

TOWN OF WEST HARTFORD

Request for Proposals

For

Professional Auditing Services

BID# 200016



Introduction

The Town of West Hartford (the "Town") Department of Financial Services, is requesting proposals for auditing services from qualified firms of certified public accountants ("Auditor"), in accordance with the provisions of the Connecticut General Statutes, to conduct an examination and to render an opinion on the comprehensive annual financial statements of the Town of West Hartford, the Single Audit Reporting Package (as defined) and the Town's pension plan.

Issuing Office

This Request for Proposals (RFP) is being issued by the Town's Purchasing Division on behalf of the Department of Financial Services. The issuing officer is the Director of Financial Services/Purchasing Agent.

Inquiries

All inquiries regarding the services requested in conjunction with this RFP must be in writing and must be addressed to:

Peter Privitera
Director of Financial Services/Purchasing Agent
Town of West Hartford
50 South Main Street
West Hartford, CT 06107-2431
Telephone: 860 561-7461
Peter.Privitera@westhartfordct.gov

The deadline for submitting questions related to this RFP is Friday, February 28, 2020. Responses to all questions will be furnished through a formal addendum following the closing date listed herein.

Incurring Cost

The Town will not be held responsible for any costs incurred by the respondents for work performed in preparation and production of a proposal or for any work performed prior to the issuance of a contract.

Rejection/Acceptance of Proposals

The Town reserves the right to refuse for any reason deemed to be in the Town's best interest any and/or all proposals submitted under this RFP.

This RFP is not an offer to contract. Even if all requirements in this RFP are met, acceptance of a proposal neither commits the Town to award a contract to any respondent, nor limits its right to further negotiate in the best interest of the Town. The Town reserves the right to contract with any respondent for any reason.

Addenda to RFP

Amendments to this RFP may be necessary prior to the closing date and will be furnished to all prospective respondents. Failure to acknowledge receipt of amendments in accordance with the instructions contained in the amendment may result in the proposal not being considered.

I. Submission of Proposals

Each respondent must submit one original and six (6) copies of their proposal in a sealed envelope bearing on the outside the name of the respondent, full address, name of the project for which the proposal is submitted and the date and time the proposal is due to Peter Privitera, Director of Financial Services, at the address previously identified.

These proposals must be received by the Town no later than Monday, March 12, 2020 at 3:00 p.m. Proposals received after the date and time prescribed shall not be considered for contract award and shall be returned to the proposer. Neither faxed nor emailed RFP responses will be accepted as qualified RFP submission.

A respondent may correct, modify, or withdraw a proposal by sealed written notice, clearly marked as a correction, modification, or withdrawal, and received by the Purchasing Department prior to the time and date set forth for proposal submission.

Proprietary Information

The Town will not disclose any portion of the proposals except to members of the proposal evaluation committee prior to contract award. The Town retains the right to disclose the name of the successful respondent, the financial considerations and any other information in the proposal that is pertinent to the selection of the respondent and the awarding of the contract.

Independent Project Cost Determination and Gratuities

By submission of a proposal, the respondent certifies that:

The financial data in this offer has been arrived at independently, without consultation, communication, or agreement, for the purposes of restricting competition, as to any matter relating to such prices with any other respondent or competitor.

The financial data quoted in this offer will not change for a period of one hundred twenty (120) days after the receipt date at the Town of this offer.

Unless otherwise required by law, the financial data which has been quoted in this offer have not been knowingly disclosed by the respondent and will not knowingly be disclosed by the respondent prior to award, directly or indirectly to any other respondent or to any competitor.

No attempt has been made or will be made by the respondent to induce any other person or firm to submit or not to submit an offer for the purpose of restricting competition.

No elected official or appointed official or employee of the Town shall benefit financially or materially from this contract.

Prime Contractor Responsibility

Respondents submitting proposals in response to this RFP may not utilize the service of subcontractors without the prior written approval of the Town.

Availability of Funds

The contract award under this RFP is contingent upon the approval of funding for this contract as included in the Town's annual operating budget. In the event that funding is not approved or not available, any contract resulting from this RFP will become void and of no force and effect.

Termination for Default or for the Convenience of the Contracting Agency

Performance under any contract resulting from this RFP may be terminated by the Town whenever:

The contractor shall default in the performance of the contract and shall default within the period specified by the contracting officer in a notice specifying default; or

The contracting officer shall determine that termination is in the best interest of the Town.

Termination will be effected by delivery to the contractor of a notice to terminate, stating the date upon which the termination becomes effective.

In the event of termination of any contract resulting from this RFP as a result of a breach by the contractor hereunder, the Town shall not be liable for any fees and may, at its sole option, award a contract for the same services to another qualified firm with the best proposal or call for new proposals and award the contract thereunder. The contractor

shall be responsible for any direct and consequential damages as a result of its breach, including but not limited to, extra costs required under the new contract assuming it is for similar services.

