

**Town of Cheshire, Massachusetts**

**Request for Quote**

**Annual Independent Financial Audit Services**

**For the Fiscal Years Ending FY22, FY23 and FY24**

RFQ Response is due: Monday January 10, 2022 at 4 p.m.

RFQ is exempt from the requirement of MGL Chapter 30B

The Town of Cheshire, Massachusetts (the Town) invites qualified independent certified public accounting firms, licensed to practice in the Commonwealth of Massachusetts to submit written fix fee proposals to conduct the annual independent financial audit of the year-end financial reports of the Town for Fiscal Years 2022, 2023, and 2024 with the potential to renew at three-year increments thereafter, in accordance with the specifications summarized below. The quoted fee shall be all inclusive for all required services.

**Information Furnished to Proposers**

**General Information**

The Town of Cheshire has a population of approximately 3,200 and has a current operating budget of \$7,069,000.00. The Town is governed by a five (5) member Board of Selectmen/Town Administrator, Open Town Meeting, and other separately elected boards overseeing quasi-independent departments.

The Financial Management team of the Town consists of the Town Administrator, Assistant Town Assessor, Town Accountant, Tax Collector, Town Treasurer and One Finance Committee Member.

Scanlon and Associates has performed the annual audit for many years and most recently for Fiscal Year 2020.

**Description of Financial Records**

The Town operates a Water Department Enterprise fund and maintains its general financial records in accordance with the Revised Uniform Massachusetts Accounting System on a modified accrual basis.

The general ledger records of the Town are computerized, and the Town uses Vadair Software for the maintenance of its financial record keeping system and vendor processing. The Town processes payroll with the Harper's Payroll Services System.

The Town financial accounts are closed on an annual basis. Complete budgetary basis financial reports are provided to the Board of Selectmen.

### **Scope of Services Required**

1. An independent audit of the Town's financial records of all activities including assurance of compliance with relevant federal and state laws and Town financial policies.
2. The audit is to be performed in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.
3. The annual audits shall cover the fiscal years 2022, 2023, and 2024.
4. The audit shall be conducted for the purposes of forming an opinion of whether the financial statements of the Town present fairly the respective financial position of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Town as of each June 30th, and the respective changes in financial position for the years then ended, in conformity with US Generally Accepted Accounting Principles.
5. The successful proposer will also furnish the following independent Auditor Reports:
  - a. Independent Auditors Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program, Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133.
  - b. Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
6. The successful proposer will furnish a management letter, which shall identify any management weaknesses observed, assess their effect on financial management and financial reporting, and propose steps to correct or eliminate the weaknesses. Prior to the completion of the management letter, the independent auditor shall meet with the department head of each department for which there is a management comment to review the findings and the recommendations in detail. The final copy of the management letter shall contain printed responses from the head of each department for which there is a management recommendation.
7. A senior representative of the auditing firm shall conduct an annual audit planning conference with the Town Administrator at least one month prior to the start of each audit; shall provide the Town Administrator with weekly status reports during the audit field work.
8. The independent auditing and accounting firm shall be available during the normal business hours throughout the contract period to provide the Town with advice and guidance on financial accounting and reporting issues. The auditor will also be expected to keep the Town informed of the working of 6 requirements of all new accounting and financial matters related to municipalities.
9. The auditor shall immediately notify the Board of Selectmen and Town Administrator of any serious financial discrepancies.
10. Prior to the submission of the final audit document the auditor shall meet with the Town Administrator, Town Treasurer-Collector and Town Accountant to review the auditor's findings and conclusions.

11. The Town retains the responsibility for the preparation of the financial statements.
12. All audit work papers are the property of the auditors and shall be retained for a period of seven years. Work papers shall be available for examination or duplication without charge to authorized Town personnel, representatives of Federal or State Agencies upon request of that Agency or the Town. Working papers will also be made available for examination, at no charge, or duplication, at a reasonable charge, to subsequent auditors engaged by the Town.

#### **Report Requirements**

Time Considerations the Town expects the preliminary audit work to begin on or about February 1 of each year and the final audit documents to be completed and delivered no later than April 30 of each year.

#### **Town Responsibilities**

The Town of Cheshire shall provide the auditor with the following assistance during the completion of the annual audit:

- a. Preparation of the financial statements at the fund level and supporting schedules
- b. Preparation of the schedule of expenditures of federal awards (if any).
- c. Preparation of all written documents for mailing by the accounting firm.
- d. Photocopying/scanning of all necessary records and documents for audit papers.
- e. Office space with necessary accoutrements for the audit staff to conduct field work.

#### **Information to be supplied by the Proposers**

A. Letter of Introduction A two-page (maximum) letter describing the firm and the proposal. The letter should include the following:

1. A brief description of the firm and its principals.
2. The firm's experience providing auditing services to Massachusetts municipalities.
3. The names and qualifications of the individuals who would comprise the auditing team.
4. A statement that the proposal meets all the requirements of the RFQ.
5. A brief statement that will demonstrate the firm's understanding of the Town of Cheshire and the requirements of the audit.
6. A statement describing the ability of the firm to undertake the Cheshire audit given their existing work schedule.
7. Identification of the firm's contact person for the proposal including name, title, address, telephone numbers, and email.
8. The letter must be signed by an individual authorized to contractually bind the firm.

**B. Professional Experience**

1. List each of the firm's Massachusetts municipal auditing engagements during the past ten (10) year period. Identify the name of the Town, years engaged, and current engagements.
2. Provide five (5) municipal audit client references from the past three (3) year period, including name of key financial person and contact information.

**Proposer's Approach to the Audit**

1. State the proposer's understanding of the services to be performed and the work products to be delivered.
2. Submit a detailed work plan, including a chart identifying each of the major tasks to be completed and the amount of time scheduled for completion.
3. Provide a description of any additional services that your firm may be willing to provide to the Town in connection with the audit. For example, a firm may offer to do a more detailed management audit of one department each year.
4. State the estimated number of hours which the firm expects to commit, by staff person, for each component of the engagement.

**Price Proposal**

The Town is seeking an all-inclusive fixed price for each engagement year of the audit. The price shall include all staff, overhead, and in-direct costs.

The Town is seeking a three-year engagement

**Final Contract Award**

The Town of Cheshire, through its Board of Selectmen, shall select the auditing firm that best meets the needs of the community and in the best interest of the Town of Cheshire.