

**NOTICE**  
**REQUEST FOR PROPOSAL**  
**Professional Audit Services - Proposal No. 2020-09**

The City of Nolanville, Texas, hereinafter referred to as “the City”, is soliciting proposals for Professional Audit Services from qualified firms of certified public accountants to audit the City’s financial statements for the fiscal years ending September 30, 2020, 2021, and 2022 with the option of auditing the City’s financial statements for two (2) subsequent fiscal years.

Respondents are required to submit one (1) original copy, one (1) electronic copy, suitable for reproduction by the City, and three (3) copies of the proposed package no later than **2:00 p.m. (CST) on Thursday, September 25, 2020.**

Proposals should be directed to the attention of Marlene Fey, Finance Director, and clearly labeled in a sealed package. MARK ENVELOPE: “PROPOSAL NO. 2020-09 – PROFESSIONAL AUDIT SERVICES for the City of Nolanville”. Respondent’s name and address must appear on the outside of the envelope.

Submit Proposal to:

City of Nolanville  
Marlene Fey  
Finance Director  
101 North 5<sup>th</sup>  
Street  
Nolanville, Texas 78945

All proposals must be received at the designated location by the deadline shown. Proposals received after the deadline will not be considered for the award of the contract, and shall be considered void and unacceptable. Respondent shall sign and date the Proposal. Proposals which are not signed and dated will be rejected.

Specifications and related documents may be obtained from the City’s Finance Department at Nolanville City Hall, 101 North 5<sup>th</sup> Street, Nolanville, Texas 78945, between the hours of 8:00 a.m., and 5:00 p.m., Monday through Friday or from the City’s website at [https://www.nolanvilletx.gov/page/Public\\_Notices](https://www.nolanvilletx.gov/page/Public_Notices)

Should you have any questions or require additional information or clarification on information contained in the RFP, please contact Marlene Fey, Finance Director at [mfey@nolanvilletx.gov](mailto:mfey@nolanvilletx.gov) no later than 10:00 a.m. on September 21, 2020.



**THE CITY OF NOLANVILLE**

RFP No. 2020-09

Issued by: Finance Department

Proposal Due Date: September 25, 2020 at 2:00 P.M.

**City of Nolanville, Texas  
Request for Proposal  
Professional Audit Services**

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## 1. INTRODUCTION

**1.1** The City of Nolanville, Texas (the City) is soliciting proposals from qualified firms of certified public accountants to audit its financial statements. The term of the audit contract will be for three (3) years, with an optional renewal for one (1) two-year term. 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 (GAO) *Government Auditing Standards*, the provisions of the federal Single Audit Act of 1996, as amended, and U.S. Office of Management and Budget (OMB) Circular A- 133, *Audits of State and Local Governments*.

**1.2** There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals to respond to this request.

**1.3** During the evaluation process, the Audit Proposal Review Committee and the City reserve the right, where it may serve the City's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City or the Audit Proposal Review Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

**1.4** The City 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 City and the firm selected.

**1.5** It is anticipated that selection of a firm will be completed on October 1, 2020.

**1.6** **Term of engagement.** A three-year contract, with an optional one-time two-year extension, is contemplated, subject to the annual review and recommendation of the Audit Proposal Review Committee, the satisfactory negotiation of terms (including a price acceptable to both the City and the selected firm), and concurrence of the City Council and the annual availability of appropriation.

**1.7** **Subcontracting.** No subcontracting will be permitted without the express prior written consent of the City.

## 2. CALENDAR OF EVENTS

The following is a proposed calendar of events for the auditor selection. Dates are subject to change.

<u>Date</u>	<u>Description of Events</u>
August 28, 2020	Issue Request for Proposal
Sept. 21, 2020	Due Date for clarification of requirements
Sept. 25, 2020	Receive proposals by 10:00 a.m.
Sept 28, 2020	Conduct interviews with the City Audit Proposal Review Committee, if needed.
Oct. 1, 2020	Final recommendation to City Council

## 3. CRITERIA FOR EVALUATION

**3.1** The City Audit Proposal Review Committee will review the submitted proposals. The recommendation will be based on the proposal determined to be most advantageous on behalf of the City and the taxpayers.