Ambiguity in the Request for Proposals (RFP)

Prior to submitting a proposal, respondents are responsible for bringing to the Town's attention any ambiguity in this RFP. Failure to do so shall result in the respondent forfeiting any claim for adjustment based on such ambiguity as should have been noted by a prudent respondent.

In the event of any ambiguity between the Town's RFP and the respondent's proposal, whatever shall be more favorable to the Town as determined in the sole discretion of the Town shall prevail and take precedence.

Ownership Information

The Town shall have unlimited rights to use, disclose or duplicate, for any purpose whatsoever, all information developed, derived, documented or furnished by the respondent under any contract resulting from this RFP.

In the event of contract award, all data collected and other documentation produced as part of the contract will become the exclusive property of the Town and may not be copied or removed by any employee of the respondent without the express written permission of the Town.

Negotiated Changes

In the event negotiated changes occur after the awarding of the contract, any policies called for in the original contract will remain in effect.

Contract Agreement

The selected respondent will be required to agree to and sign a formal written contract with the Town as prepared by the Town's Legal Department.

The contract shall be for a three (3) year period and shall become effective immediately upon execution by all parties with the delivery of all specified services to commence with the audit for the fiscal year ending June 30, 2020. The contract entered into between the Town and the selected respondent shall extend for a term through and including the audit for the fiscal year ending June 30, 2022. The contract may be extended on an annual basis for up to two (2) one (1) year extensions at the discretion of the Town.

Compensation for services shall be a fixed fee for each year of the three (3) year term of the contract. The fixed fee shall include a minimum number of hours to be allocated to the partner-in-charge, supervising manager, and field staff. Upon request, the selected respondent will provide the Town with a statement of chargeable hours to substantiate their billings. Any optional annual extensions shall be performed at fees to be negotiated before the extension option is exercised.

Insurance Requirements

The selected respondent, upon the signing of the formal contract, will be required to deliver an insurance certificate in amounts, named insureds, and terms acceptable to the Town's Risk Manager. See attached insurance requirements.

Competition Intended

It is the Town's intent that this RFP permit competition. It shall be the respondent's responsibility to advise the Town in writing if any language, requirement, scope, specification, etc., or any combination thereof, inadvertently restricts or limits the requirements stated in this RFP to a single source. Such notification must be received by the Town not later than seven (7) days prior to the date set for acceptance of proposals.

Tax Exempt

The Town is exempt from the payment of taxes imposed by the Federal Government and/or State of Connecticut. Such taxes must not be included in the bid price nor any subsequent invoice for progress billing.

Scope of Services

I. GENERAL INFORMATION

The Town is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2020, June 30, 2021 and June 30, 2022.

These audits are to be performed in accordance with generally accepted auditing standards (GAAS), the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards* (2003), the provisions of the Federal Single 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*, and the provisions of Sections 4-230 through 4-236 of the Connecticut General Statutes concerning the *State Single Audit Act*.

The auditor(s) shall state that the primary purpose of the audit is to express an opinion on the general purpose financial statements taken as a whole and that the audit is subject to the inherent risk that errors or irregularities may occur and not be detected.

II. DESCRIPTION OF THE GOVERNMENT

A. General

The auditor's principal contact with the Town will be Elizabeth Hewitt, Financial Operations Manager, the Town's designated representative, who will coordinate the assistance to be provided by the Town to the auditor.

B. Background Information

There are a variety of documents that provide background information regarding the scope of the Town's operations and services, demographics, fund structure, basis of accounting, federal and state assistance relative to the Single Audit and the Town's pension plans.

More detailed information on the Town's administration, governing boards, Charter/Ordinances, and its finances can be found in the following documents, which are available on the Town's website at: www.westhartfordct.gov.

Fiscal 2019 and prior audit reports:

Town CAFR (Comprehensive Annual Financial Report)
Single Audits (Federal and State Compliance)
Pension

Adopted Budgets for Fiscal 2020 and prior

Official Statements for recent Bond Sales

The Town has continuously received the GFOA Certificate of Achievement for Excellence in Financial Reporting for its CAFRs for many years including June 30, 2019.

C. Fund Structure

All of the funds reported on in the CAFR, the Adopted Budgets, and the pension plan financial statements, are under general ledger control and included in the account groups for financial reporting purposes.

D. Basis of Accounting

The Town prepares its financial statements on a basis consistent with generally accepted accounting principles; i.e., government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds, while the governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at fiscal year-end are reflected in budgetary reports as expenditures of the respective year end (June 30).

