

_____ **FIRE DISTRICT**
REQUEST FOR PROPOSALS
FOR
PROFESSIONAL AUDITING
SERVICES

_____ **FIRE DISTRICT**
_____, **NEW YORK** _____

_____ FIRE DISTRICT
REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The _____ Fire District (District) is requesting proposals from qualified independent certified public accountants or independent public accountants to audit its financial statements for the fiscal year ending December 31, 200_. It is the District's responsibility, and not that of the auditor, to prepare all required components of the financial statements to be audited. The audit is to be conducted in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The following conditions apply to this Request for Proposals (RFP):

- There is no express or implied obligation for the District to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.
- Any inquiries concerning this RFP must be in writing and should be addressed to _____, [generally, the fire district treasurer]. Inquiries must be postmarked by _____. District responses to all inquiries will be distributed to each potential proposer.
- An appointment and on-site inspection may be scheduled by each proposer interested in submitting a proposal at the Fire District Office, _____, New York. Each potential proposer is cautioned that an on-site inspection is only intended to afford the proposer an opportunity to better understand the required level of service so the proposer may fully prepare a complete proposal. The on-site interview is not intended to afford a potential proposer the opportunity to discuss its specific audit approach and/or its qualifications and cost. If conducted, an on-site visit with each potential proposer will be scheduled.
- To be considered, THREE copies of a proposal must be received by the Fire District Secretary at _____, New York _____ by _:00 p.m. (month/day), 20___. The District reserves the right to reject any or all proposals submitted.
- During the evaluation process, the District reserves the right, where it may serve the District's best interest, to request additional information or clarification from a proposer, or to allow corrections of non-material errors or omissions or waive non-material requirements. At the discretion of the

- The District reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected.
- 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 District and the firm selected.
- It is anticipated the selection of a firm will be completed by _____ 20___. Following notification of the selected firm it is expected a contract will be executed between both parties by _____ 20__.
- The District reserves the right, as best serves its interest, to change any of the projected dates set forth in this RFP, including, but not limited, to the due date for receipt of proposals.

B. Term of Engagement

A one-year contract is contemplated. No audit engagement shall be for a term longer than five (5) consecutive years.

C. Subcontracting

No subcontracting is allowed.

II. NATURE OF SERVICES REQUIRED

A. General

The District is soliciting the services of qualified independent certified public accountants and independent public accountants to audit the financial statements prepared by the District for the fiscal year ending December 31, 20___. The audit is to be performed in accordance with the provisions contained in this RFP.

B. Scope of Work to be Performed

The auditor will be asked to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles or the single entry/modified accrual regulatory basis of accounting as prescribed by the Office of the State Comptroller.

C. Auditing Standards to be Followed

To meet the requirements of this RFP, the audit shall be performed in accordance with:

Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

D. Reports to be Issued (Note: choose either 1 or 2)

1. For Audits of Financial Statements Prepared in Accordance with Generally Accepted Accounting Principles (GAAP).

Following completion of the audit of the District's fiscal year-end financial statements, where applicable, the auditor shall include:

- a. Independent Auditor's Report
- b. Management Discussion and Analysis
- c. Basic Financial Statements
 - I. District-Wide Financial Statement
 - II. Fund Financial Statements
 - III. Notes to Financial Statements
- d. Required Supplemental Information
- e. Supplemental Information, as required by the Office of the State Comptroller
- f. Report on Compliance and on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- g. Such other things as designated by the Office of the State Comptroller, including, but not limited to, the District's responses to the questions listed in the Fire District Questionnaire, which is part of the required filing in the Annual Update Document (AUD).

Or

2. For Audits Done in Accordance with Other Comprehensive Basis of Accounting (SAS 62).

Following completion of the audit of the District's fiscal year-end financial statements, where applicable, the auditor shall include:

- a. Independent Auditor's Report
- b. Annual Financial Report Update Document, prepared by the District
- c. Notes to the Financial Statements
- d. Report on Compliance and on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- e. Such other things as designated by the Office of the State Comptroller including, but not limited to, the District's responses to the questions listed in the Fire District Questionnaire, which is part of the required filing in the Annual Update Document (AUD).