**3.2** The City Audit Proposal Review Committee may interview the top firms chosen. The City Audit Proposal Review Committee is comprised of the City Manager, Finance Director, and City Secretary.

**3.3** While the City desires to achieve a cost-effective audit, the emphasis is on quality, not low fees. However, the estimated fees and proposed hourly rates will be the basis upon which a final contract is negotiated. The following additional evaluation criteria will be considered in the evaluation process:

- **3.4.1** The audit firm is independent and licensed to practice in the State of Texas;
- **3.4.2** The audit firm's professional personnel have received adequate continuing professional education within the preceding two years; and
- **3.4.3** The firm has no conflict of interest with regard to any other work performed by the firm for the City.

## 4. SCOPE OF AUDIT SERVICES REQUIRED

**4.1** The City desires the auditor to express an opinion on the fair presentation of the City's general purpose financial statements in conformity with generally accepted accounting principles.

**4.2** The City also desires the auditor to express an opinion on the fair presentation of its combining and individual fund and account group financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the statistical section of the report.

**4.3** To meet the requirements of this RFP, the audit should be performed in accordance with Generally Accepted Auditing Standards (GAAS) as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards*, the provisions of the Single Audit Act of 1996, as amended, and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Additionally, the single audit work will be conducted in accordance with generally accepted governmental auditing standards to meet all federal grant audit requirements.

**4.4** The auditors should submit a list of requested and agreed upon client-prepared schedules to the City's Finance Director prior to the start of fieldwork. Because the accounting division must carry on its normal operations during the audit, time constraints should be taken into account.

**4.5** The financial statements of the Nolanville Economic Development Corporation are included as component units of the City. The Nolanville Economic Development Corporation is included within the scope of the City's annual audit.

**4.6** **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 City of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the Finance Director, and/or the City Manager of the City.

## 5. DESCRIPTION OF THE CITY

**5.1** **Inquiries.** The City's day-to-day working relationship with the independent auditors will be coordinated by Marlene Fey, Finance Director. Inquiries regarding the RFP may be addressed by phone at (254) 698 6335 or by email at [mfey@nolanvilletx.gov](mailto:mfey@nolanvilletx.gov). Inquiries should be conducted during normal business hours, Monday through Friday. Inquiries to any person other than the persons so named in this RFP may result in elimination of the proposal from any further consideration.

**5.2** The City's 2020 population estimate is 6,200. The City's fiscal year begins on October 1 and ends on September 30 of the following year.

**5.3** More detailed information about the City and its finances can be found in prior audit and

budget presentations. These are available to the proposers upon request or on the City's website at <https://www.nolanvilletx.gov/page/Financial%20Transparency>

**5.4 Fund Structure.** As of October 1, 2019, the City's fund structure is as follows:

<u>Fund Type/Account Group</u>	<u>Number of Individual Funds</u>
General fund	<u>1</u>
Special revenue funds	<u>5</u>
Debt service funds	<u>1</u>
Capital projects funds	<u>2</u>
Enterprise funds	<u>0</u>
General fixed assets account group	<u>1</u>
General long-term debt account group	<u>1</u>

**5.5** The City prepares its budgets on the modified accrual basis of accounting for all funds. Depreciation is not budgeted in enterprise and internal service funds, and capital outlay is normally budgeted within each department, with one exception.

**5.6** During the fiscal year(s) to be audited, the City may receive the following grants and/or financial assistance: Community Development Block Grant funds, Federal Criminal Justice Division grants, Texas Parks & Wildlife, Texas Commission on Environmental Quality, Texas Department of Transportation and the Texas Department of Emergency Management.

**5.7 Pension Plans.** The City participates in the Texas Municipal Retirement System.

**5.8 Component units.** The City reporting entity currently includes the Nolanville Economic Development Corporation (NEDC) as a component unit. The primary reason for inclusion of this component unit is the City's ability to designate management of this organization. The Members of the Nolanville Development Corporation are comprised of seven members appointed by the City Council. Since the composition of this board is significantly influenced by the City, this organization is included as component units of the City.