E. Pension Plan

Town employees participate in one pension plans as follows:

- All full-time Town and Board of Education employees, except for those eligible for participation in the State Teachers' Retirement System, participate in a single employer defined benefit pension plan.
- Certified teachers employed by the Town are eligible to participate in the State of Connecticut Teachers' Retirement System. This system is a cost-sharing multi-employer defined benefit PERS with the State acting as a non-employer contributor, which is administered under the provisions of Chapter 167a of the Connecticut General Statutes (audit **NOT** included in this RFP).
- Separate funds exist for the Town's Other Post-Employment Benefits (OPEB) Trust and for the Town's health benefits for workers' compensation self-insurance (Risk Management Fund). Although these funds are part of the Town's annual audit, separate audit reports are **not** issued on these funds.

Actuarial services for Town and Board of Education pension plans are currently provided by Milliman Inc.

III. INFORMATION PROVIDED BY THE TOWN

A. Statements, Schedules, and Other Pertinent Information

The staff of the Town's Financial Services Department will prepare or provide the following statements and schedules:

- Adjusted trial balances for all funds.
- Detailed schedules of revenues, encumbrances, expenditures, accounts payable and accounts receivable.
- Detailed balance sheets and subsidiary account activity.
- Check registers for all bank accounts.
- Bank reconciliations for all bank accounts.
- Analysis of accounts as requested.
- Investment activity schedules.
- Debt schedules.
- Details of capital project expenditures by project on a life cycle (inception-to-completion) basis.
- Fixed assets schedules.
- Payroll records.
- Tax collection schedules.
- Schedule of accruals.
- Budget reconciliations and schedules.
- Pension schedules.
- Latest actuarial reports.
- CAFR statistical tables.
- Management's discussion and analysis.
- Process documentation for purposes of evaluating the design and operating effectiveness of internal control over financial reporting.

B. General

Office space will be provided. Telephones, photocopy machines, faxes and scanners will be made available as well as internet access and access to financial system records during the engagement.

IV. NATURE OF SERVICES REQUIRED

A. Qualifying Requirements

Qualified Firm:

Firms submitting proposals must be qualified to perform independent audits of municipalities in the State of Connecticut. Firms must have been engaged during the fiscal year ending June 30, 2019 as independent auditors for the purpose of rendering an opinion on the annual financial statements of municipalities in the State of Connecticut.

Location:

The auditors must have an office located within the State of Connecticut and resident staff must be able to offer the full range of auditing services required by this RFP.

Reports:

Each respondent shall submit electronic copies of at least two recent Comprehensive Annual Financial Reports issued by municipalities in the State of Connecticut in which their opinion is contained. Both of these reports shall have been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting.

Other:

Supervisory members of the firm's audit team, including the "in-charge" field auditor, must be Certified Public Accountants and have a minimum of five (5) years of municipal audit experience in the States of Connecticut. The proposal evaluation committee will consider municipal audit experience and professional certifications in evaluating the qualifications of the respondent's audit team.

Respondents must provide a listing of their current Connecticut municipal audit clients and any municipal audit clients lost or gained during the last two calendar years (2018 and 2019).

B. Scope of Work to be Performed

The Town desires the auditor to express an opinion on the fair presentation of its basic financial statements, the combining and individual non-major fund financial statements and schedules, in conformity with generally accepted accounting principles.

The auditor is not required to audit the supporting schedules, Management's Discussion and Analysis or the Budgetary Comparison contained in the Comprehensive Annual Financial Report. However, the auditor is to provide an "in-relation-to" report on the supporting schedules and information based on the auditing procedures applied during the audit of the basic financial statements and the combining and individual fund financial statements and schedules. The auditor is not required to audit the introductory section of the report or the statistical section of the report.

The auditor will be entirely responsible for the printing of draft and final versions of the reports (CAFRs and financial statements, including any charts and graphs) before December 15 each year for the previous fiscal year. A PDF or similar file of the CAFR that is able to be posted on the Town's website will be provided to the Town at that time.

C. Auditing Standards to be Followed

To meet the requirements of this Request for Proposals, 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. Comptroller General's *Government Auditing Standards (2003)*, the provisions of the Single Audit Act of 1984, as amended in 1996, the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*, and in conjunction and conformity with Sections 4-230 through 4-236 of the *Connecticut General Statutes* (the State Single Audit Act).

D. Deliverables - Reports to be Issued by the Auditors

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue, as required by generally accepted auditing standards, and Government Auditing standards, OMB Circular A-133, and the Connecticut General Statutes, including but not limited to the following:

- Comprehensive Annual Financial Report for the Town (30 copies).
- Pension Trust Fund Report (20 copies of each).
- Management Letters for the Town (20 copies).
- Comprehensive Annual Report – Certificate of Achievement Format.
- Federal and State Single Audit Report (25 copies).
- Single Audit Reporting Package submission to Federal Audit Clearing House (hard copy or electronically) before December 31st (or due date, as extended).
- Municipal Audit Questionnaire submission to the State Office of Policy and Management.
- ED001, Reports 680, 690 and 691 and Form ED025 for the Board of Education.
- Report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
- Report on internal control over financial reporting based on audit work performed in accordance with *Government Auditing Standards*.
- Report on the Schedule of Expenditures of Federal Financial Assistance.

