

# **Ashford Board of Finance**

**5 Town Hall Road  
Ashford, CT 06278**

## **REQUEST FOR PROPOSAL FOR MUNICIPAL AUDITING SERVICES**

The Board of Finance of the Town of Ashford is soliciting proposals from qualified, independent public accounting firms, in accordance with the provisions of the Connecticut General Statutes, to conduct an examination and to render an opinion on the comprehensive annual financial statement of the Town of Ashford for the fiscal year ending June 30, 2019. An option to extend the audit services for each of the two (2) subsequent years will be considered.

Information concerning this Request for Proposal may be obtained by contacting Cheryl Baker, Ashford Town Treasurer. The Town of Ashford is an Equal Opportunity Employer.

To be considered, proposals (1 original and 12 copies) must be received at the following address or by the Selectmen's Office by 3:00 p.m. on Tuesday, March 12, 2019.

Ashford Municipal Office Building  
Selectmen's Office  
5 Town Hall Road,  
Ashford, CT 06278

The hours for the Selectmen's Office are:

8:30 a.m. to 4:00 p.m. Monday, Tuesday, and Friday  
8:30 a.m. to 3:00 p.m. and 7:00 p.m. to 9:00 p.m. Wednesday  
There are no Thursday office hours.

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# I. INTRODUCTION

## A. General Information

The Ashford Board of Finance is requesting proposals from qualified firms of certified public accountants to audit the Town of Ashford's financial statements for the fiscal year ending June 30, 2019, with the option of auditing its financial statements for each of the two (2) subsequent fiscal years.

These audits are to be performed in accordance with United States generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards*, the provisions of the federal Single Audit Act as amended, and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments* and provisions of Sections 4-230 through 4-2366 of the Connecticut General Statutes concerning the State Single Audit Act, and sections 4-236-1 through 4-236-17 of the Regulations of Connecticut State Agencies. These standards require that the Audit Firm plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

The auditor 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.

There is no expressed or implied obligation for the Town of Ashford to reimburse firms for any expenses incurred in preparing proposals in response to this request.

To be considered, one (1) original and twelve (12) copies of a Technical Proposal must be received by 3 p.m. on March 12, 2019 in the Selectman's Office, 5 Town Hall Road, Ashford, CT 06278. Included should be an executed copy of the Proposer's Guarantees and Warranties, as well as a sealed Dollar Cost Bid in a separate envelope. The Ashford Board of Finance reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by the (9) member Board of Finance and shared with the Town Treasurer and representatives from the Ashford Board of Selectmen and Ashford Board of Education.

During the evaluation process, the Ashford Board of Finance reserves the right, where it may serve the Town of Ashford's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the Board of Finance, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The Town of Ashford reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether the proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Ashford Board of Finance and the firm selected.

It is anticipated that the selection of the firm will be completed by April 19, 2019. Following the notification of the selected firm it is expected that an engagement letter will be executed between both parties by April 30, 2019.

The auditor's contact with the Town of Ashford will be Cheryl Baker, [Treasurer@ashfordtownhall.org](mailto:Treasurer@ashfordtownhall.org), who will coordinate the assistance to be provided by the Town of Ashford to the auditors. Charles Funk, Ashford Board of Finance Chairman, [bofashford@ashfordtownhall.org](mailto:bofashford@ashfordtownhall.org) may also be contacted regarding inquiries concerning the request for proposal.

Detailed information on the government and its finances can be found in the Annual Financial Report of the Town of Ashford, which is on the Town of Ashford's web site (<https://www.ashfordtownhall.org>).

#### B. Term of Engagement

A three (3) year contract is contemplated, subject to annual review and recommendation of the Finance Department staff, the satisfactory negotiation of terms (including a price acceptable to both the Ashford Board of Finance and the selected firm), the concurrence of the Ashford Board of Selectmen, and the annual availability of an appropriation.

## **II. NATURE OF SERVICES REQUIRED AND TO BE PERFORMED**

#### A. Scope of Work to Be Performed

The Board of Finance of the Town of Ashford is soliciting the services of qualified firms of certified public accountants to audit the financial statements of the governmental activities, each major fund and the aggregate remaining fund information, which collectively comprise the entity's basic financial statements of the Town of Ashford as of and for the year ended June 30, 2019. The document the audit firm submits to the Ashford Board of Finance to be incorporated in comprehensive financial reports, will include the following supplementary information required by generally accepted accounting principles that will be subjected to certain limited procedures, but will not be audited:

1. Schedules of funding progress and employer contributions for the Pension Trust Fund
2. Statement of revenues, expenditures and changes in fund balance – budget and actuals for the General Fund and Capital and Non-Recurring Expenditures Fund.
3. Other supplementary financial data that will be subjected to auditing procedures applied in the audit of financial statements upon which the audit firm chosen will provide as an opinion in relation to the basic financial statements.