**5.9 Availability of Prior Audit Reports and Working Papers.** Interested proposers who wish to review prior years' audit reports and management letters should contact the person so named in this RFP. The City will use its best efforts to make prior audit reports and supporting working

papers available to proposers to aid their response to this RFP, or simply review them at <https://www.nolanvilletx.gov/page/Financial%20Transparency>

**5.10 Computer Systems.** The City currently uses Tyler Technologies INCODE Version9.

## 6. SUPPLEMENTARY INFORMATION

**6.1** The City does not manage water and waste water revenue/expenditures, these are managed by a separate political entity.

**6.2 Implementing New Accounting Standards.** The auditor will be required in implementing new GASB and FASB statements.

**6.3 Management Letter.**

- **6.4.1** The auditor will communicate in a letter to management any reportable conditions found during the audit. A reportable condition is defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the City'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 should be identified as such in the report.
- **6.4.2** The management letter will be presented on or before March 31 to the City's Finance Director and City Council. However, all significant management recommendations should be discussed with the Finance Director as they are discovered, so that the City can ensure immediate correction of any problems. An interim management letter may be requested depending on the nature of findings.

**6.4 Single Audit.** The single audit will cover all federal and state grants and/or funding. Final products will include:

- **6.5.1** Supplemental schedule of federal and state financial assistance;
- **6.5.2** Report to internal control systems and on administration of federal and state financial assistance; and
- **6.5.3** Report on compliance with laws and regulations.

**6.5 Working papers** The City may require copies of all major working papers. The audit working papers will be made available to the City, to subsequent auditors, and to the City's cognizant federal and state audit agencies at no charge.



## 7. AUDIT QUALIFICATIONS & QUESTIONS

**7.1** The City realizes that the audit firm may have local government audit and consulting expertise nationally. While this is important, the City is most interested in local government expertise available in the "local office." The local office is defined as the office from which the audit engagement will be managed and primarily staffed.

**7.2** The following items should be answered and/or discussed in the RFP:

- **7.2.1** A brief statement as to why the proposing firm is qualified to provide auditing services to the City of Nolanville. Proposer's response may include the firm's strengths, the local office's strengths and the firm's audit philosophy.
- **7.2.2** Detail the firm's overall qualifications and abilities to meet the specific requirements of this proposal including the size of the firm, the number of offices, and the number of partners and staff in the local office.
- **7.2.3** Identify which local office would be assigned to this engagement and list the qualifications and background of the personnel who will be directly involved with this audit. Include the names of the partners, managers, and staff that will be assigned to the City engagement. Describe the experience of personnel and include resumes as an appendix.
- **7.2.4** Provide a list of local government clients served by the local office in the past five years and give a contact name, telephone and email address for each. Please designate which are current clients.
- **7.2.5** Describe any disciplinary action imposed on the local office by the AICPA, state board, state society, or SEC during the past five years.
- **7.2.6** Describe the results of your firm's and local office's most recent peer review and its status under the AICPA peer review program.
- **7.2.7** Disclose any relationships that may exist between the City and the management and members of the firm which might impair the firm's independence.
- **7.2.8** Describe the firm's policy in rotating partners and managers and discuss the audit staff turnover that has occurred in the local office due to resignations or terminations in the past 24 months. Disclose the firm's policies regarding staff education and development.
- **7.2.9** Outline the audit plans for the audit work to be performed. Describe what your firm's philosophy will be with respect to the audit of the City.
- **7.2.10** Indicate the firm's agreement with respect to the Scope of Audit Services and the Supplementary Information sections. Any disagreement or deviation with these terms should be expressed in the proposal, as the City plans to incorporate the proposal into a final contract by reference.

## 8. BIDDING INSTRUCTIONS/REQUIREMENTS

**8.1 Filing.** One (1) original copy, one (1) electronic copy, suitable for reproduction by the City, and three (3) copies of the proposed package, clearly marked “Professional Audit Services Proposal”, no later than **2:00 p.m. (CST) on Friday, September 25, 2020:**

Submit Proposal to: City of Nolanville  
Marlene Fey  
Finance Director  
101 North 5<sup>th</sup>  
Street  
Nolanville, Texas 78945

***NO PROPOSAL WILL BE ACCEPTED AFTER 2:00 P.M. LATE PROPOSALS WILL BE RETURNED UNOPENED TO THE PROPOSER.***

**8.2 Responses.** The proposing firm uses this RFP form as the OFFICIAL PROPOSAL to submit information and to answer questions. Any alterations, changes or deletions to this RFP may be grounds for the City to disregard and reject the entire proposal. Attachments are acceptable and recommended if specifically, identifiable and appended.