E. Other Reports

- 1. In the required report(s) on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a control deficiency, significant deficiency or a material weakness 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.
- 2. Nonreportable conditions discovered by the auditors shall be verbally reported to management.
- 3. Irregularities and Illegal Acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of which they become aware to the Board of Fire Commissioners.
- 4. Reporting to the Board of Fire Commissioners. Auditors shall ensure that the District's governing board is informed of each of the following:
 - a. The auditor's responsibility under generally accepted auditing standards.
 - b. Significant accounting policies.
 - c. Management judgments and accounting estimates.
 - d. Significant audit adjustments.
 - e. Other information in documents containing audited financial statements.

- f. Disagreements with management.
- g. Management consultation with other accountants.
- h. Major issues discussed with management prior to retention.
- i. Difficulties encountered in performing the audit.

F. 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 seven (7) years, unless the firm is notified in writing by the District of the need to extend the retention period. The auditor is required to make working papers available, upon request, to the following parties or their designees:

_____ Fire District and
 Office of the State Comptroller.

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.

III. DESCRIPTION OF THE DISTRICT

A. Name and Telephone Number of Contact Person

The auditor's principal contact with the District will be _____.

A list of key personnel is attached.

B. Background Information

The District is ___ square miles and provides fire protection services to _____. The District's fiscal year begins on January 1 and ends on December 31. The District has a total budget of approximately \$_____ for 200_.

C. Fund Structure

The District uses the following fund types in its financial reporting:
 (Note: choose funds used by your district.)

- General Fund (legally adopted annual budget)
- Reserve Fund (single entry units only)

Capital Fund
Debt Service
Agency Fund

D. Budgetary Basis of Accounting

The District prepares its budget on a basis consistent with its basis of accounting. Where applicable, appropriations lapse at fiscal year-end and encumbrances are shown as a reservation of fund balance and are honored through subsequent year's expenditures.

E. Pension and Other Plans (if applicable)

The District participates in the New York State and Local Retirement System, the New York State Police and Fire Retirement System, and the Length of Service Award Program.

F. Magnitude of Finance Operations

All financial accounting and reporting is handled through the Treasurer.

Number of vendors the District regularly does business with:
Number of purchase orders generated in a year:
Number of non-payroll checks issued in a year:
Number of paychecks distributed in a pay period:

G. Computer Software (if applicable)

The District utilizes accounting software provided by _____.

H. Availability of Prior Audit Reports and Working Papers (If applicable)

Each interested proposer wishing to review prior years' audit reports and management letters should contact _____ at the Fire District Office, _____, New York, _____. The District will use its best efforts to make prior audit reports and supporting working papers available to each proposer to aid in its response to this RFP.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals must be submitted:

RFP issued	(DATE)
Due date for notification of interest	(SUBMISSION DATE)

Due date for proposals (RFP DATE)

B. Notification and Contract Dates

Selected firm notified _____, _____
Contract date _____, _____

C. Date Final Report is Due

The report on the financial statements of the District is due by June 30, 20__.

The final report and _____ signed copies should be delivered to the Fire District Office.

D. The District reserves the right, as best serves its interest, to change any of the projected dates set forth in this RFP, including, but not limited to, the due date for receipt of proposals.

V. PROPOSAL REQUIREMENTS

A. General Requirements

1. Submission of Notification of Interest

Firms interested in submitting a proposal must submit in writing by (SUBMISSION DATE) their "Notification of Interest" to the _____ Fire District Secretary. Failure to do so disqualifies firms from submitting a proposal.

2. On-site Inspections

An on-site inspection of the District may be arranged for firms interested in submitting proposals. Fire District Office staff will be available to discuss their areas of responsibility.

3. Inquiries

Written inquiries concerning the RFP and its subject must be made to:

_____ Fire District
_____, New York
(____) _____

District responses to all inquiries will be distributed to each potential proposer.

4. Submission of Proposals

The following material is required to be received by (INSERT RFP DATE) for a proposing firm to be considered.

a. A master copy (so marked) of a Technical Proposal and TWO copies to include the following:

i. Title Page

Title page showing the RFP subject; the firm's name; name, address and telephone number of the contact person; and the proposal date.

ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes it to be best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section V, Part B, of this RFP.

b. A master copy (so marked) and TWO copies of a Cost Proposal in a separate sealed envelope marked as follows:

SEALED COST PROPOSAL
FOR _____ FIRE DISTRICT
FOR PROFESSIONAL AUDITING SERVICES

c. The completed proposal, consisting of the two separate envelopes, should be sent to the following address:

_____ Fire District
_____, New York _____

B. 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 District in conformity with the requirements of this RFP. As such, the substance of proposals will carry more weight than the 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 RFP requirement.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all points outlined in the RFP (excluding any cost information, which should only be included in the Cost Proposal). The Technical Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the RFP requirements. While additional data may be presented, the information in ensuing items 2 through 8 must be included. They represent the criteria against which the Technical Proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the District as defined by the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

3. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of its governmental audit staff, the location of the office where this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement on a full- and part-time basis.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement of whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk review or field reviews of its audits during the past three (3) years. 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.

4. Partner, Supervisory and Staff Qualifications and Experience

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 person is registered or licensed to practice as a certified public accountant in New York State. Provide information on the government auditing experience of each person, including relevant continuing professional education for the past three (3)

years and membership in professional organizations relevant to the performance of this audit.

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. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists mentioned in response to this RFP 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 District. However, in either case, the District retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this RFP can only be changed with the express prior written permission of the District, which retains the right to approve or reject replacements.

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

5. Similar Engagements with Other Fire Districts

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of five) performed in the last five years that are similar to the engagement described in the RFP.

Indicate the scope of work, date, engagement partners, total hours, and name and telephone number of the principal client contact.

6. Specific Audit Approach

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

Each proposer will be required to provide the following information on its 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.

NO DOLLAR COSTS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

- c. Sample size and type and extent of testing.
- d. Approach to be taken to gain and document an understanding of the District's internal control structure.
- e. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- f. Approach to be taken in drawing audit samples for purposes of tests of compliance.

7. Identification of Anticipated Potential Audit Problems

The Technical 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 District.

8. Report Format

The Technical Proposal should include sample formats for required reports.

C. Sealed Cost Proposal

1. All-Inclusive, Not-to-Exceed (NTE) Price

The Cost Proposal should contain all pricing information relative to performing the audit engagement as described in this RFP. The all-inclusive NTE price to be bid is to contain all direct and indirect costs, including all out-of-pocket expenses.

The District will not be responsible for expenses incurred in preparing and submitting the Technical Proposal or the Cost Proposal. Such costs should not be included in the Cost Proposal.

The first page of the Cost Proposal should include the following information:

- a. Name of firm.
- b. Certification that the person signing the Cost Proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract with the District.

- c. An All-Inclusive NTE Price for the December 31, 20__ engagement.
- 2. Hourly rates by Partner, Specialist, Supervisory and Staff Level Multiplied by Hours Anticipated for Each
- 3. Hourly Rates for Additional Professional Services
- 4. Manner of Payment

Periodic payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred, up to the NTE price for the engagement. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

VI. SELECTION OF AUDITOR

- A. The Board of Fire Commissioners will approve a firm based on an evaluation of the proposals. The Fire District reserves the right to enter into negotiations with the proposer offering the next-best value should the District be unable to negotiate and execute a contract with the awardee.
- B. It is anticipated that a firm will be selected by _____, 20__. Following notification of the firm selected, it is expected a contract will be executed between both parties by _____, 20__.
- C. Right to Reject Proposals

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 District and the firm selected.

The District reserves the right without prejudice to reject any or all proposals.

APPENDIX A

PROPOSER GUARANTEES

- I. The Proposer certifies it can and will provide and make available, as a minimum, all services set forth in Nature of Services Required.
- II. The Proposer has read Appendixes A-D and Contractual Requirements, and agrees that the rights and prerogatives as detailed are retained by the District.
- III. The Proposer agrees to be bound by the contractual requirements delineated in Appendixes A-D.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX B

PROPOSER WARRANTIES

- I. 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.
- II. Proposer warrants that it will not assign, delegate or subcontract its responsibilities under this agreement.
- III. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX C

ALL-INCLUSIVE, NOT-TO-EXCEED PRICE

ALL-INCLUSIVE, NOT-TO-EXCEED PRICE

For the audit engagement as outlined in Section II above: \$_____

APPENDIX D

**SCHEDULE OF FEES FOR ADDITIONAL AUDITS AND SERVICES
IF REQUESTED BY THE DISTRICT**

	<u>HOURLY RATE</u>
PARTNERS	_____
MANAGERS	_____
SUPERVISORY STAFF	_____
STAFF	_____
OTHER (SPECIFY)	_____