A separate report will contain schedule for expenditures of state financial assistance. Although not anticipated, if a federal single audit is required, it would be contained in an additional separate report. In addition, the audit firm would confirm the services to be provided in a separate letter.

#### B. Audit Objectives, Auditing Standards, Reports to Be Issued

The objective of the audit firm is the expression of opinions as to whether the basic financial statements are fairly presented, in all material aspects, in conformity with accounting principles generally accepted in the United States of America and to reports on the fairness of the additional information and supplementary financial data referred to (in the auditing services described in the Section II.A. above) when considered in relation to the basic financial statements taken as a whole. The audit firm shall conduct the audit in accordance with auditing standards for financial audits (referred to in section I.A), and will include tests of the accounting records of the Town of

Ashford and other procedures the audit firm would consider necessary to enable them to express such an opinion. If the audit firm opinions on the basic financial statements are other than unqualified, the audit firm will fully discuss the reasons with the Ashford Board of Finance in advance.

If for any reason, the audit firm chosen is unable to complete the audit or are unable to form an opinion, the audit firm may decline to express an opinion or to issue a report as a result of this engagement.

### C. Auditing Standards to Be Followed, Reports to Be Issued

The audit firm will also provide a report (that does not need to include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements and grants noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*.

The report on internal control and compliance will include a statement that the report is intended for the information and use of the Town of Ashford, management and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than those specified parties.

Additionally, the audit firm will provide a report on the internal control related to major state programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, contracts and grants that could have a direct material effect on each major state program in accordance with the State Single Audit Act, and the Office of Policy and Management Compliance Supplement.

The reports on internal control and compliance will each include a statement that the report is intended for the information and use of the Town of Ashford, management, specific legislative or regulatory bodies, and state awarding agencies.

### D. Management Responsibilities

Management is responsible for establishing and maintaining internal control and for compliance with the provisions of applicable laws, regulations, contracts, agreements and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide safe management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of basic financial statements in accordance with generally accepted accounting principles.

Management is responsible for making all financial records and related information available to the chosen audit firm. The audit firm understands that management will provide the audit firm with such information required for the audit and that management is responsible for the accuracy and completeness of that information.

The audit firm will advise management about appropriate accounting principles and their application and will prepare the financial statements. As part of the approved engagement, the audit firm may propose standard, adjusting or correcting journal entries to the Town's financial statements. Management is responsible for reviewing the entries and understanding the nature of

any proposed entries and the impact they have on the financial statements. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting, the selection and application of accounting principles and the safeguarding of assets.

Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to the audit firm in the representation letter that the effects of any uncorrected misstatements aggregated by the audit firm during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing the audit firm about all known or suspected fraud affecting the government involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effects on the financial statements. Management is also responsible for informing the audit firm of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators or others. In addition, management is responsible for identifying and ensuring that the entity complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements or abuse that the audit firm may report.

As part of the audit, the audit firm will prepare a draft of the financial statements and related notes and required supplementary information. In accordance with *Governments Auditing Standards*, management will be required to review and approve those financial statements prior to their issuance and have responsibility to be in a position in fact and appearance to make an informed judgment on those financial decisions. The audit firm will prepare a schedule of expenditures of state financial assistance. The audit firm's preparation will be limited to formatting information in the schedule from information provided by management. Further, management will be required to designate a qualified management-level individual to be responsible and accountable for overseeing the audit firm's services.

#### E. Audit Procedures

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, the audit firm chosen will involve judgment about the number of transactions to be examined and the areas to be tested. The audit firm will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because of the determination of abuse is subjective, *Governmental Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse. Because an audit is designed to provide reasonable, but not absolute assurance and because the audit firm chosen is not expected to perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by the audit firm. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a material effect on the financial statements. However, the audit firm chosen will be required to inform management of any material errors and any fraud that becomes known, unless clearly inconsequential. The responsibility of the audit firm is limited to the period covered by the audit and does not extend to matters that might arise during any later periods for which the chosen firm is not engaged as the Town of Ashford auditors.