The auditor will also have the following reporting responsibilities with respect to Communicating Internal Control-Related Matters:

1. **Material Weaknesses and Significant Deficiencies** - Any deficiencies in the design or operation of the Town's internal control over financial reporting, must be promptly brought to the attention of the Chairman of the Finance and Budget Committee and the Director of Financial Services. The auditor should use the definition of a material weakness and significant deficiencies as set forth in SAS No. 60, and its successors SAS No. 112 and SAS No. 115, Communication of Internal Control-Related Matters Identified in an Audit. GAGAS require material weaknesses and significant deficiencies are included in the auditor's report on the Town's internal control over financial reporting.
2. **Other Control Deficiencies** - If during the course of this engagement, the auditor finds deficiencies in the Town's internal control over financial reporting that do not meet the SAS No. 60, and its successors SAS No. 112 and SAS No. 115, Communication of Internal Control-Related Matters Identified in an Audit, GAGAS require that such deficiencies be promptly brought in writing to the attention of the Chairman of the Finance and Budget Committee and the Director of Financial Services.
3. **Non-Material instances of Noncompliance** - GAGAS require that all material instances of noncompliance with applicable laws and regulations be included in the auditors' report on compliance. GAGAS also require that non-material instances of noncompliance be reported in writing to the Chairman of the Finance and Budget Committee and the Director of Financial Services. Since the Town is subject to the provisions of the Federal Single Audit Act, OMB Circular A-133 requires the auditor to include all instances of non-compliance in its report. Reportable conditions that are also material weaknesses, non-reportable conditions, material instances of noncompliance and all instances of noncompliance, as required by OMB Circular A-133, should be included in the Management Letter.
4. **Errors and irregularities, etc.** - The auditor's responsibilities for reporting errors and irregularities are set forth in SAS No. 53, and its successor SAS No. 82, Consideration of Fraud in a Financial Statement Audit. The auditor will also be required to report any indications of abnormalities, non-recurring or extraordinary items or one-time changes in the pattern of Town expenditures or procedures in writing to the Chairman of the Finance and Budget Committee and Director of Financial Services.
5. **Illegal acts and indications of illegal acts** - The auditor's responsibilities for reporting illegal acts and indications of illegal acts are set forth in SAS No. 54, and its successor SAS No. 109, Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement. Additional reporting responsibilities for GAGAS audits are set forth in the GAO's yellow book. GAGAS require the auditor who becomes aware of illegal acts or indications of illegal acts to promptly report them to both the Mayor and the Audit Committee simultaneously. Also, when illegal acts or indications of illegal acts involve funds received from another government, the auditor must assure himself that the audited government has properly notified the officials of the donor government, including officials of the donor government's audit organization. If the audited government does not notify the donor government in a reasonable time, GAGAS requires the auditor to inform the donor government directly. GAGAS also requires that all notifications of illegal acts or indications of illegal acts be made in writing.

6. **Risks Associated with the Legal and Regulatory Environment** – SAS No. 109, Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement, formalizes the linkage between the risk of material misstatement in an entity's financial statements and the overall operating environment of an entity. SAS 109 requires the auditor to obtain an understanding of the risks associated with the entity's regulatory, legal, and political environment, including environmental requirements. When significant risks exist, the auditor is required to evaluate the design of the entity's related internal controls and determine whether the controls have been implemented and are effectively operating.
7. **Other matters to be brought to the Finance and Budget Committee's attention** - SAS No. 61, and its successors SAS No. 114 and 115, The Auditor's Communication with Those Charged with Governance, requires the auditors to determine that certain matters related to the audit are communicated to the Finance and Budget Committee. The auditor's responsibilities under GAGAS include significant accounting policies, management judgments and accounting estimates, significant audit adjustments, disagreements with management, consultations with other accountants, major issues discussed with management prior to retention, difficulties encountered in performing the audit, a written list and explanation of all adjustments made to the financial reports and Management Letter between its draft and final issuance. The Town requires that the auditor communicates any issues in writing to the Chairman of the Finance and Budget Committee and the Director of Financial Services.

E. Special Considerations

1. The Town will send its Comprehensive Annual Financial Report to the Government Finance Officers Association for review in its Certificate of Achievement for Excellence in Financial Reporting program in a timely manner.
2. The schedule of federal and state financial assistance and related auditor's reports, as well as the reports on the internal control structure and compliance, are to be issued separately from the Comprehensive Annual Financial Report.
3. During the course of the contract period, the Town will likely prepare one or more official statements in connection with the sale of debt securities which will contain the basic financial statements and the auditor's opinion thereon. The auditor shall be required, if requested by the fiscal advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters." Please state the proposed cost, if any, of such possible "consent" and "comfort" letters.