**8.3 Additional Information.** The City reserves the right to request additional information or to meet with representatives from proposing organizations to discuss points in the proposal before and after submission, any and all of which may be used in forming a recommendation.

**8.4 Rejections.** The City reserves the right to reject any and all proposals and to accept the proposal deemed most advantageous to the City.

**8.5** The first page of the proposal should indicate the name and address of the local office and the name, phone number and email address of a person(s) to contact with questions and to set up an interview.

**8.6** Proposals must contain a table of contents and should include the answers to each question in the Auditor Qualification and Questions section. Please number the answers corresponding to the questions and/or requests in this RFP.

**8.7** The resumes of key personnel should be included as an appendix to the proposal. The proposing firm will designate and commit individuals to perform the audit work. At a minimum, the Audit Partner, Manager, Site Supervisor and Direct Support Staff should be provided.

**8.8** No replacements or substitutions of the above positions shall be permitted without the City's knowledge and consent.

**8.9** Any additional data may be included in the proposal at the proposer's discretion. Please include such material as an appendix.

**8.10 Appointment.** The final appointment of an audit firm will be made by the Nolanville City Council.

**8.11 Specific audit approach.** The proposal should set forth a work plan, including explanation of the audit methodology to be followed, to perform the services as specified in this RFP. In developing the work plan, reference should be made to such sources of information as the City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems. In addition, proposers are required to provide the following information on their audit approach:

- **8.11.1** Proposed segmentation of the engagement;
- **8.11.2** Level of staff and number of hours to be assigned to each proposed segment of the engagement;
- **8.11.3** Sample sizes and the extent to which statistical sampling is to be used in the engagement;
- **8.11.4** Type and extent of analytical procedures to be used in the engagement;
- **8.11.5** Approach to be taken to gain and document an understanding of the City's internal control structure;
- **8.11.6** Approach to be taken in determining laws and regulations that will be subject to audit test work; and
- **8.11.7** Approach to be taken in drawing audit samples for purposes of tests of compliance.

**8.12 Sealed dollar cost bid.** The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this RFP. The total all-inclusive (not to exceed) maximum price to be bid is to contain all direct and indirect costs, including all out-of-pocket expenses.

- **8.12.1** The sealed dollar cost bid should include:
  - a. Name of Firm
  - b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the fee estimate and authorized to sign a contract with the City
  - c. A total all-inclusive maximum price for each of the fiscal years ending September 30, 2020, 2021 and 2022 for a Single Audit.
  - d. Include a time budget by employee classification for the audit
  - e. Method to be employed to calculate future year audit costs (i.e. for the additional two-year extension option).

**8.13 Rates for additional professional services.** If it should become necessary for the City to request the auditor to render any additional services to, either supplement the services requested in this RFP, or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work should be performed

only if set forth in an addendum to the contract between the City and the firm. Any such additional work agreed to between the City and the firm shall be performed at the same rates as specified herein.

**8.14 Method of payment.** Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's cost proposal. Interim billings shall cover a period of not less than a calendar month.

**8.15** The City will provide the opportunity for the proposers to visit the City accounting division and review official documents.

**8.16** The contents of the proposals will be considered confidential information by the City, during the evaluation process. However, upon final award of the contract by City Council, all proposals will be available to the public for review and inspection.

**8.17 Work area, telephones, photocopying and FAX machines.** The City will provide the auditor with reasonable work space, desk and chairs. The auditor will also be provided reasonable access to appropriate telephones, photocopying and FAX machines and internet connections.

**8.18 Warranties.**

- **8.18.1** Proposer warrants that it is willing and able to obtain an errors and omission insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employee or agencies thereof.
- **8.18.2** Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the City.

## APPENDIX I

### Work Schedule

<u>Date</u>	<u>Description of Events</u>
September 30, 20YY	End of City's fiscal year
December 15, 20YY	Initial financial statements available to auditor; General ledger close by the City
January 31, 20YY	Completion of audit field work and proposed adjusting entries submitted to the City
February 15, 20YY	Audit opinion and annual financial report draft completed by auditor