#### F. Other Services to Be Provided

The audit firm will be required to complete the Municipal Audit Questionnaire as required by the State Office of Policy and Management.

### **III. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION**

#### A. Statements, Schedules and Other Pertinent Information to be Prepared by the Town of Ashford

The staff of the Town of Ashford will prepare or provide the following statements and schedules for the auditor as follows:

1. Adjusted trial balance for all funds
2. Detailed schedules of revenues and expenditures, expenses, accounts payable and receivable, and encumbrances
3. Detail of balance sheet for all funds
4. Check register for all funds
5. Bank reconciliations for all accounts
6. Detail of capital projects and expenditures
7. Analysis of accounts as requested
8. Investment activity schedules
9. Debt schedules
10. Fixed assets schedules
11. Payroll records
12. Tax collection schedules
13. Schedule of Compensated Absences
14. Latest Actuarial Reports
15. Completed EFS AUP or equivalent reporting and supporting documentation
16. Combined and individual fund statements for all funds and account groups
17. Schedule of federal and state assistance, including grants
18. Retirement/Pension (Defined Contribution) Plan investment statements and pension letter

### III. TIME REQUIREMENTS

#### A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted. Failure to meet dates for audit firm notification of interest, proposal submission or presentation may result in disqualification from the bidding process.

Request for Proposal issued	February 8 <sup>th</sup>
Due date for proposals	March 12 <sup>th</sup> by 3 PM
Audit firm oral presentation	TBD
Appointment of selected firm	by April 19 <sup>th</sup>
Contract execution	within 10 days of appointment

#### B. Schedule for the Annual Audit

Entrance conference with Board of Finance Chair, Town Treasurer, and Board of Education Representative	May as requested by BOF
Preliminary field work begins	TBD
Final audit work begins	August
Draft submitted to Town Treasurer	by October 14 <sup>th</sup>
Draft comments returned to auditors	by November 1st
Presentation of FYE19 Audit results to BOF	November 14, 2019
Final report to Board of Finance	no later than December 12th

#### C. Report Submissions

Copies of all reports shall be addressed to the Board of Finance c/o Ashford Finance Department. The successful proposer will also submit copies of reports as required by state and federal audit requirements.

The submission dates for the various reports to the municipality and the appropriate cognizant agencies as follows:

Comprehensive Annual Financial Report	December, 2019
Federal Audit Report	December, 2019
Single Audit Report	December, 2019

Where an extension of time may be required, it will be the responsibility of the Auditor to promptly notify the Town, in writing. It is the Town's responsibility to secure all necessary approvals in a timely manner. The Auditor shall promptly notify the Town's First Selectman and Board of Finance Chair of any suspicion of fraud, defalcation or misappropriation of funds. Such notice shall be in addition to any notice to grantors required by single audit legislation.

The Auditor shall communicate in a letter to the chief legislative body any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operations 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.

The final report and 25 signed copies should be delivered to the Finance Department of the Town of Ashford. In addition, an electronic copy of the report should be provided to Cheryl Baker, Treasurer, Town of Ashford ([cbaker@ashfordtownhall.org](mailto:cbaker@ashfordtownhall.org))

#### D. 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 three (3) years, unless the firm is notified in writing by the Town of Ashford of the need to extend the retention period. The auditor will be required to make working papers available, upon request by the Town of Ashford.

In addition, the firm shall respond to the reasonable inquiries of successor Auditors and allow successor Auditor to review papers relating to matters of continuing accounting significance.

## **IV. PROPOSAL REQUIREMENTS**

### A. Technical Proposal

#### 1. General Requirements

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 of Ashford in conformity with the requirements of this request for proposals. 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 should also specify an audit approach that will meet the request for proposals requirements.

The proposal should provide a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals including the following information.

#### 2. Independence

The firm should provide an affirmative statement that is independent of the Town of Ashford as defined by generally accepted accounting standards and the U.S. Comptroller General's Government Auditing Standards.

The firm shall also list and describe the firm's professional relationships involving the Town of Ashford or any of its agencies for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the Town of Ashford written notice of any professional relationships entered into during the period of this agreement.

#### 3. License to Practice in Connecticut

An affirmative statement should be included indicating that the firm and its municipal partner are qualified to practice in Connecticut.

#### 4. Firm Qualifications and Experience

Forms submitting proposals must be qualified to perform independent audits of municipalities of the State of Connecticut. The firm must have been engaged during the fiscal year ending June 30, 2014, as independent Auditors for the purpose of rendering an opinion on the annual financial statements of a Connecticut municipality.

As required by Governmental Auditing Standards, the audit firm must enclose a copy of the most recent peer review report on their quality control system.

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 staff to be employed on a part-time basis.

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

#### 5. Partner, Supervisory and Staff Qualifications and Experience

Supervisory members of the audit teams, including the "in charge" field auditor, should be Certified Public Accountants and have a minimum of two (2) years of municipal audit experience in the State of Connecticut. The Selection Committee intends to strongly consider municipal audit experience and certifications in evaluating the proposer's audit team.

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 licensed to practice as a certified public accountant in Connecticut. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

*The proposer should identify the extent to which its staff reflects the Town of Ashford's commitment of Affirmative Action.*

Engagement partners, managers, other supervisory 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. However consultants and firm specialists mentioned in response to this requests for proposals can only be changed with the express prior written permission of the Ashford Board of Finance, which retains the right to approve or reject 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 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 request for proposals. 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.

Include two (2) most recently completed Audited Financial Reports for Municipalities your firm has provided audited services for, listing the names of each audit member team.

List any special achievements or award your audit firm has received relating to your municipality clients.

## 7. Audit Approach

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

## 8. Identification of Anticipated Potential Audit Problems

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 of Ashford.

## B. Dollar Cost Bid

### 1. Total All-Inclusive Maximum Price

The dollar cost bid should contain all pricing information relative to performing the audit engagement as described in the request for proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including out-of-pocket expenses.

The Town of Ashford will not be responsible for expenses incurred in preparing and submitting the technical proposal or the dollar cost bid. Such costs should not be included in the proposal.

### 2. Fixed Fees by Category

The dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix B), which supports the total all-inclusive price.

### 3. Rate for Additional Professional Services

If it should be necessary for the Town of Ashford 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 Ashford Board of Finance and the firm. Any such additional work agreed to between the Ashford Board of Finance and the firm shall be

performed at the same rates set forth in the schedule of fees and expenses in the dollar cost bid in Appendix B.

#### 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 dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month. Final payment will be withheld pending delivery of the firm's final reports.

#### C. Evaluation Process

The evaluation process will generally consist of the following:

- Cost
- Professional and technical experience of the audit firm and staff
- Responsiveness and content of the proposal
- Experience with municipal audits
- Time required to complete audit
- Ability to provide support services

The Ashford Board of Finance reserves the right to reject any or all proposals and to make an award deemed to be in the best interest of the Town of Ashford. The Ashford Board of Finance intends that the procurement of the auditor is a professional service and as such we are not solely bound by the lowest bid.

**APPENDIX A  
PROPOSER GUARANTEES  
AND  
WARRANTIES**

Proposer Guidelines

1. Proposer certifies it can and will provide and make available, at a minimum, all services set forth in this proposal.

Proposer Warranties

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

Signature of Official: \_\_\_\_\_

Name (typed): \_\_\_\_\_

Title: \_\_\_\_\_

Firm Name: \_\_\_\_\_

Firm ID #: \_\_\_\_\_

Date: \_\_\_\_\_

**APPENDIX B**  
**TOTAL ALL INCLUSIVE MAXIMUM FEES**

To be submitted on audit firm's letterhead.

Pursuant to and in full compliance with the above-described RFP, the undersigned proposer, having thoroughly examined said RFP, hereby offers and agrees to perform the audit services and all other work described in the RFP for the total all-inclusive maximum fees set forth below and to the Town's satisfaction. These fees include all direct and indirect costs, including but not limited to all transportation, overhead, fees, insurance, profit, and out-of-pocket expenses:

<b>Town of Ashford:</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
- Financial Audit	\$_____	\$_____	\$_____
- State Single Audit	_____	_____	\$_____
- Federal Single Audit	_____	_____	_____
- ED 001(or equivalent) Procedures	_____	_____	_____

Total hours included in Combined Total Fees:

- Partner	_____	_____	_____
- Manager	_____	_____	_____
- Staff	_____	_____	_____

Signature of Official: \_\_\_\_\_

Name (typed): \_\_\_\_\_

Title: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Submitted by Date: \_\_\_\_\_