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 Town of the need to extend the retention period. The auditor will be required to make working papers available, upon request by the Town. In accordance with the requirements of Government Auditing Standards and of the Single Audit Act Amendments of 1996, the auditor is required to provide access to the working papers and copies thereof to a federal agency or the Comptroller General of the United States upon their request for their regulatory oversight purposes. If such a request is made, the auditor will inform the Director of Financial Services prior to providing such access.

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. Other Audit Services

Periodically, the Town may request separate ad hoc audits be performed. The independent auditor will be expected to perform these audits and any other audit services requested by the Town that are outside of the standard audit at the hourly rate stated in Appendix A.

As part of the all inclusive fixed fee related to this RFP the auditors shall issue "related party disclosure letters" in conjunction with the year-end audit to elected and appointed officials. [Note: Please provide an example of your proposed letter.] The auditors shall report on response for these related party disclosure letters at the time the draft audit is issued.

I. Implied Requirements

All services not specifically mentioned in this RFP that are necessary to provide the functional capabilities described by the auditor shall be included in the Scope of Services.

J. Report Submissions

The following timetable for financial reporting has been established for Fiscal Year 2020 based on the requirements of the Town Charter as well as those of the State of Connecticut and the federal government. These reporting deadlines will be strictly enforced.

<u>Description</u>	<u>Draft Report</u>	<u>Final Report</u>
Comprehensive Annual Financial Report for Town	October 31	December 31
Pension Report	November 30	January 31
Management Letter	October 31	January 31
Comprehensive Annual Report – Certificate of Achievement Format	November 30	December 31
State of Connecticut Audit Questionnaire	November 30	December 31
State and Federal Single Audit Reports	November 30	December 31
BOE Forms ED0011, ED025 and Report DREA 690	November 30	December 15
Federal Single Audit Reporting Package sent to Clearing House	n/a	December 31

V. GENERAL PROPOSAL REQUIREMENTS

A. General Requirements

1. Submission of Proposals

The original Proposal and seven copies are to include the following:

- **Title Page**
Title page showing the Request for Proposal's subject; firm name; name, address and telephone number of primary contact person; and the date of the proposal. **Please clearly indicate the RFP number you are responding to.**
- **Table of Contents**
- **Transmittal Letter**
Signed transmittal letter briefly stating the respondent's understanding of the work to be performed, the commitment to perform the work within the required time period, a statement as to why the respondent believes itself to be the best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for the period covered.
- **Detailed Proposal**
The detailed proposal should follow the order set forth as follows.

2. Independence

The respondent should provide an affirmative statement that it is independent of the Town as defined by generally accepted accounting standards and the U.S. Comptroller General's *Government Auditing Standards* (2003).

The respondent should also list and describe any of its professional relationships – past or present --with the Town, the Board of Education and any of its agencies during the previous five (5) years, together with a statement explaining why such relationships do not constitute a 'conflict of interest' relative to performing the proposed audit work.

In addition, the contracted firm shall promptly give the Town written notice of any professional relationships entered into during the period of this contract that may impact its independence.

3. License to Practice in Connecticut

An affirmative statement should be included indicating that the firm and all key professional staff are properly qualified to practice in Connecticut.

4. Firm Qualifications and Experience

The respondent should state the size of the respondent's firm, the size of its governmental audit staff, the location of the office from which the work on this engagement is to be performed 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.

The respondent shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the last three (3) years. In addition, the respondent shall provide information on the circumstances and status of any disciplinary action taken or pending against the respondent's firm during the past three (3) years with state and federal regulatory bodies or professional organizations.

The respondent 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.

5. Partner, Supervisory and Staff Qualifications and Experience

The respondent should 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 licensed to practice as a certified public accountant in Connecticut. 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 all pertinent information 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 continuity and service quality of the staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the Town. However, in either case, the Town retains the right to approve or reject such replacements. In addition, any consultants or firm specialists mentioned in response to this RFP can only be changed with the express prior written permission of the Town, which retains the right to approve or reject such replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. Similar Engagements with Other Government Entities

For the respondent firm's office that will be assigned responsibility for the audit, list the five (5) most significant engagements performed in the last three (3) years that are similar in size and scope to the engagement described in this RFP. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

7. Specific Audit Approach

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

Respondents 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. Extent of use of software in the engagement.
- e. Type and extent of analytical procedures to be used in the engagement.
- f. Approach to be taken to gain and document an understanding of the internal control over financial reporting.
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance.

8. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the respondent's approach to resolving these problems and any special assistance that will be requested from the Town.

9. Report Format

The proposal should include sample formats for required reports.

