municipal Corporations, adopted by the Secretary of State and approved by the State Board of Accountancy, shall govern the audit.

C. The financial and compliance audit shall apply industry standards for auditing, and shall be made in accordance with all of the following:

- Generally accepted governmental procedures as prescribed in the American Institute of CPAs (AICPA) Industry Audit Guide – Audits of State and Local Government Units and in Governmental Accounting, Auditing, and Financial Reporting (GAAFR);

- Generally accepted auditing standards, Government auditing standards, and Alaska minimum standards;
 - The Single Audit Act and OMB A-133: and
 - Applicable laws and regulations.
- D. Recommendations based upon the auditing firm's review of the adequacy of internal accounting controls and other audit investigations shall be made a part of a formal management report separate from the financial audit. Such associated costs shall be included in the audit fee. The discussion of these recommendations shall be with the City Administrator and Finance Director. Recommendations to management, opinion, comments or recommendations relating to internal controls, accounting systems, compliance with laws, rules and regulations, or any other matters that come to the attention of the auditor during the course of the audit must be discussed with appropriate City officials prior to publication.
- E. The auditor shall meet with the Finance Director prior to the commencement of each audit to discuss the planned approach to the audit work and to provide a list of schedules to be prepared by City personnel prior to the beginning of field work. An exit conference is required of the auditing firm on completion of all field work so as to inform the City Administrator and Finance Director of pertinent findings. A summary presentation of the audit findings shall be made to the City Council.
- F. The City will make available the information and work papers necessary in conjunction with the financial and compliance audit engagement.
- G. Expectation of services to be provided by auditors not already outlined above:
- The Auditor should be familiar with and prepared to advise City staff on how best to implement both current and proposed GASB Statements. In addition, the Auditor is also expected to provide informal advice and consultation throughout the year on matters relating to accounting and financial reporting.
 - Provide the City with adjusting entries and a final trial balance upon completion of the field work.
 - Draft and prepare final audit report – Auditor will be expected to prepare the final audit report and provide (10) hard copies and an electronic copy to the City.
 - Prepare and file all required State Documents.
 - Prepare a report on compliance with specific requirements applicable to major federal financial assistance programs, if required.
 - All working papers and reports must be retained, at the auditor's expense, for a minimum of ten (10) years, unless the firm is notified in writing by the City of Craig of the need to extend the retention period.

- H. Any unusual conditions encountered during the course of the audit, where services of the auditing firm must be extended beyond the normal work anticipated, will require written notification to the Administrator and Finance Director who will respond in writing concerning the additional services.
- I. 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.

IV. PROPOSAL REQUIREMENTS

To achieve a uniform review process and to obtain the maximum degree of comparability, it is required that proposals include the items noted below and be organized in the manner specified in this part.

- 1. Title Page** – The name of the proposal’s firm, firm address, telephone number, name of contact person, email address, and the date.
- 2. Table of Contents** – include a clear identification of the material by section and by page number.
- 3. Organization and Assigned Personnel** – State whether your audit organization is national, regional, or local. Include the names of local partners/principals and the number of local personnel on the Oregon Municipal roster. Provide a list of partners, managers, and other key staff people who will be assigned to the City’s account.
- 4. Quality Control** - Describe your audit organization’s participation in AICPA-sponsored or comparable quality control programs. Include a copy of your most recent peer inspection report.
- 5. Compliance** - Disclose any and all judgments, pending or expected litigation, or other real or potential financial reversals that might materially affect the viability or stability of the proposing organization, or warrant that no such condition is known to exist. If the proposer is a national firm, it must disclose the above information for its region and all material judgments and pending or expected litigation on a nation-wide basis. If the proposer has had a contract terminated for default during the past five (5) years, all such incidents must be described. The audit firm must not have a record of substandard work. The city will verify this requirement by communication with the Alaska State Board of Public Accountancy.
- 6. Use of Subcontractors** – State whether subcontractors will be used and provide the above information for each subcontractor.
 - 7. Audit Approach** - Describe staffing level that will be assigned to the City of Craig’s field work. Outline a work plan and related time schedule for each significant segment of the work. Describe the organization of the audit team.

Describe use of statistical sampling and use of computer and programs to assist in the audit process. Describe your policy on rotation of personnel to be assigned to the City the first year and each year thereafter.

- 9. Use of City Personnel** - Describe how you would propose to use City personnel, if at all, to assist you during the audit and indicate the approximate time requirement.
- 10. Reporting Deadlines** – Provide detailed information on how the audit firm proposes to meet the anticipated time lines and reporting deadline of the engagement.
- 11. References** – Proposers must demonstrate successful past performance of the firm’s ability to provide services as set for in this specification. Proposers must detail five (5) references to document experience with at least three (3) of the references being municipal government entities.

V. PRICE

Provide the firm’s proposed all-inclusive audit fee and a statement regarding determination of increases in succeeding years should the contract be extended. Include the hourly rates for each staff employee classification, and any other fees associated with the completion of the audit. The auditing firm shall include in their auditing fee the following:

- The cost of providing (10) copies of the audit document and (1) PDF copy.
- Cost of conducting a single audit covering the City’s Federal grants as required by the Single Audit Act and the Office of Management and Budget Circular A-133, if required (an additional fee may be charged for this service). Annual Financial Report including F/Y Adjusting Journal Entries.

Any unusual conditions encountered during the course of the audit where services of the auditing firm must be extended beyond the normal work anticipated will require written notification to the Finance Director who will respond in writing concerning the additional services. Additional fees must be approved by the City Council.

VI. EVALUATION CRITERIA AND SELECTION PROCEDURE

The city has created an Audit Committee to screen all written proposals. Interviews may be conducted with the finalists, and the contract process is expected to be complete by February 01, 2024.

Proposals will be evaluated based on technical responses and price with the following points:

Experience, Qualifications and References	40%
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Audit approach and understanding of RFP	30%
Cost Proposal	<u>30%</u>
TOTAL	100%

Any proposal that scores a zero (unacceptable) in any category will be rejected, regardless of total score.

VII. OTHER

Meetings and Progress Reports:

1. Pre-audit conferences with City Administrator and Finance Director will be held to discuss audit schedules, working paper requirements, and report deadlines, as well as the audit program. A written list of information to be provided by the City staff to the auditors should be provided at this time.
2. Progress report meetings will be held with key audit firm personnel and City financial management staff at regular intervals mutually agreed upon.
3. An exit conference is required with key audit firm personnel on completion of the preliminary draft report to inform the City Administrator and Finance Director of pertinent findings.
4. A formal report presentation by the Audit firm management will be required before the City Council upon completion of the final report.

Use of Audit

Ownership of the audit report belongs to the City of Craig and it is expressly understood that publication of the audit, in whole or in part, or reference to the audit, will be at the sole discretion of the City.

Contract Termination

Either party may cancel the contract for an audit year by giving notice in writing to the other party at least ninety (90) days prior to July 1 of any year.

Attachment A

Authorized Signature and Attestation

I, the undersigned, an authorized representative of _____, whose address is _____ have read and thoroughly understand the specifications, instructions and all other conditions of the RFP - Audit Services issued by the City of Craig for Audit Services for the fiscal years ended June 30, 2022, June 30, 2023, June 30, 2024 and June 30, 2025. Acting on behalf of my accounting firm, which is listed above, I do attest that the services offered by us meet City of Craig's specifications in every respect (*check one*)

_____ without exception

_____ with exception

We, therefore, offer and make this bid to furnish City of Craig the Audit services detailed in this proposal, at the price indicated.

Date: _____

Signature: _____

Printed Name: _____

Title:

