



May 3, 2022

**ANNUAL AUDIT REQUEST FOR PROPOSALS (RFP)**

City of West Branch, Iowa will receive proposals for audit services relating to the audit for the fiscal year(s) ending June 30, 2023 - June 30, 2025. Attached is information relating to minimum specifications of services, data to be included in the proposal, evaluation criteria, and selected information relating to the entity to be audited.

Sealed proposals (4 copies) will be accepted until 2:00 p.m., June 1, 2022, at the office of the City Clerk/CFO. If mailed, the proposals should be mailed to:

FY23-25 Audit Proposal  
Heidi Van Auken, Finance Director  
City of West Branch  
110 N Poplar St.  
West Branch, IA 52358

Those submitting sealed proposals should indicate on the outside of the envelope in the lower left-hand corner that it is a sealed proposal and provide on the outside of the envelope the name of the firm submitting the proposal.

The City Council plans to consider selection of an auditor on July 5, 2022, including the approval of the contract provided on pages 8-9 of this RFP. Please note that firms submitting proposals must return two completed signed copies of the contract with the first proposal to be considered. By statute, the audit must be filed with the State of Iowa by March 31 in the year following the completion of the applicable fiscal year, but the City would like the draft Audit completed by November 1 (for the completion of the Annual Financial Report) and the final audit completed by or before January 31 of following year to allow for a presentation of audit results to the City Council.

Further information may be obtained from Heidi Van Auken at (319) 643-5888 or [heidi@westbranchiowa.org](mailto:heidi@westbranchiowa.org).

## I. SPECIFIC REQUIREMENTS

1. The City reserves the right to reject any and all proposals received.
2. Only proposals received at the location described and, in the timeframe, given will be considered.
3. The original and one copy of the enclosed contract should be completed and manually signed by a partner of the firm submitting the proposal.
4. The audit shall be performed in accordance with the following:
  - U.S. generally accepted auditing standards.
  - The standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.
  - The Single Audit Act Amendments of 1996 and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, when applicable.
5. The fees quoted in your proposal and included in the contract will be the maximum paid per hour and in total, unless an amendment to the contract is completed by both parties.
6. The audit report should conform to:
  - Reporting formats specified by the Auditor of State's office.
  - AICPA Audit Guides.
  - Governmental Accounting Standards Board reporting requirements.
  - The requirements of the Single Audit Act Amendments of 1996 and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, when applicable.
7. The audit report should include a management letter, if appropriate, which includes recommendations related to the financial statements, internal control, accounting systems, and compliance issues.
8. Bound and electronic copies of the report, including the management letter, in a quantity sufficient to meet the needs of the City of West Branch are required to be provided by the firm awarded the contract.
9. Three bound copies of the report, including the management letter, a detailed per diem audit bill, and a copy of the news release shall be provided to the Auditor of State upon release of the reports to the entity.
10. The agreement may be subject to renewal annually for a maximum of an additional three years, or June 30, 2028.

## **II. DATA TO BE INCLUDED IN PROPOSAL**

In order to simplify the review process and to obtain the maximum degree of comparability, the proposal should include the following items and be organized in the manner specified below.

### **A. Letter of Transmittal**

A letter of transmittal briefly outlining the proposer's understanding of the work and general information regarding the firm and individuals to be involved is permitted, but not required, if it is limited to not more than two pages. If a transmittal letter is presented, it should clearly set forth the local address of the office of the firm to be performing the work, the telephone number, and the name of the contact person.

### **B. Table of Contents**

Include a table of contents which identifies the material by section, page number and a reference to the following information to be contained in the proposal. If a transmittal letter is not submitted, please include on the table of contents the local address of the office to be performing the work, the telephone number, and the name of the contact person.

### **C. Profile of Firm Proposing**

1. State whether the firm is a local, national or international firm and a brief description of the size of the firm.
2. State whether the firm is in compliance with the registration requirements to engage in the practice of public accounting within Iowa.
3. State whether the firm is independent of the entity to be audited in accordance with Government Auditing Standards.
4. Describe the local office from which the work is to be performed.
  - a. Location of the office.
  - b. Current size of the office.
  - c. Size of professional staff by level, such as partner, manager and supervisor, senior, and other professional staff.
  - d. Number of CPA's in the office.
5. Submit any other information required to describe the office which will be performing the work.

### **D. Qualifications**

1. Describe the recent local office auditing experience in similar types of audits to which the proposal relates. If appropriate, include regional experience in auditing similar types of entities. If desired, it is permissible to include your five largest clients that are not governmental clients.

## II. DATA TO BE INCLUDED IN PROPOSAL

(Continued)

### D. Qualifications (continued)

2. Include resumés of all key professional members who will be assigned to the audit. Resumés should be included for all members of the audit team from the audit partner through at least the on-site in-charge accountant. The resumes should include:
  - a. The amount of experience the individual has had in the auditing profession.
  - b. A summary of similar audits on which the individual has worked.
  - c. A summary of the continuing professional education the individual has had in governmental accounting and auditing during the last two years.
  - d. A statement as to whether the individual is independent, as defined by Government Auditing Standards.
3. Describe the firm's policy on notification of changes in key personnel.
4. Provide a listing of or the number of professionals in the office who are experienced in governmental auditing.
5. Describe the availability of individuals within the firm who are primarily involved in governmental auditing and reporting and with whom the audit team may consult.
6. Describe briefly the firm's system of quality control to ensure that the audit is adequately performed.

### E. **Scope of Services and Proposed Project Schedule**

Briefly describe your understanding of the scope of services to be provided. Indicate a proposed time schedule for completing the work, assuming the contract will be issued on the date given in the cover letter. Include the approximate dates you would perform fieldwork, office review, and report preparation and the latest delivery date of the final report.

### F. **Fees and Compensation**

Provide the following information:

1. Estimated total hours.
2. Estimated out-of-pocket expenses.
3. Hourly rate by staff classification.
4. All-inclusive maximum fee and out-of-pocket expenses, which will not be exceeded.
5. Frequency and timing of your billing process.



### III. EVALUATION CRITERIA

The proposal will be evaluated based upon the following two areas. Therefore, it is important that your proposal be responsive to the data requested.

1. Cost

Overall cost, including out-of-pocket expenses for performance of the audit.

2. Qualifications

- a. Organizational structure and size of the firm.
- b. Organizational structure and size of the office performing the audit.
- c. Recent experience in similar audits.
- d. Qualifications of the audit team.
- e. Individuals with whom the audit team can consult.
- f. Understanding of work and timetable to complete the audit.



**IV. ENTITY PROFILE**

The City of West Branch is a municipal corporation under the laws of the State of Iowa. West Branch is located approximately 10 miles east of Iowa City. The 2020 Census listed the population as 2,509.

The City is governed by a directly elected, non-voting Mayor and a five-member City Council under the Mayor-Council system of government. The City Council has established a City Administrator position by ordinance, which is vested with all authority, duties and responsibilities of Iowa Code 372.8 (City Manager under Council-Manager form of government). The City’s departments are as follows: Clerk/Treasurer, Police, Fire, Information Technology, Library, Parks and Recreation, Streets, and Sanitary Sewer. Business-type activities also include a Stormwater Utility.

During a calendar year, the City employs around 30 positions. Of this total, 16 are full-time, 2 are permanent part-time, and the remaining employees are employed on a seasonal or paid on-call basis.

Document Processing is maintained at the following levels (From calendar year 2021):

Total Receipts/Transactions	: 8,193
Credit Cards	: 519
Direct Deposit	: 218
Web Payments	: 1799
Cash	: 325

The City’s current billing and accounting records are maintained with software from Tyler Technologies of Plano, TX (Incode Software Application). The city's financial information is provided through a hosted, virtual server which is backed up daily. The backups are duplicated in two separate and independent datacenters. The backup procedures and methodologies are audited by a third party annually.

The City budgets and operates on a cash basis. A recent Treasurer’s Report is attached to give a representation of the City’s fund structure. The City’s overall financial condition is in excellent standing.

It is possible the City would require a single audit in one or all three of the years under contract, as the City has qualified in the past and has several federal projects in the future.

Those wishing to review prior year audits may locate these at <http://auditor.iowa.gov/reports/results.php>.

## **V. WORK AND REPORTING REQUIREMENTS**

City staff plans to take an active role in the preparation of the financial statements. Staff will prepare workpapers and work with the firm to produce accurate financial information. The firm will be responsible for all adjusting entries and final copies.

The City will provide the auditors with reasonable workspace, desks/tables and chairs. The auditors will also be provided with access to a telephone line, the internet and a photocopy/scan/fax machine.

Report preparation, editing and printing shall be the responsibility of the firm. The City requires ten (10) bound copies of the final report. The firm will be responsible for properly and timely filing the final report with the Auditor of State following release of a check by the City covering the cost of the filing fee.

The firm should have enough staff dedicated to the audit to complete on-site fieldwork within ten (10) working days, unless extended by mutual agreement of the parties. Fieldwork time will be, whenever possible, in contiguous blocks of time on site. An exit conference with the City Administrator and staff as he designates will take place on the last day of the fieldwork, or as scheduled by mutual agreement of the parties.