B. Procedural Matters

1. Engagement Letter

The auditor shall annually submit an engagement letter to the Director of Financial Services outlining the proposed terms of the engagement for that year. The engagement letter shall be the basis for approval of the auditors by the Town Manager and, subject to review by the Town's Legal Department and shall constitute an annual contract between the auditor and the Town.

2. Pre-Audit Conference

After the engagement letter is signed, the auditor shall meet with the Financial Services Manager and her staff at a pre-audit conference to discuss the schedule of the audit and the information needed to complete the audit.

3. Written Work Plan and Schedule

The auditor shall submit a detailed written work plan and schedule for the audit to the Financial Services Manager and her staff at a pre-audit conference to discuss the schedule of the audit and the information needed to complete the audit.

4. Auditor Availability

The auditor shall be available to meet with elected or appointed Town officials, at their request and at their regular meeting times, to discuss the audit and related financial matters.

5. Management Letter Draft before Final Publication

The auditor shall submit a draft of the Management Letter in advance of its final publication. The Director of Financial Services shall have the opportunity to respond to or to otherwise comment on the draft before it is published in its final format.

6. Post-Audit Conference with the Finance and Budget Committee

The auditor shall meet with the Finance and Budget Committee at a post-audit conference to review the financial statements, compliance reports and the management letter.

C. Fee Proposal

1. Total All-Inclusive Maximum Fee

The fee proposal should contain all fee information relative to performing the audit engagement as described in this RFP. The total all-inclusive maximum fee to be bid should contain all direct and indirect costs including all estimated out-of-pocket expenses.

The Town will not be responsible for expenses incurred in preparing and submitting the technical proposal or the fee proposal. Such costs should not be included in the proposal.

2. Fixed Fees by Category

The pricing proposal should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix A), that supports the total all-inclusive price.

3. Rates for Additional Professional Services

If it should become necessary for the Town to request the auditor to render any additional services requested in this Request for Proposals 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 the Town and the auditor. Any such additional work agreed to between the Town and the auditor shall be performed at the same rates set forth in the schedule of fees (including hourly rates) included in the pricing proposal in Appendix A.

4. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's fee proposal. Interim billings shall cover a period of not less than a calendar month. Indicate your proposed schedule of billing dates during the contract.

VI. EVALUATION OF PROPOSALS

A. Proposal Evaluation Team

Proposals submitted will be evaluated by a Proposal Evaluation Team (which may include members of the Town Council, the Director of Financial Services, Town Manager and the Financial Services Manager). **Although each respondent's fee proposal is an important consideration, the Proposal Evaluation Team is not required to base their selection on the lowest proposed fees (see section B. Evaluation Criteria).**

B. Evaluation Criteria

The following represent the principal selection criteria that will be considered during the evaluation process:

1. General Requirements

A. Auditor Independence.

1. The audit firm is independent and licensed to practice in Connecticut.
2. The firm has no conflict of interest with regard to any other work performed by the firm for the Town.

B. Quality Assurance.

1. The audit firm's professional personnel have received adequate continuing professional education within the preceding three (3) years.
2. The firm submits a satisfactory copy of its most recent external quality control review report and the firm has a record of quality audit work.
3. The firm adheres to the instructions in this RFP in preparing and submitting the proposal.
4. The firm submits copies of at least two (2) recent Comprehensive Annual Financial Reports issued for Connecticut municipalities in which their opinion is contained. Both shall have been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting.

2. Technical Qualifications

A. Expertise/Experience

1. Firm has demonstrated experience in municipal audit services with comparable size towns/cities (e.g. population over 50,000 and/or Town total annual budget over \$250 million).
2. The level of expertise and experience of the firm's professional staff to be assigned to this engagement and the qualifications/credentials of the firm's management support personnel to be available for technical consultation.
3. Experience with the preparation of federal and state financial assistance and related reports.
4. Experience in providing assistance to meet the requirements of the Certificate of Achievement for Excellence in Financial Reporting program.

B. Proposed Audit Approach

1. Financial Statements Audit Plan:

- (a) Describe how the firm intends to conduct the audit in the first year versus subsequent years.
- (b) Describe the audit "service delivery plan" including what will be done, by whom, how and where. Provide detail on audit staffing/resource plans.
- (c) Describe how the services will be coordinated and monitored and how access to them will be ensured through progress reporting, and conferences.

2. Internal Controls Assessment:

- (a) Define scope of proposed work related to assessment of internal controls and compliance practices.

3. Resources/Capabilities

- A. Firm has sufficient available qualified resources to meet Town's immediate audit service staffing and timing needs and will commit the requisite high caliber team to manage the Town's account relationship.
- B. Firm has the depth and breadth of resources and demonstrated ability to assist the Town in implementing "best practices" in accounting, financial management (including internal controls) and public reporting.

