

Town of Andover

Selectman's Office
17 School Road
Andover, CT 06232

Documents for proposal for

FINANCIAL AUDIT SERVICES

Board of Finance

Daniel Warren – Chairman

Georgette Conrad

Jeff Murray

Linda Fish

Eric Shevchenko

Adrian Mandeville

Legal Notice
Request for Proposal-Financial Audit Services
Town of Andover

The Town of Andover requests that sealed proposals be submitted for Financial Audit Services. Sealed proposals be submitted to the Town Clerk by 3:45pm Wednesday, July 20th, 2016.

Specifications and proposal documents may be obtained from the office of the Town Clerk of Andover located at 17 School Road, Andover CT 06232, (860) 742-0188 or can be downloaded from www.andoverconnecticut.org.

Dated at Andover, Connecticut
This the 7th day of June, 2016

Daniel Warren
Board of Finance
Chairman

TABLE OF CONTENTS

- I. Instructions
 - II. Nature of Services Required
 - III. Description of the Government
 - IV. Time Requirements
 - V. Assistance to be Provided to the Auditor
 - VI. Proposal Requirements
 - VII. Evaluation Procedures
- Appendix A – Non-Collusive Bid Statement

TOWN OF ANDOVER REQUEST
FOR PROPOSAL (RFP)
FINANCIAL AUDIT SERVICES

I. Instructions

PROPOSERS MUST COMPLY WITH THE FOLLOWING INSTRUCTIONS TO BE
CONSIDERED FOR SELECTION:

A. INSPECTIONS

Proposers may make on-site inspections of any agency in connection with preparing proposals. On-site inspections shall be coordinated through the Chairman of the Board of Finance. Please contact Daniel Warren at 917-232-9837 or dwwarren@gmail.com.

B. PROPOSAL FORM DELIVERY REQUIREMENTS

Proposals received after the stated time and date will not be considered. It shall be the sole responsibility of the proposer to have their proposal delivered to the Andover Town Clerk's Office for receipt on or before the stated time and date. If proposals are sent via U.S. Mail, the proposer shall be responsible for its timely delivery to the Andover Town Clerk's Office. Proposals delayed by the U.S. mail shall not be considered or opened at the public opening, and arrangements shall be made for their return at the proposer's request and expense.

C. CLARIFICATION & ADDENDA

Each proposer shall examine all RFP documents and shall judge all matters relating to the adequacy and accuracy of such documents. Any inquiries, suggestions or requests concerning interpretation, clarification or additional information pertaining to the RFP shall be made through the Chairman of the Board of Finance. The Town shall not be responsible for oral interpretations given by any Town employee, representative, or others. The issuance of a written addendum is the only official method whereby interpretation, clarification or additional information can be given. If any addenda are issued to this RFP, the Town will attempt to notify all prospective proposers who have secured same, however, it shall be the responsibility of each proposer, prior to submitting their proposal, to contact the Town Clerk's Office at 860-742-0188 to determine if addenda were issued.

D. SEALED & MARKED

Seven (7) signed copies of your proposal shall be submitted in one sealed package, clearly marked "Audit RFP" on the outside and addressed to:

Andover Town Office
Board of Finance
c/o Town Clerk
17 School Road
Andover, CT 06232

E. LEGAL NAME

Proposals shall clearly indicate the legal name, address and telephone number of the proposer (company, firm, partnership, individual). Proposals shall be signed above the typed or printed name and title of the signer. The signer shall have the authority to bind the proposer to the submitted proposal.

F. PROPOSAL EXPENSES

All expenses for making proposals to the Town are to be borne by the proposer.

G. DISCLOSURE

Upon receipt, responses become "Public Records" and shall be subject to public disclosure.

H. RESERVED RIGHTS

The Town reserves the right to accept or reject any and/or all proposals, to waive irregularities and technicalities, and to request resubmission. Any sole response received by the first submission date may or may not be rejected by the Town, depending on available competition and timely needs of the Town. The Town reserves the right to award the contract to a responsible proposer submitting a responsive proposal, with a resulting negotiated agreement that is most advantageous and in the best interests of the Town. The Town shall be the sole judge of the proposal, and the resulting negotiated agreement that is in its best interest and its decision shall be final. Also, the Town reserves the right to make such investigation or to request clarifications, as it deems necessary to determine the ability of any proposer to perform the work or service requested. The proposer shall provide information the Town deems necessary to make this determination. Such information may include, but shall not be limited to current financial statements prepared by an independent CPA; verification of availability of equipment and personnel; and past performance records. The Town reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is elected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Town and the firm selected.

I. APPLICABLE LAWS

Proposer must be authorized to transact business in the State of Connecticut. All applicable laws and regulations of the State of Connecticut and ordinances and regulations of the Town will apply to any resulting agreement.

J. COLLUSION

By offering a submission to this RFP the proposer certifies the proposer has not divulged to, discussed or compared his proposal with other proposers and has not colluded with any other proposer or parties to this proposal whatsoever. Communication with any town official in regards to this RFP other than the Chairman of the Board of Finance will render the proposer ineligible.