City staff request a strong relationship with its auditors. Where coordination and correspondence will continue as questions arise.

Following completion of the report, a representative of the firm will be responsible for presenting an overview of the audit to the City Council and answering any related questions.



AGREEMENT BETWEEN

City of West Branch, Iowa

AND

\_\_\_\_\_

\_\_\_\_\_

THIS AGREEMENT made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between \_\_\_\_\_, hereinafter called \_\_\_\_\_ and \_\_\_\_\_, hereinafter called "CPA."

WHEREAS, the \_\_\_\_\_ wishes to obtain the services of the CPA to perform an audit in accordance with Section 11.6, Code of Iowa, for the fiscal year(s) ending June 30, 2023; June 30, 2024; June 30, 2025; and

WHEREAS, the CPA is equipped and staffed to perform the above audit; and

WHEREAS, this agreement is in the public interest in fulfilling the requirements of Chapter 11 of the Code of Iowa.

NOW, THEREFORE, BE IT UNDERSTOOD AND AGREED:

- 1. That the CPA will:
  - A. Provide auditors of various classifications and for the estimated hours as detailed in 2.A of this agreement.
  - B. Begin work on the audit as specifically agreed upon with the City.
  - C. Perform all work in accordance with U.S. generally accepted auditing standards, Government Auditing Standards, and applicable federal requirements.
  - D. Immediately inform the City, the Auditor of State, and County Attorney if the audit discloses any irregularity in the collection or disbursement of public funds.
  - E. Provide access to the working papers to any appropriate federal agencies for the period of time specified in relevant agreements entered into by the City.
  - F. Provide access to the working papers to the Auditor of State in accordance with Chapter 11 of the Code of Iowa.





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2. Conditions of Payment:

A. It is understood that the fees for the services set forth above shall be reimbursed at the following hourly rates:

<u>Classification</u>	<u>Estimated Hours</u>	<u>Hourly Rate</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

B. The CPA shall present an invoice for services in the following manner: \_\_\_\_\_

\_\_\_\_\_.

C. Payment shall be made within \_\_\_ days of receipt of invoice.

D. The total reimbursement shall not be for more than \$\_\_\_\_\_, except as specifically agreed by the \_\_\_\_\_ and the CPA.

3. Termination of Agreement:

A. \_\_\_\_\_ may terminate this contract without notice if the CPA fails to perform the covenants or agreements contained herein.

B. The CPA shall be paid for all work satisfactorily performed to the date of termination.

IT WITNESS THEREOF, \_\_\_\_\_ and CPA have executed this AGREEMENT as of the date indicated below:

CPA \_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

**EVALUATION CRITERIA AND TECHNIQUES  
 FOR RESPONSES TO REQUESTS FOR PROPOSALS**

Evaluation of responses to a request for proposal is based upon a 100-point rating system. A maximum of 25 points is assigned to the cost of the bid proposal, and a maximum of 75 points is assigned to the qualifications of the bidding firm or individual. The techniques used to evaluate these two components are described below.

Criteria: **COST**

Evaluation Value: 25 points

Evaluation Technique: For each firm evaluated

$$\text{Cost Score} = \left[ \frac{\text{Lowest cost of all bids received}}{\text{Bid cost for this firm}} \right] \times 25$$

Criteria: **QUALIFICATIONS**

Evaluation Value: 75 points

Evaluation Technique: Subjective scoring for the following factors:

<u>Qualification Factor</u>	<u>Possible Points</u>
1. Organizational structure and size of entire firm (resources available – personnel and research, existence of areas of specialization, commitment to governmental auditing, etc.)	0-5
2. Organizational structure and size of office performing the audit (resources available – personnel and research, existence of area of specialization, commitment to governmental auditing, etc.)	0-5
3. Recent experience in similar audits (involvement in local governmental audits – extensiveness, variety, length of time performing audits, etc.)	0-15
4. Qualifications of the audit team (level of experience as accountants, auditors, governmental auditors, variety of experience, % of time devoted to governmental audits, number of CPA’s involved, training, etc.)	0-25
5. Individuals with whom the audit team can consult (level and variety of experience, number of CPA’s, training, etc.)	0-5
6. Understanding of work and timetable to complete audit (number of hours, projected timetable, commentary showing understanding of entity and general knowledge of what is required, etc.)	0-20
Total points - Qualifications	<u>0-75</u>

Each firm’s total evaluation score is the sum of its cost score plus its qualification score. The maximum score is 100 points.