C. Oral Presentations

During the evaluation process, the Proposal Evaluation Team 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 Proposal Evaluation Team may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

D. Right to Reject Proposals

The Town reserves the right to reject any and/or all proposals submitted, to request additional information from any firm and to negotiate with any of the firms regarding the terms of the engagement. *As noted above, the Town intends to select the firm that, in its opinion, best meets the Town's needs, and that may not necessarily be the firm that proposes the lowest fees.*

Indemnification and Insurance Exhibit Professional Auditing Services

For purpose of this exhibit, the term "Contractor" shall also include their respective agents, contractors of any tier, employees and representatives; and the term "Town of West Hartford and West Hartford Board of Education" (hereinafter called the "Town") shall include their respective agents, boards, commissions, contractors of any tier, counsel, directors, employees, officers and/or officials (appointed or elected), representatives and volunteers.

I. INDEMNIFICATION

- A. To the fullest extent permitted by law, the Contractor shall defend, indemnify, release, and hold harmless the Town of West Hartford, West Hartford Board of Education and their respective agents, boards, commissions, contractors of any tier, counsel, directors, employees, officers and/or officials (appointed or elected), representatives and volunteers from any and all actions, claims, compensation, damages, fines, lawsuits, losses, costs (including without limitation reasonable attorneys' fees, filing fees, and court costs), penalties, liabilities or judgments of any name or nature for bodily injury, death, disease, or sickness; and/or damage to or destruction of real and/or personal property; and/or financial losses (including, without limitation, those caused by loss of use) sustained by any person or concern, including Town of West Hartford and West Hartford Board of Education, and/or its agents, boards, commissions, contractors of any tier, counsel, directors, employees, officers and/or officials (appointed or elected), representatives and volunteers, the Contractor, or by the public, even if caused or alleged to have been caused in whole or in part by any and all negligent or intentional acts, errors or omissions of the Contractor, and/or its agents, contractors of any tier, employees, representatives, or anyone directly or indirectly employed by them arising from or related to the performance of the underlying agreement.
- B. To the fullest extent permitted by law, the Contractor shall release, defend, indemnify, and hold harmless the Town of West Hartford, West Hartford Board of Education, and their respective agents, boards, commissions, contractors of any tier, counsel, directors, employees, officers and/or officials (appointed or elected), representatives and volunteers from any and all actions, claims, compensation, damages, fines, lawsuits, losses, costs, (including without limitation reasonable attorneys' fees, filing fees and court costs), penalties, liabilities or judgments that may arise out of the failure of the Contractor, its agents, contractors of any tier, employees, representatives, or anyone directly or indirectly employed by them to comply with any laws, statutes, ordinances, building codes, and rules and regulations of the United States of America, the State of Connecticut, the Town of West Hartford, or their respective agencies
- C. This duty to indemnify shall not be constrained or affected by the Contractor's insurance coverage or limits, or any other portion of the agreement relating to insurance requirements. The Parties agree that the Contractor's responsibilities and obligations to indemnify shall survive the completion, expiration, suspension or termination of the agreement.

II. INSURANCE

A. Insurance Requirements

- 1. The Contractor shall obtain and maintain at its own cost and expense all the insurance described below continuously for the duration of the underlying agreement, including all extensions, except as defined otherwise in this exhibit.
- 2. Contractor's policies shall be written by insurance companies authorized to do business in the State of Connecticut, with a Best's rating of no less than A:VII, or otherwise approved by the Town.
- 3. All policies (with the exception of Worker's Compensation and Professional Liability) shall be endorsed to include the Town of West Hartford, West Hartford Board of Education, and their respective agents, boards, commissions, contractors of any tier, counsel, directors, employees, officers and/or officials (appointed or elected), representatives and volunteers as additional insured. The coverage shall include, but not be limited to, defense, investigation, judgment, payment, or settlement of any legal liability. Blanket Additional Insured Endorsements are acceptable. Any insured vs. insured language shall be amended to eliminate any conflicts or coverage restrictions between the respective Insureds.
- 4. When the Town or the Contractor is damaged by the Contractor's failure to purchase or maintain insurance required under this exhibit, the Contractor shall bear all reasonable costs including, but not

limited to, attorney's fees, court costs, and all other costs of litigation properly attributable to the Contractor's failure to purchase or maintain insurance.

B. Required Insurance Coverages:

1. **Commercial General Liability:** \$1,000,000 each occurrence / \$2,000,000 aggregate for premises/operations, products and completed operations, contractual liability, independent contractors, personal injury and broad form property damage.
2. **Professional Liability (claims-made):** \$1,000,000 each claim / \$2,000,000 aggregate. Retroactive date under the policy shall precede the effective date of this agreement. The Contractor shall maintain continuous coverage or obtain an extended reporting period in which to report claims for two (2) years after completion of the work to be performed under this Contract.
3. **Workers' Compensation and Employer's Liability:** Statutory coverage in compliance with the Workers' Compensation laws of the State of Connecticut. Policy shall include Employer's Liability with minimum limits of \$100,000 each accident, \$500,000 disease/policy limit, \$100,000 disease/each employee.