K TERM

The Proposal shall remain in effect for three (3) years, with the option to renew on a year-by-year basis for two (2) additional years, with the approval of the Town and the vendor.

L. INSURANCE REQUIREMENTS

Before execution of the Contract, the Bidder will be required to file with the Town of Andover a certificate of insurance. The certificate, executed by an insurance company satisfactory to the Andover Board of Finance, shall name the Town of Andover as an additional insured party on the form furnished with these specifications.

- a. Workmen's Compensation Insurance: With respect to all operations the Bidder performs and all those performed for it by subcontractors, the Bidder shall carry workmen's compensation insurance in accordance with the requirements and the laws of the State.
- b. Professional Liability Insurance. With respect to the project operations the Respondent performs and also those performed for it by subcontractors, the Respondent shall carry regular Professional Liability Inasmuch (Architects, Engineers, Attorneys, Accountants, Actuaries, Agent of Record). The insurance shall provide coverage for each accident or occurrence in the amount of \$750,000 for all damages resulting from (1) bodily injury to, or death of persons and/or (2) injury to or destruction of property. Subject to that limit per accident or occurrence, the policy shall provide at total or aggregate coverage of \$1,000,000 for all damages during the policy period.
- c. Automobile Liability Insurance: The operation of all motor vehicles, including those hired or borrowed, used in connection with the project, shall be covered by Automobile Liability Insurance. The insurance shall provide coverage for accident or occurrence in the amount of \$500,000 for all damages resulting from (1) bodily injury to or death of persons and/or (2) injury to, or destruction of property. If an insurance policy shows an aggregate limit as proof of the automobile liability coverage, the aggregate limit must be at least \$1,000,000.
- d. Termination or change of Insurance: Each insurance policy shall be endorsed to provide that the insurance company shall notify the Town of Andover by certified mail at least thirty (30) days in advance of termination, or any change in the policy. No such change shall be made without prior written approval of the appropriate Official.
- e. Claims: Each insurance policy shall state that the insurance company shall agree to investigate and defend the Town of Andover against all damages, even if groundless.
- f. Compensation: There shall be no direct compensation allowed the Bidder on account of any premium or other change necessary to take out and keep in effect all insurance or bonds, but the cost thereof shall be considered included in the general cost of the work.

M. INDEMNIFICATION

The Vendor shall pay on behalf of or indemnify and hold harmless the Town, its employees, officers, agents and volunteers from and against any and all claims, actions, damages, fees, fines, penalties, defense costs (including attorney's fees and court costs, whether such fees and costs are incurred in negotiations, collection of attorneys' fees or at the trial level or on appeal), suits or liabilities which

may arise out of any actual or alleged negligent act, error, omission, or default of the Vendor (or Vendor's officers, employees, agents, volunteers and subcontractors, if any) performance or failure to perform under the terms of this contract. This indemnification and hold harmless agreement shall survive the termination or expiration of this agreement.

II. Scope of Services

A. GENERAL

The Town of Andover is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2016, 2017 and 2018, with the option to renew on a year-by-year basis for two additional fiscal years. These audits are to be performed in accordance with the provisions contained in this RFP.

B. SCOPE OF WORK TO BE PERFORMED

The auditor shall be responsible for performing an audit of the Town's major funds and all other funds, and the Federal and Single Award Audits where applicable.

C. AUDITING STANDARDS TO BE FOLLOWED

These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. General Accounting Office's Government Auditing Standards, the provisions of the federal Single Audit Act Amendments of 1996, the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, as well as requirements of the Office of Policy and Management of the State of Connecticut concerning municipal audits. The audits must comply with requirements issued by the Single Audit requirements of the Comptroller General of the United States, and the State of Connecticut Single Audit Act (Connecticut General Statutes sections 4-230 to 4-236).

D. 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 (GASB).
2. A report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. A report on compliance with requirements applicable to each major Federal program and on internal control over compliance in accordance with Government Auditing Standards, if applicable.
4. A report on compliance with requirements applicable to each major State project and on internal control over compliance in accordance with the State of Connecticut Single Audit Act.
5. Municipal Audit Questionnaire.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency 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 statements.

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 reports on internal controls.

The reports on compliance shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the reports on compliance. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts of or indications of illegal acts of which they become aware to the Board of Selectmen.

III. Description of the Government

A. CONTACT PERSONS

The successful vendor's principal contact with the Town will be Daniel Warren, Chairman of the Board of Finance, or a designated representative, who will coordinate the assistance to be provided by the Town to the auditor.

B. BACKGROUND INFORMATION

The Town of Andover is governed by the laws of its Charter and of the Connecticut General State Statutes, as amended. The Board of Finance is a 7 member board. The Town Finance Department is headed by the Treasurer (yet to be hired). The town's general government budget for fiscal year 2017 is approximately \$8 million plus the town's share of Regional School District #8, \$4 million, which is audited separately by the district.

C. COMPUTER SYSTEMS

The Town's computers are networked. The Town utilizes Phoenix Financial Software (Phoenix) and Quality Data Tax Collection and Tax Assessment software. The Town anticipates replacing Phoenix with QuickBooks during fiscal year 2017.

D. AVAILABILITY OF PRIOR AUDIT REPORTS AND WORKING PAPERS

Interested proposers who wish to review prior years' audit reports and management letters should contact Daniel Warren, Board of Finance Chairman, at dhwarren@gmail.com.

IV. Time Requirements

A. SCHEDULE

The proposal shall include an audit schedule. The date for the exit audit conference should be no later than October 31. Final printed audits delivered to the Board of Selectmen by November 15. Consideration will be made for the first year of this contract based on final contract award date.

V. Assistance to be provided to the Auditor

A. ASSISTANCE AND PRINTOUTS

The Finance Department staff (Treasurer and Bookkeeper) and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The Town will provide general ledger trial balances for all funds.

B. WORK AREA, TELEPHONES, PHOTOCOPYING AND FAX MACHINES

The Town will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to a telephone line, photocopying machine and fax machine.

C. DATA COLLECTION FORM

The Federal single audit Data Collection Form shall be the responsibility of the auditor.

VI. Proposal Requirements

A. OVERALL CONTENT OF PROPOSAL

The following material is required to be included within the proposal package:

1. Cover Letter- showing the RFP subject, the legal name, address and telephone number of the proposer (company, firm, partnership, individual). The cover letter shall contain the name, address and telephone number of a contact person. The cover letter must be signed and dated by the person who has authority to bind the proposing firm to the submitted proposal.
2. Table of Contents - cross-referenced to proposal requirements.
3. Detailed Proposal - for ease of review, it is requested that each section of the detailed proposal be tabbed to directly correlate to the order set forth in Section VI-B of this RFP. Firms not addressing the specific points will be denied further consideration.
4. Cost - In a separate envelope, include rate schedule for required manpower, variable, and overhead costs. Include as separate items, the costs of Federal and State Award Audits, if necessary.

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 Town in conformity with the requirements of this RFP. 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 particular staff to be assigned to this engagement. It shall also specify an audit approach that will meet the RFP requirements.

The technical proposal should address all the points outlined in the RFP (excluding any cost information). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the RFP. While additional data may be presented, the following subjects described in item Nos. 1 and 2 below, must be included. They represent the criteria against which the proposal will be evaluated.

1. Mandatory Element

a) Independence

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

2. Technical Qualifications

a) Expertise and Experience

(1) Firm Qualifications and Experience

1. The proposal should state the size of the firm, the size of the firm's 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.

(2) Similar Engagements with Other Government Entities

1. For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this RFP. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. These individuals may be contacted by the Town to provide references.

(3) Partner, Supervisory and Staff Qualifications and Experience

1. The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to the engagement and indicate whether each such person is registered/licensed to practice as a certified public accountant in Connecticut. The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education for

the past two (2) years and membership in professional organizations relevant to the performance of this audit.

The firm should 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. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

b) Specific Audit Approach

(1) The proposal should set forth a work plan, including an explanation of the audit methodology to be followed to perform the required in Section II of this request for proposal. 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. Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement; level of staff and number of hours to be assigned to each proposed segment of the engagement; and extent of use of EDP software in the engagement.
- b. Approach to be taken to gain and document an understanding of the Town's internal control structure; and type and extent of analytical procedures to be used in the engagement.
- c. Sample sizes and the extent to which statistical sampling is to be used in the engagement; and approach to be taken in drawing audit samples for purposes of tests of compliance.

c) Identification of Anticipated Potential Audit Problems

(1) 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 Town.

d) Report Format

(1) The proposal should include sample formats for required auditors' reports.

VII. Evaluation Procedures

A. AUDITOR SELECTION COMMITTEE

Submitted proposals will be evaluated by the Board of Finance, in accordance with Section 811 of the Town Charter.

B. EVALUATION CRITERIA

Firms meeting the mandatory criteria described in Section VI-B (1) will have their proposals evaluated for technical qualifications as described in Section VI-B(2).

C. ORAL PRESENTATIONS

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

APPENDIX A

Town of Andover
Non-Collusive Bid Statement

Project: — — — — —

Bid Opening Date: — — — — —

Bidder's name and address: — — — — —

Name of person signing this statement: (PLEASE PRINT)

To the Town of Andover:

1. The bid has been arrived at by the bidder independently and has been submitted without collusion and without any agreement, understanding, or planned common cause of action with any other vendor of material, supplies, equipment or services described in the invitation to bid, designed to limit independent bidding or competition.
2. The contents of the bid have not been communicated by the bidder or its employees or agents to any person not an employee or person prior to the official opening of the bid.

Dated at — — — — —

On: _____

Signature: — — — — —

Title: _____