The Contractor represents that they are currently in compliance with all requirements of the State of Connecticut Workers' Compensation Act and that it shall remain in compliance for the duration of the underlying agreement. The Contractor agrees that Workers' Compensation is their sole remedy and shall indemnify and hold harmless the Town from all actions, claims, and lawsuits, proceedings and/or exposure arising from personal injuries to the Contractor, however caused. This indemnity shall not be affected by a lapse of Workers' Compensation coverage and/or if the Contractor failed, neglected, refused or is unable to obtain Workers' Compensation insurance.

4. **Personal Property:** All personal property of the Contractor are the sole risk of the Contractor. The Contractor agrees to indemnify, defend and hold harmless the Town from any and all claims, compensation, costs, damages, fines, losses, payments, penalties of any kind, however caused, to any and all personal property belonging to the Contractor.

C. Additional Terms

1. Minimum Scope and Limits: The required insurance shall meet the minimum scope and limits of insurance specified in this exhibit, or required by applicable federal, state and/or municipal law, regulation or requirement, whichever coverage is greater. Providing proof of compliance with the insurance requirements described in this exhibit is not intended, and shall not be construed to exclude the Town from additional limits and coverage available to the Contractor.

Acceptance by the Town of insurance submitted by the Contractor does not relieve or decrease in any manner the liability of the Contractor arising out of or in connection with the underlying agreement. The Contractor is responsible for any claims, compensation, costs, damages, fines, losses, payments, penalties of any kind which exceed the Contractor's limits of liability, or which may be outside the coverage scope of the policies, or a result of non-compliance with any laws. The requirements herein are not intended, and shall not be construed to limit or eliminate the liability of the Contractor that arises from the underlying agreement.

2. Certificates of Insurance: The Contractor shall provide certificates of insurance and policy endorsements, declaration page(s) or provisions acceptable to the Town confirming compliance with this exhibit and thereafter upon renewal or replacement of each required policy of insurance. Upon request, the Contractor agrees to furnish complete copies of the required insurance policies.
3. **Subcontractors:** The Contractor shall cause all subcontractors of any tier acting on its behalf to comply with this exhibit. The Contractor shall either include each of its subcontractors as an insured under its insurance policies or furnish separate certificates of insurance and endorsements for each subcontractor.
4. Premiums, Deductibles and Other Liabilities: Any and all related costs, including but not limited to, deductibles, retentions, losses, claim expenses, premiums, taxes, and audit charges earned are the sole responsibility of the Contractor.
5. Occurrence Form, Primary and Non-Contributory: All required insurance coverage shall be written on an occurrence basis, except as defined otherwise in this Exhibit. Each required policy of insurance

shall be primary and non-contributory with respect to any insurance or self-insurance maintained by the Town.

6. Claims-made Form: Insurance coverage written on a claims-made basis shall have a retroactive date that precedes the effective date of the underlying agreement. The Contractor shall maintain continuous coverage or obtain an extended reporting period in which to report claims following end of the underlying agreement, for a minimum of two (2) years, except as defined otherwise in this exhibit.
7. Waiver of Rights of Recovery: Both the Contractor and Contractor's insurers shall waive their rights of recovery or subrogation against the Town.
8. Claim Reporting: Any failure of the Contractor to comply with the claim reporting provisions of the required insurance policies shall not relieve the Contractor of any liability or indemnification in favor of the Town for losses which otherwise would have been covered by said policies.
9. Cancellation Notice: Each required insurance policy shall not be cancelled, reduced, suspended, or voided except after thirty (30) days prior written notice has been given to the Town, ten (10) days for non-payment of premium.
10. Compliance: Failure to comply with any of the indemnification or insurance requirements may be held a willful violation and basis for immediate termination of the underlying agreement.

Proposed Audit Fees:

	Year 1	Year 2	Year 3
Town CAFR	_____	_____	_____
Pension Plan Audit	_____	_____	_____
Hourly Rates for Audit Services Outside the Scope of the Annual Audit	_____	_____	_____

Hours and Hourly Rates Provided for in Proposed Audit Fees (above):

Partner in Charge of Audit	_____
Review Partner	_____
Supervising Manager	_____
Audit Staff	_____
Other (specify) _____	_____
_____	_____

GUARANTEES AND WARRANTIES

Respondent guarantees that it can and will provide and make available, at a minimum, all services set forth in this Request for Proposals (RFP).

Respondent warrants the following:

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

Respondent's Firm

Telephone

Name and Title

Email

Authorized Signature

Date